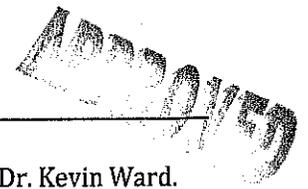


FINANCIAL MANAGEMENT COMMITTEE

May 7, 2014

8:30 am



PRESENT: Jo Ann Blankenship, Tom Bowers, Pat Hicks, Russell Kyte, Jack Perkins and Dr. Kevin Ward.

The meeting was called to order by Jo Ann Blankenship.

Quorum present.

Motion was made by Pat Hicks with a second by Tom Bowers to approve the agenda. Motion carried.

Motion was made by Dr. Ward with a second by Pat Hicks to approve the April 2, 2014 minutes. Motion carried.

Old Business

- **Skyward Software Update:** Finance Director Ingrid Deloach has been working with Skyward for the past several months. She said during on-site training in March it was discovered there are some things that need to be done before the Finance Department can go live with Skyward. Historically, Skyward has provided software to school systems with Carter County being the first consolidated finance department for Skyward. Mrs. Deloach noted the main complication is her office uses four different tax id numbers for payroll while Skyward is setup for only one tax id number. Skyward will have to provide four databases to support the four tax id numbers. Mrs. Deloach stated the complications have pushed back the time frame to go live with Skyward from July 1, 2014 to January 1, 2015. Mrs. Deloach said there will be a few additional charges associated with the four databases; however, those charges will be absorbed by the Finance Department budget. She noted training schedules had to be redesigned. Finance Department employees were not going to take any vacations during June and July, with those dates now moving to December and January. Mrs. Deloach said she and Skyward had hoped for and pushed for a July 1, 2014 implementation date, but it was not possible. She stated a January 1 implementation date will be much better for payroll. Mrs. Deloach said the anticipated time savings of writing check from all funds in one batch will not be possible with the need for four databases. Mrs. Deloach said Skyward cannot offer all the luxuries hoped for but it will be an improvement over the current software. Tom Bowers thanked the Finance Department employees for being so dedicated to the County to sacrifice a summer vacation for this project. Mrs. Deloach said with the change to January 1 Finance Department employees will be making sacrifices to get the implementation done. Mrs. Deloach announced that Mrs. Lynda Vaughn will be retiring June 30, 2014. She also noted the department has a job posting for a payable's clerk.
- **Lagging of County Payroll:** Jo Ann Blankenship asked Mrs. Deloach if she would give the committee information on direct deposit enrollment numbers. Ingrid Deloach said 88% of County employees and 80% of School employees have direct deposit. Jo Ann Blankenship said in the past anything that has been voted on in Financial Management Committee has been brought to full Commission as a courtesy. She has asked CTAS attorneys for a ruling regarding if the Financial Management Committee is a standalone committee with authority over payroll. Ingrid Deloach went over the responses she received regarding lagging payroll from each office, responses are attached. Mrs. Deloach stated Sheriff Mathes suggested fronting all employees forty hours of comp time with the understanding the comp time must be earned within one year. She said this would most likely

not be possible as many offices do not regularly accrue comp time. Jo Ann Blankenship stated she did not think State law allows for comp time to be given in advance. Caroline Hurt advised the committee her employees have said they would be able to contact their banks to alter payment schedules given ample notice. Ingrid Deloach said if payroll lag is approved the Finance Department would send out notification to the court systems and local banks to make them aware of the change in payment schedule for employees. She believes banks and courts will be able to honor the changes given plenty of notice. Mrs. Deloach emphasized the importance of giving advanced notice before lagging payroll.

Ingrid Deloach said she has heard concerns that lagging pay would cut pay by one week. She advised lagging payroll would not reduce or increase anyone's pay. The payroll lag would mean payroll is issued one day later each pay period until payroll is lagged one week. Tom Bowers said he has heard concerns from employees who have scheduled recurring payments to be made. He noted some County employees make \$19,000 to \$23,000 a year. He stated concerns about holding back the pay for the County's lowest paid employees who are likely already living check to check. Russell Kyte said he has talked to employees with tears in their eyes who are concerned the payroll lag would cause them to default on home or car payments. Dr. Ward asked Mrs. Deloach if she could explain the importance of lagging payroll. Ingrid Deloach said it is good accounting practices. Currently the Finance Office has to collect time sheets on Tuesday and pay on Friday. She noted pay adjustments for hourly employees have to be made when their estimated hours worked does not match actual hours worked at the end of the pay period. Mrs. Deloach said the County's lowest paid employees, aids for the School Department and Landfill employees, are already lagged.

Motion was made by Tom Bowers, second by Russell Kyte, to reconsider lagging of payroll. A voice roll call was as follows:

Jo Ann Blankenship	No	Russell Kyte	Aye
Tom Bowers	Aye	Jack Perkins	Aye
Pat Hicks	No	Dr. Kevin Ward	Aye
Mayor Humphrey	Absent		

Four ayes, two no, and one absent. Motion carried.

Jo Ann Blankenship asked Finance Director Ingrid Deloach to inform the Committee how much it would cost to budget an amount to lag the payroll. Mrs. Deloach said if the County was to pay employees for one week that they had not worked the costs would be approximately \$150,000. This would have to be added to the Highway, Health Department and General Fund budgets. She noted General Fund balance is the only place she knows the funds can come from. Tom Bowers asked if it would be possible from an accounting standpoint to lag only new hires. Ingrid Deloach said that would be a nightmare because the Finance Department would have to track who was lagged and who was not for many years. However, Mrs. Deloach said lagging pay of new hires would be a start to work towards good accounting practices. Mrs. Deloach said there have been claims by the Highway Department that their pay was lagged in 1979 and from the Sheriff's Department that pay was lagged in the early 1980's. Mrs. Deloach said she has gone through numerous files and can find no record of either department being lagged. Caroline Hurt stated her concern about adjusting time sheets and pay after the pay period has ended. Jo Ann Blankenship said she is not going to ask for a

vote on lagging payroll today. She would like to discuss this with the Budget Committee to see what is possible as far as the budget is concerned. Ms. Blankenship would also like to wait to get a ruling back from CTAS attorneys about the responsibilities of the Financial Management Committee. She noted the only thing stipulated for Financial Management to bring before Commission is the salary of the Finance Director. Jo Ann Blankenship said if it is agreeable with the committee, they will wait until June to vote on lagging payroll. No committee members were opposed to waiting until June to vote on lagging of payroll.

New Business

- **Recent Bids:** Finance Director Ingrid Deloach reviewed a list of recent bids.
- **Financial Update:** Ingrid Deloach said to date spending out of fund balance has been minimized. She noted during the 2013-2014 budget process she warned against cutting the budgets for legal services, juvenile detention, and trustee's commission. There will be amendment to put money back into those line items, as these are expenses that cannot be avoided. These amendments will most likely come out of fund balance. Cash flow is the major concern for Solid Waste Department. She noted the loss of a major customer and not receiving the City of Elizabethton's business as contributing factors to the cash flow strain. Mrs. Deloach said there will be a request for a transfer from General Fund to Solid Waste Fund, which is already budgeted. The transfer should alleviate some of the cash flow strain. She said although Solid Waste is having cash flow concerns they are doing good with budget.

Mrs. Deloach noted the Highway Department has done several projects through grant money; however, some of those projects required a local match. Mrs. Deloach said Jack Perkins deserves thanks for absorbing the local match for those projects in his budget. She stated each year a large amount is budgeted to come from Highway fund balance. If this practice continues Highway fund balance is going to be very minimal. Ingrid Deloach said the decrease in sales tax revenue has impacted the School Department's budget. The School's budget is in good shape other than sales tax revenues. Dr. Ward added the decrease in sales tax revenues could impact maintenance of effort.

Debt Service has two notes that came off during the 2013-2014 year. Mrs. Deloach said this will reduce the gap between revenues and expenditures in Debt Service but it does not close the gap. She noted Debt Service will still have almost one million dollars more in expenditures than revenue if funding to Debt Service is not changed. Caroline Hurt discussed wanting to move her DGA money to the General Fund. Ingrid Deloach discussed how the reimbursement process had been streamlined to ensure Health Department funds are requested as quickly as possible. Ms. Hurt also stated the Health Department building is in need of repair.

- **Legislative Update:** Jo Ann Blankenship went over a listing of legislative updates, see attached.
- **County General Update:** No report.
- **County Highway Department Update:** Jack Perkins said the weather has been good and the Highway Department has started paving. Mr. Perkins asked if it would be appropriate to bring the

newly elected Highway Superintendent starting in September to Financial Management meetings. Jo Ann Blankenship said Mr. Perkins is welcome to bring the incoming Highway Superintendent to the meetings as a guest, but he will not be a member of the committee until September.

- **County School Department Update:** Dr. Ward said the Educational Committee will be meeting tomorrow at 10:00. He also stated a School Board Workshop will be held May 15, 2014 to discuss telemetric clinics. These clinics will have the ability to diagnose children with illnesses without the need to go to a doctor's office. Dr. Ward said Hampton and Cloudland High will be graduating May 16, 2014 while Unaka and Happy Valley High will be graduating May 17, 2014.
- **Tom Bowers:** Chairman Bowers said budget hearings start tomorrow with hearings continuing through May.
- **Pat Hicks:** No report.
- **Russell Kyte:** No report.
- **Public Comments:** John Lewis asked about the funds set aside for the Schools System to purchase land in Hampton. Mrs. Deloach and Dr. Ward stated the bond was never exercised for that purchase, so the funds were never disbursed to the County. Roy Livingston asked about the Cloudland Note.

Respectfully submitted,

Christa Byrd


Jo Ann Blankenship, Approved for File