

FINANCIAL MANAGEMENT COMMITTEE

February 3, 2020

8:30 am



RECEIVED

02-12-2020

ⓐ 1:05 pm

**PRESENT:** Roger Colbaugh, Dr. Kevin Ward, Brad Johnson, Austin Jaynes, Mayor Rusty Barnett, and Travis Hill.

The meeting was called to order by Brad Johnson.

Quorum present.

**Adopt Agenda:** Motion was made by Austin Jaynes, second by Mayor Rusty Barnett to approve the agenda. Motion Carried.

**Approval of Minutes:** Motion was made by Austin Jaynes, second by Dr. Kevin Ward to approve the January 6, 2020 minutes. Motion carried.

**Public Comments:** Mr. Roy Livingston questioned what rules Carter County use to operate business in Committee meetings. Mr. Livingston also had questions regarding specific Committee rules.

**Old Business:**

1. **Discuss possible match/contribution to employee's non-pension retirement plans- presentation by Mr. Tim Crawford:** Mr. Tim Crawford, the retirement plan advisor for Carter County's 457 and 401(k) retirement plans with Empower Retirement presented options for the County to aid in growth of retirement plan contributions. Mr. Crawford stated that the most effective strategies to increase employee awareness of the 457 and 401(k) plans offered by Empower Retirement would be to use some of the following techniques: email campaign, mail campaign, department sign-in sheets, and small match plans. According to Mr. Crawford, the most successful strategy to increase participation in the County's retirement plans is a small match.

Dr. Kevin Ward questioned Mr. Crawford as to which departments will be affected if the County does start contributing a small match to the employee's retirement vehicles. Mr. Crawford informed Dr. Ward that the School and Food Service funds will not be included in the match offered to the County and Highway retirement plans. Mr. Crawford informed Dr. Ward that the School and Food Service fund have their own retirement plan. Financial Management Chairman, Brad Johnson, told Dr. Ward that he will need to request a match for the School and Food Service Funds in their upcoming budget request; due to the fact that they are on a different retirement plan.

Mr. Travis Hill questioned Mr. Crawford on the eligibility times for employees to enroll into the Carter County retirement plans. Mr. Crawford confirmed that any eligible employee can enroll into the County's 457 and 401(k) plans at any time during the year. Mr. Crawford also stated that all County employees currently

have a shell account set up for them at Empower Retirement regardless of their current contributions.

Dr. Kevin Ward explained to the Committee and Mr. Crawford that the School Board currently gives out a yearly Christmas bonus that is subject to the 25% bonus tax. Dr. Ward asked if the School Board awarded this Christmas bonus as a one-time contribution to employee's retirement funds if it would be subject to the bonus tax. Mr. Crawford informed Dr. Ward that he does not see any tax consequences of making bonus payments as retirement contributions. Mr. Brad Johnson also mentioned adding the County employee's bonuses to retirement contributions to avoid the tax.

Mr. Brad Johnson wanted to know the process involved for employees to withdraw monies from their retirement accounts. Mr. Tim Crawford informed the committee that retirement accounts such as the 457 and 401(k) have laws that govern the withdrawal of monies. Mr. Brad Johnson wanted to make sure that employees are getting the literature regarding the rules for withdrawal.

Finance Director Brad Burke requested that Tim Crawford help the employees with enrollment and set up of their retirement accounts with Empower Retirement. Mr. Crawford mentioned that he could possibly do a monthly enrollment meeting with Carter County.

- 2. Policy for County employee award recognition:** Mr. Brad Johnson informed the committee that he is wanting to see if the Compensation Study with Evergreen Solutions will aid the County in setting up a policy for County award recognition. Mr. Johnson also stated that the County should look at providing retirement parties and ceremonies to recognize employees for achievements. Mr. Johnson also recommended monthly recognition of employees. Mr. Brad Johnson mentioned that the Carter County School system has a great way of recognizing their student's accomplishments.

Commissioner Travis Hill stated that the County must have some type of written policy for employees who are seeking degrees or certifications. Mr. Brad Johnson stated that this written policy should be something that comes from the compensation study. Mr. Austin Jaynes requested that this discussion topic stay on the agenda in Old Business. Commissioner Dr. Robert Acuff agreed with the committee that the County should compensate employees for education and certificates. Dr. Acuff stated that we need to make certain to differentiate certificates and licenses when looking at a policy for award recognitions. Mr. Brad Johnson stated that we will keep this discussion point going forward under Old Business.

**New Business:**

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1. **Recent Bids:** Deputy Director of Finance Michael Kennedy reviewed a list of recent bids.
2. **Discussion regarding the creation of a policy for bonus and longevity pay:** Finance Director, Brad Burke, handed out a worksheet for the Committee to review. Mr. Burke explained to the Committee that this worksheet is an example of Policy and Procedures for bonus and longevity pay. Mr. Burke explained that under this example policy you will see that all bonuses must be paid from object code 188 and longevity pay must be paid from 186. Mr. Burke expressed that doing this will separate longevity and bonus pay from standard salary line items allowing for departments to budget the bonuses and longevity pay they expect to give to employees. Mr. Burke explained that in order for any bonuses or longevity pay to be paid under this example policy the department must budget funds via original budget requests or budget amendments to get it paid. Brad Burke also illustrated an example of a possible longevity pay option the County could pursue in the future. This example longevity pay policy allows employees to receive a \$500 bonus every fifth year of continuous service with Carter County with payment made no longer than four weeks subsequent to the employee's anniversary date. Mr. Burke also handed out a worksheet showing the cost breakdown for implementing this longevity pay policy. The breakdown of this longevity pay policy for employees who will have five years on July 1, 2020 is below:

<b>Department</b>	<b>Number of Employees</b>	<b>Cost to the County (Approximate)</b>
County	102	\$62,520.90
Highway	26	\$15,000
Solid Waste	3	\$1,838.85

Mr. Austin Jaynes asked why we would not just give this longevity pay as a contribution to the employee's retirement accounts. Mr. Michael Kennedy stated that giving bonus payments as a contribution to employee's retirement accounts will allow for the employees to avoid the 25% bonus tax and it enables them to have contributions to their retirement that they may not be able to do themselves. Mr. Travis Hill asked if we could just tax longevity pay at the standard rate instead of the 25% bonus tax. Mr. Brad Burke stated that the Internal Revenue Service views longevity pay as a bonus. Dr. Acuff stated that these cost estimates will need to be adjusted throughout the year as employees meet their five year anniversary date. Mr. Burke agreed that these cost will not be the fixed cost for the entire fiscal year as

some employees will be meeting the five year criteria after the fiscal year begins. Mr. Brad Johnson stated that we may need to keep looking at the cost associated with this example for longevity pay. Mr. Johnson stated that we will need to get a firm grasp of cost to take to the Budget Committee. Commissioner Austin Jaynes requested that Mr. Burke bring another worksheet to next month's meeting showing the cost of \$250 and \$500 contributions to employees over the next five years. Mr. Brad Johnson stated that he would like to give opportunity for department heads and elected officials to view the proposed options regarding bonus and longevity pay. Mr. Johnson requested that this discussion item be left on the agenda under Old Business.

Mr. Brad Burke went over the example bonus payment policy he handed out. According to Mr. Burke, this example bonus policy will lead to departments budgeting monies for bonus payments in the original budgets proposed to the budget committee. The procedure for payment of bonuses under this example policy will be the same as all payments to employees in that each department will need to request payment through the Finance Department. Mr. Brad Johnson stated that the Committee needs to be careful of the way we decide to implement a bonus policy because elected officials have the overall say of how monies are budgeted in their department's line items. Mr. Travis Hill wanted to make certain that if the Budget Committee approves monies into the 188 line item for bonuses that these monies will sit in the line item until the department heads request these monies be paid out. Mr. Burke confirmed that this will be the process for bonuses under this new example policy. Mr. Austin Jaynes expressed his worries that the Committee needs to wait until the wage study is completed before implementing any policies. Mr. Jaynes also stated that the Committee needs to make a decision on whether the County pay bonuses directly to employees or give them as a contribution to retirement plans. He also stated that he believes that all bonuses should be budgeted into a reserve line item until the Budget Committee approves to pay it out instead of budgeting the monies into a bonus line item at the beginning of the year. Mr. Hardin stated that budgeting monies into the bonus line item is the only way to make certain these monies are paid as bonuses and not given as a raise. Mr. Hardin also stated that the Department Head has full control of how much of the bonus payment is paid to each employee regardless of the line item used and the recommendation of the Commission.

Mr. Roger Colbaugh asked the Committee if elected officials could give themselves bonuses from the 188 line item if the monies were budgeted. County Attorney Josh Hardin stated that elected officials salaries are set by the State; therefore, elected officials would not take part in the bonuses budgeted in the 188 line item. Roger also asked if appointed officials could give themselves raises from this line item. Mr. Hardin stated that any elected or appointed official whose salaries are set by the state will not have increases in salaries unless the full Commission approves a raise. Mr. Colbaugh stated that he believes there should be guidelines specifically stating that it

is prohibited for elected officials and appointed officials, which have their salary set by the state, from using the bonus funding for themselves. Mayor Rusty Barnett mentioned that he has spoken with the County Attorney about giving additional pay to clerks who manage more than one court. Mr. Hardin stated that the County would have to increase the salaries of the Sheriff, Road Superintendent, and Mayor if they went forward with pay increases for clerks whom manage more than one court.

3. **Discussion regarding Holiday Time/Pay presented by Sonja Culler:** Ms. Sonja Culler stated that Mr. Benny Lyons and Mr. Michael Kennedy have been in discussion regarding this topic. Mr. Kennedy stated that all employees, including the landfill employees, receive double time for working holidays. Mr. Kennedy explained that the Landfill was just seeking clarification to the policy that we have set up. Mr. Kennedy further explained that the employees get 8 hours for the holiday pay and hours they worked on that holiday. There was open discussion on the way each department works with holiday pay. Mr. Kennedy brought an example of a timesheet from the previous Christmas holiday to illustrate how holiday pay works across the County. Mr. Brad Johnson requested that Mr. Burke bring a report on the current comp times and vacation times reported on the books to make certain all departments are staying within the policy limit. Mr. Kennedy reminded the Committee that we currently have two separate policies.
  
4. **Updates from the Finance Director:** Finance Director Brad Burke informed the Committee that Carter County's 2018-2019 audit is still ongoing. Mr. Burke recommended that the Committee start reviewing Financial Management policies and procedures in sections. Mr. Burke listed the sections that he believes we should follow in regards to updating the Financial Management policies and procedures. The sections Mr. Burke recommends for updating the policies and procedures include:
  1. Code, Ethics, and Purchasing policy
  2. Debt Management
  3. Travel and Use of telephone equipment
  4. Credit Cards and Internet usage policy
  5. Budget Process
  6. Capital Asset Management

Mr. Burke recommended that the Committee wait until the compensation study is finalized before working on job descriptions. Mr. Brad Johnson stated that there will be policies and procedures update in every meeting going forward. Dr. Acuff stated that the Finance Department page on the website has outdated material and the link is broken to get access to the employee handbook. Mr. Johnson asked the Finance Director if there is anything in the audit that he is aware of at the moment. Mr. Burke stated that he believes we will have a finding for the bonus issue this year. Mr. Burke also mentioned that the Mayor's office is requesting a Home Depot credit card. Carter County Mayor's administrative assistant, Abby Frye, stated that getting this credit

card will aid the Mayor's office in purchasing custodial supplies through Supply Works. According to Mrs. Frye, Supply Works is a subsidiary of Home Depot and allowing the Mayor's office to use their own Home Depot account will increase the efficiency in getting custodial supplies.

**Motion** was made by Austin Jaynes, second by Roger Colbaugh to approve getting the Mayor's office a Home Depot Credit Card with a \$500 limit.

Travis Hill	Aye	Brad Johnson	Aye
Roger Colbaugh	Aye	Dr. Kevin Ward	Aye
Rusty Barnett	Abstain	Austin Jaynes	Aye

**5 ayes, 1 abstained. Motion Carried**

5. **County General Update:** Carter County Mayor Rusty Barnett informed the Committee that the County will be having a meeting on Friday regarding the resort. Mr. Barnett mentioned that his office is getting a quote from Norwell to fix the issues with the boiler in the Carter County Courthouse. Mr. Brad Johnson mentioned that the boiler project needs to be brought before the Buildings and Grounds committee before any action is taken. Mr. Barnett also mentioned that First Tennessee Development agency will be checking on the home repairs that were granted through the improvement grant. Mr. Brad Burke stated that the total value of the grant is \$500,000.
6. **County Highway Department Update:** Carter County Road Superintendent Roger Colbaugh informed the Committee that the Big Sandy Bridge is completed. Mr. Colbaugh also informed the committee that the Powder Branch Bridge will have a pre-construction conference in the near future with hopes of beginning the project in March. Roger also explained that the Dennis Cove Bridge has state approval on plans and the pre-bid meeting will be held on February 6, 2020 with the bids being opened on February 26, 2020.
7. **County School Department Update:** Carter County School Superintendent Dr. Kevin Ward told the Committee that the School Department has created a list of referendum projects they plan to send out for bid. Dr. Ward also explained that the School system has been dealing with chronic absentee issues. Dr. Kevin Ward invited the Committee to the Battle of the Build presentation at ETSU on February 22<sup>nd</sup> and 23<sup>rd</sup>.
8. **Austin Jaynes:** No Comment.
9. **Travis Hill:** No Comment.
10. **Ginger Holdren:** Not Present.

11. **Brad Johnson:** Commissioner Brad Johnson thanked everyone for their time.

**Adjourn:** Motion made by Austin Jaynes, second by Travis Hill. **Motion Carried.**

Respectfully submitted,

Michael Kennedy

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Brad Johnson, Approved for File