

## 6-7-17 County Judge's Article

### UPDATES ON NEW AUDITOR AND NEW BUILDING IN THORNDALE

The Commissioner's Court has taken action on a couple of items recently that I want to take time here to give you some further explanation as to why we have made these decisions.

On May 23 we held a workshop session to discuss proposals we received from three accounting firms who had responded to our request for proposals to perform the county's independent audit for 2016 and the two subsequent fiscal years.

The reason for switching to a different auditor from the one the county had used for the past several years (which was Pattillo, Brown, and Hill) was because the Commissioner's Court on the advice of the likes of our financial advisors, grant writers, and others (as well as some of you) consider it sound financial practice to periodically change auditors. The firm chosen by unanimous vote was Singleton, Clark and Company PC out of Cedar Park who was the low bidder at \$26,000 for 2016. This is somewhat less than our current fee, by the way. Some of their clients include Liano, Bee, and Bastrop Counties and Thorndale, Giddings, and Lexington school districts. Their continuing the service for the second two years is contingent on their performance this first year.

The second item I want to discuss is our decision to build a county building in Thorndale to house our county offices over there including JP court, constable office, etc. The county had been renting the coop scale building for several years at the corner of Hwy. 79 and FM 486 but is losing that lease. We looked for another building to lease; but not readily finding a rentable place, we decided to go out for bids to construct a metal type office building on a lot that the county already owns toward the south end of Main St. at the corner of Main (FM486) and E. Salty. The low bid was \$195,000 (rounded).

A primary concern here is how to fit another large item such as this into our county budget. This being a relatively long term commitment, we asked our financial advisor SAMCO for advice. They suggested that we could use tax anticipation notes as a financial tool instead of financing the building with a real estate loan and pointed out that we could also finance \$200,000 by making annual payments of approximately \$11,000 per year for seven years with a lump sum payment in the eighth year (2024) which is the first year after our final bond payment is made on the Law Enforcement Center. (Our bond payment runs over \$600,000 per year, so we should be able to easily pay off the remaining balance at that time.)

This allows us to budget a lower new building payment which will be at about the same rate as we are now paying as rent on the current building being used in Thorndale. With this alternative available to us, the Commissioner's court unanimously decided at the May 8 meeting to award the contract and proceed with the new building with the option of borrowing up to \$200,000 at some point next year using the tax anticipation note approach recommended by SAMCO. A resolution was passed at the May 8 meeting which enables us to pursue that option at the appropriate time next year. In 2024 the Commissioner's Court members in office will have the option of paying off the loan balance or refinancing, whichever option fits the financial circumstances that exist at that time.