

FINANCIAL MANAGEMENT COMMITTEE

March 4, 2019

8:30 am

PRESENT: Roger Colbaugh, Ginger Holdren, Sheriff Dexter Lunceford, Dr. Kevin Ward, Brad Johnson and Rick Richardson

The meeting was called to order by Ginger Holdren.

Quorum present.

Adopt Agenda: Motion was made by Sheriff Dexter Lunceford, second by Roger Colbaugh to approve the agenda with the changes of moving the Updates from Finance Director to the first part of New Business and moving Dexter Lunceford, Sheriff update to number 9 under new business. Motion Carried.

Approval of Minutes: Motion was made by Sheriff Dexter Lunceford, second by Rick Richardson to approve the February 4, 2018 minutes. Motion Carried.

Public Comments: Mr. Roy Livingston had questions regarding the steps and procedures taken by the budget committee during the budget process this year.

Old Business:

- 1. Discussion of Mayor's Vehicle request status:** Chairwoman, Ginger Holdren, stated that as a matter of public record, the Financial Management Committee did approve to send a request to the Budget Committee to look at options for purchasing a new vehicle for the Mayor's office not to exceed \$40,000. Mrs. Holdren stated that the proposal was not presented to budget because within less than 24 hours the Mayor withdrew his request.
- 2. Discussion regarding Carter County's 457 Plan:** Mrs. Ginger Holdren expressed her belief that the committee should have plenty of time to look over the information from all four companies that did a presentation on the Carter County 457 Plan and make a decision on a company to manage this account going forward. Mrs. Holdren asked the Finance Department to elaborate on the different options the County will have to withdraw the funds from Nationwide if the Committee decides to move companies. Finance Director, Brad Burke, stated that the County has two options in regards to removing the funds from Nationwide if they decided to move away from Nationwide. Mr. Burke stated that the first option would be pulling all funds at once which would incur an approximate cost of \$28,000 to the County or the second option is to take 20% a year for five years to avoid the MVA (Market Value Adjustment). Mr. Burke suggested that the second option would be the more feasible decision.

Finance Director, Brad Burke, told the Committee that he and the Deputy Director of Finance, Michael Kennedy, have discussed the many options presented and believe that the State of Tennessee plan with Empower is the best option for the

Carter County 457 Plan. Mr. Burke stated that the State of Tennessee's ability to access the Tennessee Consolidated Retirement Services will provide employees the opportunity to meet with one individual company that knows all their retirement options best. Mr. Burke stated that the State also has other investment platforms such as 401(k) and Roth 401(k), that is a large company with a lot of bargaining power, and excellent fee structures to benefit employees. Brad Burke stated that this company will have annual and semi-annual meetings going forward to keep our employees educated.

Motion was made by Brad Johnson, second by Roger Colbaugh to accept the State of Tennessee as the administrator of the Carter County 457 Plan.

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| Rusty Barnett | Not Present | Brad Johnson | Aye |
| Roger Colbaugh | Aye | Dexter Lunceford | Aye |
| Dr. Kevin Ward | Aye | Rick Richardson | Aye |
| Ginger Holdren | Aye | | |

All Ayes, Motion Carried

Sheriff Dexter Lunceford requested that the Finance Department try to get literature regarding the 457 Plan disseminated to all current employees and also put in the new hire paperwork. Sheriff Lunceford stated that it's important to educate our employees to the many benefits they are offered in the County.

- 3. Discussion regarding additional county revenue sources:** Mrs. Ginger Holdren discussed the Guide Tax that was brought up by Planning Director Chris Scheuttler last meeting. Mrs. Holdren stated that Dr. Acuff has taken the lead on investigating the option Carter County has in regards to imposing a Guide Tax. Deputy Director of Finance, Michael Kennedy, told the committee that Mr. Chris Scheuttler estimated the revenue for Guide Tax to be \$25,000 to \$30,000 if we ventured down that path. Mrs. Holdren stated that she will get with the Planning Office to see if they will continue investigating this option as a possible new revenue source.

Chairwoman, Ginger Holdren, stated that she took the lead on the discussion regarding litigation taxes for the County after the Sheriff suggested this in our last Financial Management meeting. Mrs. Holdren expressed to the Committee that after speaking with Brad Burke and County Attorney Josh Harding she came to the conclusion that all litigation taxes besides the litigation tax to subsidize the General Sessions Judges salary are maxed out. Mrs. Holdren stated that the County had to come up with \$68,483 from the general fund to cover the judge's salary in 2018. Mr. Brad Johnson would like a breakdown of all litigation taxes collected in the Circuit Court Clerk's office. Mr. Brad Burke suggests that the County increase this specific litigation tax from \$30 to \$50 dollars to help offset the judge's salary. Mrs. Holdren stated that she has spoken with both Washington and Green County whose litigation tax for the General Session's Judge is \$18

while Carter County's fees are set at \$30. Mrs. Holdren stated that Green County provided a list of all litigation taxes collected in their county and other litigation fees are higher than the ones set in Carter County which offsets the difference in our increased Judges Litigation tax. Mr. Brad Johnson would like the Committee to gather a full report before sending the recommendation of an increase to the Budget Committee. It was discussed to keep doing the research on this possible litigation tax option and bring the discussion regarding additional county revenue back to next month's meeting in the old business section of the agenda.

Mr. Brad Johnson discussed the agreement Carter County has with NETREP (Northeast Tennessee Regional Economic Partnership) that involves the County contributing \$40,000 a year. Mr. Johnson believes that most of the headlines and growth caused by this group is occurring in Washington County. Mr. Brad Johnson stated that no commissioner can stand up and show the worth this agreement has brought to Carter County. Commissioner Brad Johnson stated that the current economic developments in Carter County have come from internal County resources with no aid from NETREP. Commissioner Johnson stated that he believes Carter County should send a letter to cease to County's agreement with NETREP. The discussion of NETREP will be placed under old business on next month's agenda.

New Business:

- **Updates from Finance Director:**
 - **Discussion of State Audit Findings:** Finance Director Brad Burke informed the Committee that the Carter County Audit report for Fiscal year 2017-18 has been released to the public. Mr. Burke stated that the report is an embarrassment and the issues outlined in the audit will be corrected going forward. Mr. Burke informed the committee that he will be giving them a status update on these corrective actions to correct the current audit problems going forward. According to Mr. Burke, the Finance Department has control over five of the findings on the Audit Report. Mr. Burke told the committee he believes the only finding that will not be corrected by Year End is the finding regarding the reconciliation of payroll liability accounts. Commissioner Brad Johnson expressed his opinion that the Finance Department should give quarterly updates on the corrections put in place to negate these findings. Dr. Kevin Ward discussed the corrective actions that are being put in place to fix all the audit issues on the State Audit and Internal Schools Audit. Mr. Brad Johnson told the committee that the Audit Findings on this report are inherited from the previous Finance Director. Commissioner Brad Johnson discussed the finding regarding the Animal Shelter having a discrepancy in cash. Mr. Johnson informed the Committee that the Friends of the Shelter have paid back a portion of the discrepancy and stated that they

will pay the remaining account balance if given some records that we no longer have access to in the County.

Motion was made by Brad Johnson, second by Rick Richardson to have the Carter County Finance Director start doing a quarterly status update on the corrective actions put in place to negate the Carter County Audit Findings. This quarterly corrective action plan update should state, "All 8 findings on the Carter County Audit report have been reviewed and found to be in compliance with the corrective action plan as submitted to the state comptroller's office". The first quarterly report will be in the April 2019 Financial Management meeting. If Mr. Burke cannot state that all 8 finding are in compliance it is asked that he state what department is responsible for this finding not being in compliance".

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| Rusty Barnett | Not Present | Brad Johnson | Aye |
| Roger Colbaugh | Aye | Dexter Lunceford | Aye |
| Dr. Kevin Ward | Aye | Rick Richardson | Aye |
| Ginger Holdren | Aye | | |

All Ayes, Motion Carried

- **Discussion of the Emergency Rule for purchases:** Chairwoman Ginger Holdren stated that she would like to appoint a committee to look at the Carter County emergency purchasing policy. The goal of this committee would be to review the current emergency purchasing policy and submit any possible recommendations to make the policy better. Commissioner Ginger Holdren appointed the following individuals to be on the Emergency Purchasing Policy Committee: Carter County Mayor Rusty Barnett, Finance Director Brad Burk, School Board Superintendent Dr. Kevin Ward, and Commissioner Rick Richardson.
- **Chris Scheuttler – Presentation of Planning budget:** Planning Director Chris Scheuttler was not present to give his presentation.
- **Presentation by Sequoya Group on March 11th at 6 PM in Courtroom at Budget meeting – members of FMC are asked to attend:** Chairwoman Ginger Holdren announced that there will be a presentation by Sequoya Group on March 11, 2019 at 6 PM in the Courtroom at Budget Meeting. Mrs. Holdren requested that all Financial Management Committee members try to attend this presentation.
- **Recent Bids:** Deputy Director of Finance, Michael Kennedy, reviewed a list of recent bids.
- **County General Update:** Abby Frye, Mayor's assistant, informed the Committee that there has been some flooding in the Carter County Folsom house causing damage to the HVAC system that is costing approximately \$7,200 to repair. Mrs. Frye also informed the

committee that the Carter County Emergency Management Agency is working diligently to get a cost analysis of the damages to the County caused by the most recent rain.

- **County Highway Department Update:** Highway Superintendent Roger Colbaugh educated the committee on the current estimate of damage to Carter County roads. According to Mr. Roger Colbaugh, the County has incurred approximately \$1,069,000 of damages thus far caused by the immense rainfall. Mr. Colbaugh told the Committee that approximately 68 county roads have been damaged. Roger told the committee that the Emergency Purchasing Policy becomes important for his office when someone in the public cannot get out of a location.
- **Sheriff Dexter Lunceford:** Sheriff Dexter Lunceford had no comment.
- **County School Department Update:** School Board Superintendent Dr. Kevin Ward told the Committee that a copy of the Carter County School Boards 5 year plan will be put in each Commissioners mailbox for review. Dr. Ward is currently looking into getting an outside agency to get a comprehensive plan for the Carter County School System going forward. Dr. Ward told the Committee that the next School Board meeting will be held at Hampton Elementary on March 21, 2019 at 6 PM. Dr. Ward also informed the Committee that the Finance Department and School Department Heads have had an initial meeting to discuss the projections for next year's budget. According to Dr. Ward, the Carter County School System has not received an estimate on insurance cost or BEP funding.
- **Ginger Holdren:** Commissioner Ginger Holdren expressed her happiness with seeing Brad Johnson at the meeting.
- **Brad Johnson:** Commissioner Brad Johnson had no comment.
- **Rick Richardson:** Commissioner Rick Richardson had no comment.
- **Adjourn:** Motion made by Brad Johnson, second by Roger Colbaugh. **Motion Carried.**

Respectfully submitted,

Michael Kennedy

Ginger Holdren, Approved for File