

FINANCIAL MANAGEMENT COMMITTEE

December 7, 2020

8:30 am

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

The meeting was called to order by 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 Travis Hill, second by Roger Colbaugh to approve the agenda with the addition of agenda item 4b Investment Committee Discussion under New Business. Motion Carried.

Approval of Minutes: Motion was made by Brad Johnson, second by Roger Colbaugh to approve the November 2, 2020 meeting minutes with Ginger Holdren's clarifications to her comment regarding agenda item "Discuss and Update Capital Asset Management Policies and Procedures" added below:

"I am not suggesting that the Clerk did anything wrong. It just so happened that Commissioner Jaynes was in her office when she showed him how little space she had for storage. She must have told him that many tech items were obsolete, and she needed them out of her way. Commissioner Jaynes offered to bring it up in Building and Grounds to get approval for her to dispose of the items. It was voted to approve her disposal of the items in an appropriate manner in both Building and Grounds and full commission that month. This was just a case of all of us needing to be more aware of the policies." Motion Carried.

Public Comments: No Public Comments.

Old Business:

1. **Discuss and update Capital Asset Management Policies and Procedures:**

Finance Director, Brad Burke, presented the updated Capital Asset Management policies for the Committee to review. Mr. Burke clarified that the presented policies only covered Capital Assets. The non-capital asset policies will be brought to the Committee at the January Financial Management meeting for review. The presented policies will be attached to these minutes and available by request in the Finance Department.

Mr. Burke explained that section 10.1 gives a general description of Capital Assets. He then explained that section 10.2 highlights important definitions used in Capital Assets. Brad explained that the purchase of Capital Assets can be shown in the expenditure reports provided to the commission each month. He further explained depreciation of Capital Assets. Section 10.3 breaks down the categories that make up Capital Assets. Brad informed the committee that he



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decreased the depreciation time from 40 years to 20 years on infrastructure. On page 10.5, there is table 10-1 to illustrate criteria for determining and reporting capital assets by using capitalization threshold, recorded value, and estimated useful life.

Mrs. Ginger Holdren found a mistake in the updated policies regarding the depreciation period of bridge rehabilitations on pages 10.3 and 10.5. Ginger found that page 10.3 shows a life of 30 years, while page 10.5 shows a useful life of 40 years. Mr. Burke asked Highway Superintendent, Roger Colbaugh, his opinion on the useful life of a bridge rehabilitation. Roger recommended that we use 15 years of useful life on bridge rehabs. Mr. Burke explained that he will change the useful life of bridge rehabs on page 10.3 and 10.5 to be 15 years of useful life.

Brad expressed the importance of section 10.5 Accountability. Brad stated that each office holder is responsible for all County owned assets purchased for or transferred to their office. He also explained that the Finance Department will be changing the way they account for Capital Assets now that the department has moved to the Skyward Fixed Assets Module that was approved by Commission. He stated that with that being stated it is still important that the Finance Department get all the appropriate documentation needed to properly account for these assets from other departments.

Mr. Burke said that it is pertinent to track assets from purchase to disposal. He further reminded everyone that any Capital Asset must be brought before Budget Committee and Commission to be declared surplus property before they can be disposed of by the departments. These accounting records will aid in budgeting and capital asset projections. He expressed the importance of keeping an updated physical inventory of all assets. According to Brad, these records should be internally audited by each department to make sure they are kept updated to aid in finding items that are unaccounted for during the year.

County Attorney, Josh Hardin, referred Mr. Burke to page 10.6 to discuss the paragraph regarding equipment and vehicles being required to have a permanent decal of at least 10x10 in size being placed at both the front doors of all vehicles. Josh asked if there are circumstances that this policy will not have to be followed. Josh mentioned that the current policy that is being administrated allows office holders to not put decals on the vehicles or equipment if they can cause damage or decrease the value of the asset. Josh explained that the policy being presented at the meeting is written in a way that does not allow for any wiggle room in special circumstances such as law enforcement or if the decal causes damage to the asset. Mr. Burke explained that he was referring to the adhesive decals that are currently being used by offices. Mr. Burke believes that these adhesive decals should not leave lasting damage to the assets. Ginger asked Mr. Burke to change the wording in the paragraph discussed by Josh. Ginger recommended that the policy be changed to state 100 square inches instead of 10x10 inches to allow for different

dimensions of decals. Josh asked that we put in a section that allows for special circumstances to account for vehicles that cannot utilize decals.

Mr. Brad Johnson asked if there is a specific time frame that each department must get their inventory listings to the Finance Department for review. Mr. Burke stated that the Finance Department currently gets a listing from the Sheriff's Department and the Highway Department. Mr. Burke also stated that if there is not a time frame currently in the policy then it will be added. Mr. Burke clarified that all inventory should be completed at least once before June 30th of each year and the verified reports should be signed by the office holder to be submitted to the Finance Department by approximately July 20th of each year.

Mr. Burke mentioned that the Board of Education has different policies that they must follow for disposing of assets. Brad stated that these policies are different than those set up under the 1981 Act. He also mentioned that these policies are Governed by the School Board.

Ginger thanked Brad Burke for his work on the presented Capital Asset Management Policies. She mentioned that the committee will review the policies again next month after the additions and changes have been made.

2. **Discussion of Compensation Time Policy:** Ginger asked the committee about the possibility of sending the Compensation Time policy to department heads as a reminder. She also recommended sending the policy to the Budget Committee as a reminder of the current wording of compensation time and overtime. She also stated that the policy is pretty well written in its current state but needs to be followed better.

Mr. Austin Jaynes asked if the County could pay compensation time at the hourly rate it is originally accrued for each employee. Josh stated that labor laws would not allow for employees to be paid at the original accrued hourly rate but at the rate they make when cashing out the comp time. He also mentioned that accounting for that would be extremely difficult.

Ginger stated that the point this committee is trying to make is that "we want comp time to be taken, that is preferential to overtime being paid in cash". Ginger stated that she is trying to send a message to department heads that they need to be asking their employees if possible, to take their comp time and not let it build up to the maximum number. Mr. Johnson agreed that taking comp time will reduce the amount of monies being budgeted for overtime. Mr. Burke stated that he checked the comp time balances of all employees in the County as of November 30, 2020. According to Mr. Burke, there was only 1 employee that went over the max allowable comp time. That employee works in the EMA office and has approximately 138.6 hours of compensation time. Mr. Burke stated that he believes this employee is currently trying to take time off to adjust this issue. Carter County Mayor, Patty Woodby, stated that this employee is trying to take

off 2 days a week, but this is still not offsetting the calls he takes. The committee had discussion regarding who calls out the EMA staff.

3. Discussion regarding the possible reactivation of Evergreen

Wage/Compensation Time Policy: Mr. Josh Hardin stated that the current contract ended in June of 2020. He also stated that he spoke with Michael Kennedy, who stated that Evergreen has mentioned that they still want to continue doing the compensation study with the County. Josh stated that he also spoke with the Evergreen Vice-President, Mrs. Nancy Berkley, regarding beginning a new contract or amending the current contract. According to Josh, Nancy stated that Evergreen is willing to do the study under the terms of the existing contract. According to Mrs. Berkley, the study has been postponed at the County's request. Evergreen is still willing to complete the study in person if the County wishes, but this will entail large group meetings to take place. Another option given by Evergreen, will be to do a complete virtual compensation study. Mr. Hardin stated that the county needs to amend the current contract or start a new contract to get the ball rolling on this project.

Josh mentioned that the study will require large group meetings if completed in person by Evergreen. Evergreen did offer the option to complete the study virtually, in-person, or a hybrid approach to avoid the large group meetings. Josh believes that there is some room for negotiation if the study is completed virtually or in a hybrid style because of the lack of travel needed by Evergreen. Mrs. Berkley did mention to Josh that Evergreen is ready and willing to begin the study in January of 2021. Josh stated that no parties are bound to the terms of the old contract at the moment. He also mentioned that this would be the best time to look at contract changes, if needed.

Roger expressed his worries about continuing the study via virtual meetings or a hybrid platform at the Highway Department. Ginger asked if it would be feasible for the county to have one computer obligated for this study that transfers from department to department to complete the study virtually. Josh expressed his opinion that having large group meetings with employees would contradict the steps Carter County has taken to avoid large meetings like the Commission meetings. Mr. Burke stated that if the current contract is not amended or continued at a later date then the county will be required to rebid the contract.

Motion was made by Patty Woodby, second by Roger Colbaugh to amend the current terms of the compensation study contract to start on June 30, 2021, with Josh contacting Evergreen to get this amendment started.

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

All Ayes. Motion Carried

New Business:

1. **Recent Bids:** Deputy Director of Finance, Michael Kennedy, reviewed a list of recent bids.
2. **Discussion regarding Economic Development Department:** Mr. Johnson stated that Mr. Aaron Frazier brought 4 items before the committees last month for review. One of the items brought to the floor included monies for a grant writer. Mr. Johnson expressed his opinion that an important position that the county needs to actively seek is a grant writer. Mr. Hill stated that he would like to table the discussion topic until next month to allow time for the city to review.

Aaron stated that he has spoken with the City Manager, Daniel Estes, regarding this discussion topic. Aaron stated that the city is interested and wants to be involved in the discussion. If this department comes to fruition Aaron would like the department head to work directly with the city and county. Aaron stated that the city is possibly willing to be monetarily involved. Aaron also mentioned the large amount of work that would need to be completed by the new department head of this department if it is created. Aaron stated that a grant writer for the Economic Development department would be tasked with searching for all available grants for the county and city. Mr. Hill stated that in his talks with the city it is apparent that they are wanting to be involved in the monetary side of the discussion regarding salaries and other budget related topics with this department.

Ginger asked if anyone knows about any potential grants available to aid the county in starting an Economic Development department. Aaron mentioned that grants are available for starting this department but admitted that he does not have the knowledge regarding the process of these grants. She also asked Travis if this discussion topic is something that will be discussed at the workshop this month. Travis said that he will be adding this topic to the agenda for the workshop. Ginger wants the committee to keep an open mind regarding our discussion today and bring any ideas regarding the topic to the workshop for further discussion.

3. **Discussion regarding transition of the Animal Shelter to a 501(c) (3):** Ginger stated that she has spent approximately 8 to 10 hours the prior day working on this topic. She also stated that she understands that this topic is a huge undertaking for the committee. Ginger mentioned that the committee needs to take into account the following items when discussing the possible transition of the Animal Shelter to a 501(c) (3): size of the county, socioeconomic status of the county, bordering county's tactics for caring for their animals, and the steps taken by the previous commission regarding this matter.

County Attorney Hardin recalled that the previous commission, with Mr. Ray Lyons making a motion, decided to start the process of transitioning the Animal Shelter to a 501(c) (3) in 2017. According to Josh, the commission voted on and approved the transition of the Animal Shelter. Josh also stated that the topic was subsequently discussed more than once after that approval leading to the conclusion that the transition is not a viable option. He said from that discussion he was authorized to move forward with the Animal Shelter operating agreement and board, as it is currently set up. He stated that the current commission can certainly revisit this topic. The biggest issue Mr. Hardin sees in the transition is finding a viable 501(c) (3) to run the operations of the shelter.

Ginger mentioned that she was wondering how the committee would go about structuring or starting a 501(C) (3). Josh stated that the process is very similar to setting up a standard corporation then register through the state to recognize the 501(C) (3) change. Josh stated that he recently made this transition for the Joint Economic Development Board. He stated that the process of recognizing the transition with the state is not difficult and can be completed basically online. He thinks that a group separate of the county government would be needed to run the operations of the shelter to completely satisfy the wishes of the commission.

Austin Jaynes asked that we defer this topic to next month to allow each member to review and research the topic. Ginger wants each member to be responsible for reaching out to two other counties in our region to discuss this transition process. She wants the committee to be fair and thorough when making decision regarding this topic. She wants each commissioner to also read the commission minutes from June of 2017 until now to get all the knowledge they can regarding this matter. She expressed her belief that research will be key in making a good decision. Ginger also stated that this is a joint venture with the city; therefore, they must be involved and on-board with any decision made. She would like this topic to be discussed in the workshop this month.

4. **Discussion regarding incentives for preventative healthcare visits for County employees:** Mrs. Holdren started the discussion topic by stating that Sequoyah group has met with the Health and Welfare group to discuss possible incentives for preventative healthcare visits for the employees. Ginger stated that a motion was made from that committee offering county employees PTO (paid time off) if they have their wellness check-up annually. She further elaborated that the policy only allows for one free PTO day annually for wellness visits. She believes that this policy is necessary to increase the health of our employees. She also stated another reason for this policy is to potentially lower insurance rates by having better information regarding employee health available to providers. According to Ginger's discussions with Sequoyah, providers will research the number of employees seeking wellness visits annually. If the percentage number of employees seeking annual wellness visits is low providers will be more apt to increase rates due to all the unknowns. Sequoyah

Group representative, Colton Birdwell, agreed that having the PTO incentive is a great tactic to potentially increase involvement with wellness visits.

Ginger wants to make sure the department heads understand and support this incentive program. She stated that without the support of the department heads this project will cost the county money and still fail. She stated that department heads will need to have buy in with this project and disseminate the information to their staff. Ginger stated that the Sequoyah team will be drafting a letter to be placed in the December commission packet to allow the full commission to review the wording of the letter before moving forward with the program. Mr. Burke wants to make certain that the employee must give advanced notice to their supervisor before taking the day off for wellness checks.

Motion was made by Austin Jaynes, second by Roger Colbaugh to start a new incentive program for wellness checks that starts on January 1, 2021 to December 31, 2021 and continuous each year after that allows employees to get a day of PTO (paid time off) at the employees standard shift hours on the day they get their wellness checks.

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

All Ayes. Motion Carried

4b. Discussion regarding Investment Committee: Commissioner, Charles VonCannon, told the committee that he will be leaving the policy called County Financial Management System in Ginger's box to aid the committee. Mr. VonCannon believes each committee member should review the document. Mr. VonCannon mentioned that Brother Wolfe would be a great partner to contact for the Carter County Animal Shelter.

- 5. Updates from the Finance Director:** Finance Director, Brad Burke, mentioned that the auditors are currently at the county finishing up the 2019-20 fiscal year audit. Mr. Burke believes that the auditors will complete the audit around January or February of 2021.
- 6. County General Update:** Mayor, Patty Woodby, informed the committee that the Planning parking lot has been repaved. She also stated that the Carter County Health Department will receive COVID-19 vaccines on the 16th of December. The vaccine will be given in phases with the first responders and health care workers going first. The county has designated the old Alcoa site as a vaccine destination.
- 7. County Highway Department Update:** Highway Superintendent, Roger Colbaugh, informed the committee about the tasks being undertaken by the Highway Department currently.

8. **County School Department Update:** Not Present during Comments.
9. **Austin Jaynes:** Not Present during Comments.
10. **Travis Hill:** No Comment.
11. **Ginger Holdren:** No Comment.
12. **Brad Johnson:** Mr. Brad Johnson spoke about the wellness visits policy that was passed this morning. He believes that the Sheriff's Department needs to find a way to allow their employees to take advantage of the policy.

Adjourn: Motion made by Travis Hill, second by Roger Colbaugh. **Motion Carried.**

Respectfully submitted,

Michael Kennedy

Ginger Holdren, Approved for File

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(Revised 12.7.2020)

Section 10.1 General

Carter County expends a substantial amount of public funds to acquire and maintain various capital assets necessary for the efficient and effective operation of county government. Capital assets must have a useful life in excess of one year and a cost or fair value as presented below in **Table 10-1**.

Capital assets include Land, Land Improvements, Construction in Progress, Buildings, Building Improvements, Equipment, Furniture and Fixtures, Vehicles, and Other Capital Assets. Intangible capital assets include software and *permanent* easements. In certain instances, leases must be recorded as capital assets (see GASB Statement No. 87 for guidance).

Accountability for County owned assets must be properly established and communicated. Ultimate responsibility lies with office holders. County employees are responsible for the proper use and care of assets assigned to/used by them.

Section 10.2 Definitions

Construction in Progress - construction/renovation projects spanning more than one fiscal year; started but not completed at fiscal year-end (June 30).

Building Improvements – renovations or additions to existing buildings which extend the useful life or enhance the functionality of the building.

Land Improvements – permanent (non-movable) improvements to land that have a limited useful life. Examples include fences, retaining walls, parking lots, and most landscaping.

Infrastructure – long-lived capital assets that are normally stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples include roads and bridges.

Acquisition costs – capitalizable costs incurred only after it becomes probable that an asset will be acquired. Consequently, the cost of a feasibility study is *not* capitalizable, even if the associated asset is capitalized.

Fair value – the price that would be received to sell an asset in an orderly transaction between market participants at the donation date.

Personal Property - any county-owned asset other than real property.

Estimated Useful Life – number of years an asset is estimated to be in service.

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Depreciation – assigning and expensing the cost of a capital asset as it is consumed/worn out over its estimated useful life. Recognized as an expense in the *Government-wide Statement of Activity*.

Straight-line Depreciation – the allocation of an equal amount of depreciation expense to each benefitting period. Carter County will utilize this depreciation method.

Accumulated Depreciation – cumulative depreciation up to a single point in a capital asset's life.

Carrying/Book Value – Recorded cost of a capital asset less its accumulated depreciation.

Gain or loss on disposal of capital assets – difference between the book value and the proceeds or trade-in value received from the disposition of a capital asset.

Maintenance and Repair Expense – Costs that essentially return the capital asset to its original condition/preserve the asset's utility. These costs are to be expensed in the period incurred and *not* recorded as an asset.

Physical Inventory – at least an annual inspection of assets and verification of details (existence, item description, VIN, serial number, model #, location, condition, etc.) to inventory control records. This process also includes verifying items on the inventory listing with actual assets.

Detailed Trial Balance – a report generated from Skyward for a certain time period which provides details for each disbursement posted to a specified expenditure account number. Details include payment date and amount, vendor, and brief description of the item purchased.

Expenditure Report – a summary report generated from Skyward for a specified time period (normally on a monthly and year-to-date basis) which provides amounts posted to line items within major categories (e.g. County Mayor, Sheriff, Animal Shelter, Landfill Operation and Maintenance) in County Funds, (e.g. Administration, Highway and Bridge Maintenance) in the Highway/Public Works Fund, and (e.g. Regular Instruction Program, Special Education, Transportation) in School Funds. NOTE – these reports are included in the monthly County Commission packets, are available on the County's website, can be obtained from Skyward by each official and department head, and may be provided by the Finance Department upon request.

Asset Impairment – a significant, unexpected decline in the service utility of a capital asset. An impairment must also be permanent. Indicators include: (1) physical damage; (2) changes in laws, regulations, or environmental factors; (3) technological developments or evidence of obsolescence; (4) change in the manner or duration of use; and (5) stoppage of construction or development.

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Section 10.3 Capital Asset Categories

Expenditures for capital assets are primarily charged to line items 700-799 in the Governmental Funds. See **Table 10.1** for criteria necessary for determining, recording, and depreciating Capital Assets. Carter County will account for these assets as follows:

1. **Land** - recorded at cost regardless of the purchase price; however, land purchased for a nominal amount (e.g. \$1) should be treated as a donation. Donated land will be recorded at fair value on the date of donation. The land under a building or road must be classified as land rather than included as part of the cost of the building or road. Preparation costs with an indefinite useful life (site improvements such as excavation, fill, grading) should be included in the capitalized cost of land. Land is a non-depreciable asset.
2. **Land Improvements** – actual costs shall be capitalized and depreciated (Table 10.1).
3. **Construction in Progress** – capitalized cost must include construction costs and architect/engineer fees. Outstanding purchase orders/contract balances as of June 30 must *not* be included in capitalized costs. Upon project completion, total accumulated costs shall be transferred to the appropriate capital asset category (e.g. Buildings). This capital asset is non-depreciable.
4. **Buildings** - purchases shall be recorded at acquisition or construction cost. Buildings donated to the County shall be recorded at fair value. Certain components (roofs, HVAC, and flooring, etc.) shall be recorded separately and depreciated over shorter periods than that of buildings (40 years) since these assets are used up more quickly.
5. **Building Improvements** - actual costs shall be capitalized and depreciated (Table 10.1).
6. **Infrastructure** – primarily roads and bridges which shall be recorded at actual cost (including labor and equipment costs for projects completed by the Highway Department) and depreciated in accordance with **Table 10.1**. Infrastructure donated to the County shall be recorded at fair value (i.e. acquisition value) on the date of donation; however, newly constructed roads and bridges donated to the County by the Federal Government or the State of Tennessee are to be recorded at the cost paid by the other governments. The fair value of donated roads accepted by County Commission should be determined by the Road Superintendent and the Finance Director. Costs (including labor and equipment) for paving and resurfacing of existing roads shall be depreciated over a 20-year period and must be recorded and depreciated separately from the roadbed. Costs for rehabilitating/updating bridges shall be depreciated over a 30-year period.
7. **Equipment** – amount capitalized shall include actual costs plus installation charges and the value received for any item(s) traded-in. Equipment types include Highway (dozers, graders, loaders, mowers, paving machines, backhoes, shop equipment, etc.),

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Law Enforcement (records management systems, radios, towers, etc.), Health Department (imaging machines, dental, etc.), Solid Waste (trailers, balers, backhoe, dozer, etc.), and School Department (bleachers, athletic equipment, instruction, special education, maintenance and shop equipment, etc.)

8. Vehicles – all vehicles for which title and license must be obtained are to be capitalized and capitalized cost shall include actual cost plus the value received for any item(s) traded-in. The cost of any add-on equipment (for police cruisers, emergency vehicles, etc.) necessary for preparing the vehicle for its intended use shall be capitalized and depreciated separately from the vehicle (using same useful life as vehicle).
9. Other Capital Assets - actual cost plus the value received for any item(s) traded-in. Items in this category include software.

Certain leased assets must be capitalized per *GASB Statement No. 87*. Qualifying leases should be categorized according to the associated asset, but it may be reported separately.

Estimated useful lives are determined for each type of depreciable capital asset; however, asset types within the same category may have different estimated useful lives. In addition, a specific life may be assigned to a certain asset if utilizing the standard term would have a significant effect on the replacement schedule or actual using up of the item. Useful life estimates should first be determined by the County's own experience with similar assets. If that information is not available (due to inadequate records or no experience with an equivalent asset), the experience of other local governments should then be considered. Guidelines established by authoritative sources such as the Tennessee Comptroller of the Treasury, Governmental Finance Officers Association, American Institute of Certified Public Accountants, Internal Revenue Service should also be considered. Useful lives should be periodically compared with actual experience and adjustments to accounting/inventory records made if necessary.

Proper records must be maintained for all applicable asset purchases to ensure that the items are tracked from acquisition through proper disposition. TCA 10-7-404(a) requires that a comprehensive inventory of all capital assets be retained for at least five years.

All asset acquisitions are reported as current year line item expenditures on the County's financial statements (*Expenditure Reports*) for the Governmental Funds (General, Solid Waste/Sanitation, Health Department, Drug Control, Sports and Recreation, Highway/Public Works, General Purpose School, School Federal Projects, Central Cafeteria, Head Start, and Capital Projects) in accordance with the modified accrual basis of accounting. General Accounting Standards Board (GASB) Statement #34 requires the County to also present per audit Government-Wide Financial Statements (*Statement of Net Position* and *Statement of Activities*) prepared on the accrual basis of accounting, which instead recognizes fund capital expenditures as assets on the *Statement of Net Position* and reports associated costs (depreciation) on the *Statement of Activities* over multiple fiscal years as the assets are used up. *NOTE – these financial statements are presented in Carter County's Annual Audit Report available on the Tennessee Comptroller of the Treasury's website.*

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Criteria for determining and reporting capital assets is presented below.

Table 10-1

	Capitalization Threshold \$	Recorded \$ Value		Estimated Useful Life (years)
		Purchase	Donation	
Land	\$0.01	cost	Fair	N/A
Land Improvements:				
Exhaustible	20,000	cost	Fair	20
Inexhaustible	20,000	cost	Fair	N/A
Construction in Progress	25,000	cost	Fair	N/A
Buildings:				
Structure	25,000	cost	Fair	40
Roofs	25,000	cost	Fair	20
HVAC	20,000	cost	Fair	15
Flooring	20,000	cost	Fair	10
Improvements	25,000	cost	Fair	40
Roads:				
Construction	25,000	cost	N/A	20
Resurfacing	20,000	cost	N/A	20
Donated	20,000	N/A	Fair	20
Bridges:				
Construction	25,000	cost	N/A	40
Rehabilitation	25,000	cost	N/A	40
Donated	25,000	N/A	Fair	40
Equipment:				
New	15,000	cost	Fair	5
Used	15,000	cost	Fair	4
Vehicles:				
New	15,000	cost	Fair	5
Used	15,000	cost	Fair	4
Other Capital Assets	15,000	cost	Fair	**

**** To be determined on a case-by-case basis by the Official and Finance Director.**

Section 10.4 Records

Various records required are noted throughout the remaining sections of these policies and procedures. It is essential that these records are complete, accurate, and current in order to

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facilitate the preparation and monitoring of reliable replacement schedules and realistic budgets, and properly insure against damage and theft (see Chapter __ *Risk Management*).

Section 10.5 Accountability:

Each office holder is responsible for all county owned assets purchased for or transferred to their office. They must ensure that applicable assets are clearly identified as county property, inventoried/reported, used safely and appropriately, properly secured, and used only by employees for the conduct of county business. The official or department head may assign responsibility for controlling and accounting for capital assets to an employee; however, this action must be documented in writing and be submitted to the Finance Department prior to assignment. Condition of each capital asset and non-capital asset should be assessed and documented at least annually (**Form 10.3**). This practice will assist in developing a sound plan and budget for capital asset maintenance and replacement.

In order to track and maintain control of county assets, accurate and up-to-date records must be properly maintained. Office holders should generate or submit a request to the Finance Department for a *Detailed Trial Balance Report* at least once per fiscal year. These reports should be reviewed to help ensure that all applicable asset purchases are properly reported (Form 10.1) and added to their inventory (Form 10.8). Transfers, sales, disposals, loss or theft of tagged assets must be documented and communicated promptly to the Finance Department for proper asset accounting.

Equipment and vehicle acquisitions must be tagged and recorded on the proper Forms. Asset identification numbers are necessary for tracking and control purposes. Prenumbered adhesive property tags will be available in the Finance Department. Property tags shall be attached (*at the time of possession*) to assets where practical (stencil/engraving may be used in other instances). A permanently attached decal at least 10"x10" in size and at a minimum clearly displays the county name and department shall be attached to both front doors of all vehicles; decal is not to be removed until the vehicle is properly disposed of.

A physical inventory must be performed at least annually by all County office holders, the Highway Department, and the School Department. Each office holder is responsible for confirming the completeness and accuracy of their inventory listing. Any item that cannot be located shall be reported to the Finance Department, Budget Committee, and County Commission as a stolen, lost, or unaccounted for county asset (**Form 10-4**). The required Form must be filed with the Finance Department no later than noon on the Tuesday which precedes the second Monday of each month to ensure its inclusion in the Budget Committee packet. County assets that are considered stolen must be reported to local law enforcement upon discovery.

Office holders should complete a physical inventory of their equipment and vehicles any time they suspect that assets are missing, stolen, being used for non-county purposes, or are not at their normal location as recorded on inventory reports.

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The Finance Department shall conduct a periodic independent review/physical inventory of each office holder's capital asset inventory (at least one office/departments per fiscal year). Primarily, this will consist of verifying equipment, vehicles, and other capital assets. Verification may consist of selecting a test or sample of items using a random-number generator or other systematic selection method; however, the lesser of 10 items or 50% of total items must be selected. Any discrepancies shall be reviewed, and appropriate actions taken and reported (Form 10.4). Periodic verification helps ensure adequate control and accuracy of the County's inventory.

All equipment and vehicles must be properly maintained (regular scheduled maintenance and repairs, cleaning, correct usage). All scheduled maintenance and periodic repairs should be performed (and logged on **Form 10.7**) on all equipment and vehicles. These logs must be filed with any applicable request for disposition (**Form 10.2**) submitted to the Finance Department.

Proper training and supervision necessary for the safe and proper operation of all equipment and vehicles must be provided to all employees. Injuries and damages may be avoided or minimized by ensuring equipment and vehicles are properly maintained and only trained employees use these assets. All incidents involving injuries or property damage must be reported to the Deputy Finance Director immediately (Chapter _____).

A physical inventory should be performed whenever there is a change in office holders. The outgoing and incoming office holder must sign and date the inventory report or related document to indicate the transfer of accountability for County owned assets.

Separate reports/inventory schedules must be maintained for each of the following: inventory on hand as of July 1 (Form 10.3), current year additions (Form 10.8), current year deletions/dispositions (Form 10.9), and inventory on hand as of June 30 (Form 10.3).

Section 10.6 Disposition of County Assets

Disposition methods include, but are not limited to, surplus sale (including GovDeals.com), salvage and scrap sale, donation, transfer, recycling, discarding, and destruction.

When an office holder determines that property is no longer needed or useful, they should notify other offices and departments of the property's availability. Transfers between departments must be documented with *Asset Transfer Form (10-6)*. If no other department claims the property, the accountable department must submit a properly completed *Request for Disposition of County Asset Form (number 10.2)* and a *Request to Declare County Property as Surplus Form (Number 10.5)* to the Finance Director. The Finance Director shall review and forward the Forms to the Budget Committee and County Commission for approval.

County property tags and other identifying information (county seal/decals, stenciling, property sticker, etc.) must be removed by the office holder prior to the disposing of any county asset. Pre-numbered property tags shall be submitted to the Finance Department upon removal.

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Surplus capital assets (excluding real property) shall be sold at public sale or public auction (including internet auctions) to the highest bidder by the Purchasing Agent (Finance Director). The Deputy Finance Director shall identify and organize surplus items until such sale or auction is held. Real property owned by the County is to be sold by the Purchasing Agent (Finance Director) at public sale. Websites, such as GovDeals.com, may be utilized for listing surplus items for auction (TCA 5-1-128).

- *NOTE - property acquired by the County through delinquent property tax sales and property being held for resale must not be capitalized. See Chapter ____ for further details.*

Surplus items such as vehicles and large equipment stored outside must be listed for public sale within 30 days of being declared surplus. However, equipment and vehicles may be retained if it is probable that the County will benefit financially from using the asset as a “trade-in” on upcoming purchases of other equipment and vehicles.

Equipment and vehicles that are not sold at auction after three attempts may be recycled or discarded with the approval of the Budget Committee and County Commission.

School Department – The Board of Education (BOE) has the authority to declare school assets as surplus and determine that assets should be sold. The purchasing agent (finance director) should conduct sales of surplus real property according to the direction of the BOE and sales of other asset types in accordance with TCA 49-6-2007. Per TCA 49-6-2007, all local school systems that receive any state funds shall sell all surplus property within ninety (90) days of its being declared surplus, to the highest bidder after advertising in a newspaper of general circulation at least seven (7) days prior to the sale. The property may be sold by internet auction, which may be through a web site maintained by the BOE or the County. Per TCA 49-6-2006(c)(2), the board shall advertise the sale in a newspaper of general circulation, and include in the advertisement the Internet web site address and other necessary information concerning the sale, and may advertise the sale and information on a web site maintained by the LEA or the local government. The board of education may also transfer surplus real or personal school property to the county or to any municipality within the county for public use, without the requirement of competitive bidding or sale. If the board believes that a negotiated sale will realize the best price obtainable for any property, the board shall advertise in a newspaper of general circulation in the county that the property is for sale and a negotiated sale shall not be completed until thirty (30) days after the publication of the legal notice. The board shall then approve and record the price and name of the purchaser of any property so sold.

Section 10.7 Impaired Assets

Impaired assets that will no longer be used in operations should be removed (written-off) from capital asset inventory records and then be classified as an *Asset Held for Sale, if applicable*. Impaired assets that will continue to be used in operations must have their carrying (book) value decreased to reflect the impairment. The amount of the decrease must be based on a percentage of service utility loss. The Finance Director will determine which of

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the three basic approaches (Restoration, Service Units, or Deflated Depreciated Replacement Cost) is optimal for calculating the estimated amount of the impairment loss.

Section 10.8 Donation and Transfer of County Assets

Asset transfers between the BOE and the County must be approved by County Commission and the BOE.

Transfer or donation from the County to a governmental or non-profit entity outside of Carter County Government requires Budget Committee and County Commission approval.