

FINANCIAL MANAGEMENT COMMITTEE

February 1, 2021

8:30 am

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**PRESENT:** Brad Johnson, Austin Jaynes, Mayor Patty Woodby, Ginger Holdren, Roger Colbaugh, Tracy McAbee, and Travis Hill.

The meeting was called to order by Chairman, Ginger Holdren.

Due to the ongoing COVID-19 pandemic this meeting was held electronically for the health, safety, and welfare of all individuals.

Quorum present.

**Adopt Agenda:** Motion was made by Brad Johnson, second by Austin Jaynes to approve the agenda with the alteration of moving Carter County Trustee Report to number 1, under Old Business. Motion Carried.

**Approval of Minutes:** Motion was made by Patty Woodby, second by Travis Hill to approve the January 4, 2021 meeting minutes with two requested changes. The first change was the addition of the word “spreadsheet” after Excel on page 4 under **Discussion regarding transition of the Animal Shelter to a 501(c) (3)**. The second amendment to the minutes was the addition of a request made by Commissioner Sonja Culler for a comparable analysis of cost compared to the penny of other entity’s regarding the Animal Shelter. Motion Carried.

**Public Comments:** No Public Comments.

**Old Business:**

1. **Carter County Trustee Report:** Carter County Trustee, Randal Lewis, presented a document titled “Investments 2020-2021” to the committee as a review. Mr. Randal Lewis reported that the County has four Certificate of Deposits, otherwise known as CD’s, invested as of today. The details regarding the CD’s are listed below:

<b>Bank</b>	<b>Term</b>	<b>Interest Rate</b>	<b>Value</b>	<b>Maturity Date</b>
Security Federal Bank	12 Months	0.60%	\$2 Million	July 22, 2021
Security Federal Bank	6 Months	0.50%	\$2 Million	April 2, 2021
Carter County Bank	12 Months	0.85%	\$2 Million	July 31, 2021
Carter County Bank	12 Months	0.94%	\$2 Million	May 2, 2021

Mr. Lewis notified the Committee that he has been contacting other local banks looking for potentially higher interest rates for the future. Mr. Lewis stated that the County’s interest rate on the checking account has been comparable to the rates we are receiving from investing in CD’s. Given the relative low rates on

CD's, Mr. Lewis stated that the County may move some investment money into the checking account to accrue interest, until CD interest rates improve. Mr. Lewis also informed the Committee that the County currently has \$842.23 invested in the Local Government Investment Pool. Mr. Lewis commented that he will continue to utilize this account if the rate of return increases in the future.

- 2. **Discuss and Approve Capital & Non-Capital Asset Management Policies and Procedures:** Carter County Finance Director, Brad Burke, presented the Chapter 10 – Capital Assets and Chapter 11- Non-Capital Assets policies and procedures manuals to the committee for approval. Mr. Burke stated that the only change to these manuals are the addition of Buses to Table 10-1 on the Chapter 10 – Capital Assets policies and procedures. The addition included a Capitalization Threshold of \$10,000, Recorded Value of cost value for purchase and fair value for donations, and a useful life of 10 years.

Financial Management Chairman, Ginger Holdren, requested that the word acquisition be added to Section 10.3 Capital Asset Categories before the word cost under bullet point number 1- Land. Mr. Brad Burke agreed to the addition of this word.

Highway Department Superintendent, Roger Colbaugh, made comment that the Estimate Useful Life (Years) in Table 10-1 for Equipment- New/Used may need to be altered for some Highway Department equipment. Mr. Colbaugh believes that some of his larger equipment should have useful lives of 10-15 years if not longer on some equipment. Mr. Brad Burke agreed that some adjustment may be needed for larger equipment and requested that Mr. Colbaugh provide him with a list of heavy equipment to adjust the useful lives. Mr. Colbaugh also expressed his belief that the Non-Capital asset limit of \$100 is a little low considering the tools held in the Highway Department. Mr. Colbaugh stated that he would prefer the limit be set at \$200. After discussion, it was agreed to set the Non-Capital Asset limit of cost or fair value of an item to be more than \$150 but less than \$10,000. It was also agreed to add heavy equipment to table 10-1 with adjusted Estimated Useful lives for those items such as rollers, excavation equipment, and comparable items.

**Motion** was made by Austin Jaynes second by Brad Johnson to approve the Chapter 10- Capital Assets and Chapter 11- Non-Capital Assets Policies and Procedures Manual with the changes discussed in the meeting.

Travis Hill	Aye	Brad Johnson	Aye
Ginger Holdren	Aye	Austin Jaynes	Aye
Patty Woodby	Aye	Roger Colbaugh	Aye
Tracy McAbee	Aye		

**All Ayes. Motion Carried**

3. **Discussion regarding Sales Tax- Dollar General:** Mr. Brad Burke provided two documents to the committee for review regarding Local Option Sales Tax and the error made by Tennessee Department of Revenue with regards to the local Dollar General store. Mr. Burke explained that per state statutes, the first 50% of net combined collections for Carter County, Elizabethton, Johnson City, and Watauga must be allocated to each school system within the County for “current operation and maintenance purposes”. The 50% is divided among each entity based on ADA (Average Daily Attendance) figures in the particular year.

Mr. Burke further explained, the LOST rate for Carter County increased from 2.25% to 2.75% on January 1, 2009 though a referendum approved by voters in November 2008. On September 15, 2008, County Commission approved a motion to earmark the County’s proceeds from this 0.50% sales tax increase for Education Capital Projects. According to Mr. Burke’s letter, from February 2009 through January 2021 this restricted revenue has been shared with the City of Elizabethton School System. Mr. Burke stated that he has been working with the County Attorney, Josh Hardin, regarding this issue. Mr. Burke stated that the County Commission most likely intended to keep the entire 18% of restricted monies to be used for Capital Projects. Mr. Burke also stated that the County could continue sharing the 0.50% increase with the City School system or start keeping those restricted funds for the County Schools capital projects.

Mr. Burke referred the committee back to his document, **Details for Local Options Sales Tax**. Mr. Burke further elaborated on the topic “Allocation of Collections from January 2009 through January 2021”. According to the letter provided by Mr. Burke, “since 18% (\$2,506,244) of the County’s share of local sales tax collections have been split between the County School System (\$1,694,736) and City School Systems (811,488) the Carter County School Department has only received approximately 67.62% of total proceeds resulting from the 0.50% rate increase. Mr. Burke also stated that the Carter County Board of Education chose to restrict 18% (\$8,656,135 of its ADA determined share of the first 50% of all County and City sales tax collections (\$48,089,639) for County Educational Capital Projects. Restricted Fund Balance of \$1,029,640 for Education Capital Projects is reflected in the General-Purpose School Fund as of January 31, 2021. Mr. Burke recommended that an Educational Capital Projects fund be set up as a separate fund with all collections and allocations of Local Options Sales Tax being accounted for under this new fund.

Mr. Burke discussed the current Dollar General LOST issue made by an error in State reporting. Mr. Burke once again explained that the total value of the error during 2017 is \$98,890.85. Per Mr. Burke’s spreadsheet, Carter County could owe a net amount of \$45,547.66 (General Fund= \$39,693.28 and General-Purpose School Fund= \$5,854.38) to the City of Elizabethton. In addition, Elizabethton City Schools could owe a net amount of \$2,858.79 to the City of Elizabethton.

City of Elizabethton Finance Director, Preston Cobb, stated that the City sent Mr. Burke a document last month that reflected the values they calculated for the error. According to Mr. Cobb, Carter County could owe a net amount of approximately \$45,164 and change (General Fund= \$39,111 and General-Purpose School Fund= \$6,053) to the City of Elizabethton. Mr. Cobb also stated that the City of Elizabethton School System could owe \$3,122 and the City of Johnson City could owe \$114 to the City of Elizabethton. Mr. Cobb requested to see Mr. Burke's presented revised numbers. Mr. Burke believes the difference in the County and City numbers is due to the ADA calculation year being used by each entity. Mr. Burke stated that the County is using the 2017 ADA numbers.

**Motion** was made by Austin Jaynes, second by Mayor Patty Woodby to send the discussion topic regarding Sales Tax- Dollar General to Budget Committee after the County & City Finance Departments workout the final numbers.

Travis Hill	Aye	Brad Johnson	Aye
Ginger Holdren	Aye	Austin Jaynes	Aye
Patty Woodby	Aye	Roger Colbaugh	Aye
Tracy McAbee	Aye		

**All Ayes. Motion Carried**

- 4. **Ray Bell Presentation:** Mrs. Ginger Holdren introduced Mr. Ray Bell to the Committee. Mrs. Holdren explained that Mr. Bell has presented to the County Health & Welfare Committee along with doing a presentation at the County joint workshop. Mr. Ray Bell informed the Committee that he is presenting on behalf of AirMedCare network. Mr. Bell explained that AirMedCare is the largest emergency flight provider in the area. Mr. Bell explained the cost aspect of med flights regarding insurance coverage. According to Mr. Bell, most insurance companies do not fully cover the vast cost associated with emergency flights forcing the patients to cover the remaining cost out of pocket.

Mr. Bell explained that AirMedCare has maintained a membership network for 30 years that provides individual members and their household family members with fully covered emergency flights around the Country. The membership offers zero out of pocket cost associated with the flights if utilized. Mr. Bell has worked with the County Health & Welfare Committee along with the County's Insurance representatives, Sequoyah Group, to come up with a plan that is beneficial for the County employees and their immediate family. The agreement that was proposed for Carter County employees and their immediate household would be \$60 a year per life on the plan, which is approximately \$17,000, to cover the membership fee. The proposal did not include the School system employees. Mr. Bell stated that the County could cover all the employees or allow it to be a voluntary deduction. Mr. Bell will be contacting Teresa Crain, Human Resource employee,

with the Carter County School system to get a proposal to cover the School employees and their immediate families.

Mr. Travis Hill recommended that the County offer this benefit as a supplemental benefit to employees that want the service. Mr. Hill also recommended that the County revisit the option of funding this service once the insurance renewal numbers have been presented to the budget. Mr. Bell stated that he will contact the School system to allow the opportunity to create a new proposal in the future with them included to potentially lower the yearly cost.

**Motion** was made by Brad Johnson, second by Roger Colbaugh to send this topic to Health & Welfare Committee to make a recommendation to the County Commission. **Mr. Johnson decided to remove his motion.**

**Motion** was made by Austin Jaynes, second by Travis Hill to approve allowing County part-time and full-time employees to sign up for the services provided by AirMedCare Network as a supplemental deduction that will be revisited at the end of the fiscal year after reviewing budget.

Travis Hill	Aye	Brad Johnson	Aye
Ginger Holdren	Aye	Austin Jaynes	Aye
Patty Woodby	Aye	Roger Colbaugh	Aye
Danny McClain	Aye		

**All Ayes. Motion Carried**

- 5. **Discussion regarding transition of the Animal Shelter to a 501(c)(3):** Mrs. Ginger Holdren stated that information has been collected from 14 other local Animal Shelters along with our Animal Shelter allowing for 15 entities to be covered in the research. Mrs. Holdren presented the Committee with four documents that consolidated the information collected into a more efficient format for review. The four documents will be attached to these minutes and can be requested from the Finance Department for examination. The documents presented are titled Animal Control Info, Animal Shelter Budgets for Past Three Fiscal Years, County Info in Bullet Form, and Research of 14 Surrounding Counties and Carter Co. Mrs. Ginger Holdren reviewed each document individually with the Committee.

Mrs. Holdren mentioned to the Committee that she personally visited the Carter County/ Elizabethton Animal Shelter on January 15, 2021 at 9:30 AM. Mrs. Holdren also mentioned that she made follow-up calls with different entities to confirm research and ask further questions. Mrs. Holdren also mentioned that she called Rick Hall, with CTAS (County Technical Assistance Service), who agreed to help us with our research. Mr. Hall made mention that the research with CTAS would be lengthy.

Mrs. Holdren's demographic research allowed her to find the following County's most like Carter in square miles, population, median income, and proportion in poverty: Coker County, Hawkins County, Johnson County, Unicoi County, and Watauga, North Carolina. The data used in this excel spreadsheet was collected as of January 31, 2021. Mrs. Holdren stated that the information presented in the excel spreadsheet is believed to be accurate, but verification is encouraged, and the intent of the research is only to present facts.

Mrs. Holdren stated that since Financial Management Committee is responsible for sound funding practices it is appropriate to require monthly reporting of the number of animals in the shelter, as it relates to City and County intake. Mrs. Holdren also stated that it is appropriate to require a detailed document for the budgetary request coming from the Animal Shelter. She stated that arbitrary amounts to the City and County without explanation are not sufficient nor appropriate. Mrs. Holdren stated that the City and County agreement needs an amendment regarding the cost provision of Animal Control officers, if not an amendment, then a new document. She stated that Government is a place for specificities not general terms.

County Attorney, Josh Hardin, was asked to review questions emailed to him and be present for any questions the Committee had during the meeting. Each of the emailed questions were answered by Mr. Josh Hardin below:

- What is the legal requirement to have or fund an animal shelter in Carter County?
  - o Mr. Hardin stated that there is no legal requirement to have or fund an animal shelter in Carter County. Mr. Hardin said it is permissive under state law if the County wants to regulate animals. According to Mr. Hardin, the only requirement that we currently have is by the County's own joint agreement with the City of Elizabethton to continue operating and funding the Carter County/ Elizabethton Animal Shelter. The obligation is a voluntary agreement. Josh stated that he does agree that the current operating agreement is vague. Mr. Hardin stated that the original draft of the operating agreement had more detail in the form of percentages that he was asked to remove before the final approval.

- If the County Commission decides to fund the shelter at a certain dollar amount that is not sufficient and they want to be a 501(c)(3) to supplement that amount, how does the shelter do this?
  - o Mr. Hardin said that the County can certainly set up the animal shelter as a 501(c)(3) corporation. Mr. Hardin mentioned that the task of making this change can be completed in a few hours if the information is readily available. Mr. Hardin said the information needed to make the change is very basic. Mr. Hardin also made sure to mention that a new 501(c)(3) entity will be its own entity; therefore, the County and City Governments will not have direct control. Mr. Hardin expressed his confusion on how an employee of a different corporate structure like a 501(c)(3) can still be considered a County or City employee.
  
- What is the legal obligation to remain in the City and County agreement?
  - o Mr. Hardin again repeated that the current agreement is vague but is still a legal agreement. The term of the agreement is indefinite and does require some funding. Mr. Hardin mentioned that the contract does not have specific amount required. Mr. Hardin said the next steps would be to look at dissolving the agreement or making changes to the current agreement with the City if wanted. Mr. Hardin stated that if unilateral decisions are to be made then we will need to have that discussion in a different forum.
  
- The last question received is regarding required training for animal control officers.
  - o Mr. Hardin stated that he did not find any requirements regarding the training for an animal control officer or shelter employees. Mr. Hardin also stated that it would be beneficial to have the employees trained regardless of the requirements. Mr. Hardin stated that since there are no state laws on having the position then we would not have state laws requiring training.

**Motion** was made by Austin Jaynes, second by Mayor Patty Woodby to request the Chairman of the Commission to have a special called commission meeting to discuss the Animal Shelter topic only. The motion also requests that the Financial Management Committee send the recommendation that the Animal Shelter transition to a 501(c)(3) entity.

Travis Hill	Aye	Brad Johnson	Aye
Ginger Holdren	Aye	Austin Jaynes	Aye
Patty Woodby	Aye	Roger Colbaugh	Aye
Danny McClain	Aye		

**All Ayes. Motion Carried**

## New Business:

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6. **Recent Bids:** Deputy Director of Finance, Michael Kennedy, reviewed a list of recent bids.
7. **Sequoyah Group Presentation- Carrier Education:** Carter County's insurance representatives, The Sequoyah Group, presented information to the Financial Management Committee. The presentation was guided by a PowerPoint document that will be attached to these minutes for review. The presentation material is on file in the Finance Department. The reason for the presentation is to educate the County on medical carriers. The presentation was being led by Mr. Colton Birdwell, Tim Helton, and Kelly Geer. The material in the presentation covers actual data from the Carter County's current insurance carrier, Blue Cross Blue Shield, and other competing carriers. According to Mr. Birdwell, Sequoyah Group is currently waiting on the renewal information from BCBS and project to get this data late February.

Mr. Brad Johnson stated that when working for the State of Tennessee, the biggest issue he personally noticed is a claims management issue with certain carriers. According to Mr. Johnson, some medical providers refused to accept the State of Tennessee's insurance because of the claim's management issues of lagging behind in paying claims. Ms. Geer stated that after ACA (Affordable Care Act) changes went into place issues such as this one has been dealt with under the contract language. The contract gives terms including time limits of getting claims covered that must be adhered to by the provider and carrier.

Mr. Austin Jaynes questioned if the County could add another contribution strategy that included an increased out of pocket of \$5,000 or \$6,000, while slightly increasing the employee's HSA (Health Savings Account) to still have the incentive. Mr. Jaynes asked if this would help lower some of the current premium costs moving forward. Ms. Kelly Geer stated that they can definitely look at that strategy. Ms. Geer also mentioned that when adjusting the spread of benefits we need to make sure that we stay within the line of each carrier on their spread requirements.

8. **Discussion regarding increasing the County’s credit card limit from \$14,000 to \$20,000:** Deputy Director of Finance, Michael Kennedy, informed the Committee that the County Finance Department credit card is requesting a credit limit increase from \$14,000 to \$20,000. Mr. Kennedy notified the Committee that the increase has already occurred on the card without the Finance Department’s authorization. Mr. Kennedy explained that the credit card company sent a letter this month informing the County of the increase due to exceptional handling of the account. Mr. Kennedy asked that the Committee approve the increase to this card limit.

**Motion** was made by Patty Woodby, second by Travis Hill to approve the increase in the Finance Department credit card from \$14,000 to \$20,000.

Travis Hill	Aye	Brad Johnson	Aye
Ginger Holdren	Aye	Roger Colbaugh	Aye
Patty Woodby	Aye		

**All Ayes. Motion Carried**

9. **Discussion regarding current allocation of the County portion of Local Option Sales Tax to school systems for education capital projects. Establishing an Education Capital Projects Fund #177:** Mr. Brad Burke requested that the County set up an Education Capital Projects Fund #177 to alleviate future issues with sales tax allocations for the County School Department. Mrs. Ginger Holdren asked if these funds have been currently going into the Schools General Fund. Mr. Burke confirmed that the funds are currently going into the Schools General Fund. Mr. Burke stated that the Schools have other capital outlay funds, which makes it difficult to distinguish between the two allocations. Mr. Burke believes that setting up this fund will help segregate the funds and alleviate any future confusions.

**Motion** was made by Roger Colbaugh, second by Patty Woodby to approve establishing the Education Capital Projects Fund #177.

Travis Hill	Aye	Brad Johnson	Aye
Ginger Holdren	Aye	Roger Colbaugh	Aye
Patty Woodby	Aye		

**All Ayes. Motion Carried**

10. **Updates from Finance Director:** Finance Director, Brad Burke, stated that the motion regarding sales tax needs to be more detailed and specific regarding the allocation of these funds. Mr. Burke would like to have specific details on where the funds will be utilized. Mr. Burke would like to revisit this topic when the County attorney can be involved. Mr. Burke also agreed to send out more information to the Committee this month regarding this topic to aid with understanding.

11. **County General Update:** Carter County Mayor, Patty Woodby, updated the Committee on the COVID 19 cases.
12. **County Highway Department Update:** Highway Superintendent, Roger Colbaugh, updated the Committee on the departments snow and ice work. Mr. Colbaugh also mentioned that the Highway Department will be asking to move \$50,000 from Asphalt- Hot Mix to Crushed Stone.
13. **County School Department Update:** Not present at this time.
14. **Austin Jaynes:** Not present at this time.
15. **Travis Hill:** Commissioner Travis Hill thanked Mrs. Ginger Holdren for the work she did on the Animal Shelter topic.
16. **Ginger Holdren:** The committee had discussion regarding the information presented at the meeting today regarding the Animal Shelter.
17. **Brad Johnson:** Commissioner Brad Johnson thanked Mrs. Ginger Holdren for the work she committed.

**Adjourn:** Motion made by Travis Hill, second by Brad Johnson. **Motion Carried.**

Respectfully submitted,

Michael Kennedy

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Ginger Holdren, Approved for File