

**AUDIT/BIDS/INSURANCE COMMITTEE MEETING
WEDNESDAY, NOVEMBER 20, 2013, 5:45 P.M.
COUNCIL CONFERENCE ROOM—2ND FLOOR, CITY HALL**

PRESENT: **Chairman Dave Kirlin**
Mayor Pro Tem Brenda Craig
Councilman Jim Gallagher

GUEST: Mr. Matt Braswell, Martin Starnes & Associates, CPAs, P.A.

STAFF: Mr. Ed Munn, City Manager
Mr. Ash Smith, City Attorney
Mr. Larry Wood, Assistant City Manager-Public Infrastructure
Ms. Melody Usery, Director of Financial Services
Ms. Judy Smith, Assistant Director of Human Resources
Mr. Wendell Hendrix, Controller

The Audit/Bids/Insurance Committee met on Wednesday, November 20, 2013 at 5:45 p.m. in the Council Conference Room, 2nd Floor City Hall, Gastonia, North Carolina. Chairman Kirlin called the meeting to order and requested an additional item be added to the agenda under Item 3. Chairman Kirlin then recognized Ms. Melody Usery, Director of Financial Services, for staff's presentation.

1) Audit Results and Annual Financial Audit Report for Fiscal Year Ended June 30, 2013:

Ms. Usery stated the City's auditors, Martin Starnes & Associates, CPAs, P.A., have completed their annual audit of the City's financial records for fiscal year ended June 30, 2013. Ms. Usery introduced Mr. Matt Braswell, Audit Director for Martin Starnes & Associates, CPAs, P.A., for the presentation of the audit results. Mr. Braswell advised that the audit indicates no compliance findings or questioned costs, and no matters involving internal controls over financial reporting and its operation that would be considered a material weakness for the fiscal year ended June 30, 2013. Mr. Braswell and city staff fielded numerous questions from the Committee concerning the City's financial condition.

Committee Recommendation: The Committee accepted the audit results and annual financial report for the fiscal year ended June 30, 2013, as presented.

Necessary Council Action: Approve or reject the audit results and annual financial report.

2) Resolution on Claims Settlements - \$100K Deductible:

Chairman Kirlin recognized Mr. Ash Smith for staff's presentation. Mr. Smith advised that last year, in preparation for this fiscal year, the City's retention level

was increased from \$25,000 to \$100,000. To administer claims below \$100,000, the North Carolina League of Municipalities was contracted as the City of Gastonia's third party administrator. Because of a case that came out of Greensboro where there was no written policy on claims settlements, North Carolina courts have held that a city which settles claims on an inconsistent basis may be violating the constitutional rights of claimants to Due Process and Equal Protection. Therefore, the League recommends that the City of Gastonia have a consistent policy on how claims are to be settled. A resolution was provided to the Committee setting forth guidelines for settling claims based on similar resolutions adopted by the cities of Raleigh, Durham, and Fayetteville. The League has reviewed the resolution and recommends adoption of a claims settlement policy.

Committee Recommendation: The Committee voted unanimously (3-0) to recommend to full Council for approval the **Resolution to Establish a Policy for the Settlement of Claims Against the City of Gastonia.**

Necessary Council Action: Approve or reject the recommendation.

3) **Other Related Matters:**

Health Insurance Fund Update: At the request of the Committee, an update was provided by staff on the Health Insurance Fund, including cumulative claims and a summary of funds for fiscal year 2014. Projections of claims for the remainder of the fiscal year were also discussed. The Committee requested that staff provide more in-depth information regarding the City's efforts to encourage healthy living thus impacting the cost of claims in a positive manner. Items requested were:

- Results of the Employee Health Fair.
- Results of programs implemented to encourage healthy living.
- What programs are working and what programs are not working?
- What suggestions for improvement to the programs can be offered going forward?
- What mid-year opportunities could be implemented next fiscal year?

Committee Recommendation: The Committee requested these items be presented at the next meeting in January of 2014 to discuss this item further.

Necessary Council Action: No action is required at this time.

With no other items to discuss, the meeting was adjourned at 6:50 p.m.