

FINANCIAL MANAGEMENT COMMITTEE

January 4, 2021

8:30 am

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**PRESENT:** Brad Johnson, Austin Jaynes, Mayor Patty Woodby, Ginger Holdren, Roger Colbaugh, 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 Travis Hill, second by Patty Woodby to approve the agenda with the addition of item 2b, Wellness Initiative, under old business and 2a, Sales Tax Discussion- Dollar General, under new business. Motion Carried.

**Approval of Minutes:** Motion was made by Brad Johnson, second by Travis Hill to approve the December 7, 2020 meeting minutes with the amendment to the motion made for Evergreen to state that the project will start by June 30, 2021.

**Public Comments:** No Public Comments.

**Old Business:**

1. **Discuss and update Capital & Non-Capital Asset Management Policies and Procedures:** Financial Management Chairman, Ginger Holdren, requested that all members take one month to review the presented policies and procedures before final approval. Finance Director, Brad Burke, notified the committee that he has made the requested changes to Chapter 10 – Capital Assets policies and procedures. He explained that all the requested changes are highlighted in the draft policies provided in the packet.

Mr. Burke covered all the changes that were made in the Chapter 10 “Capital Assets” policies and procedures. The first change occurred on page 12 of the Financial Management packet. On page 12, item number 6 regarding infrastructure, there was a change to the estimated useful life decreasing the value to 15-year period and adding the sentence (costs for resurfacing bridges shall not be capitalized). He also adjusted table 10-1 to update the Capitalization Thresholds and Estimated Useful Lives while adding notes to the bottom of the table to better explain.

On page 15, section 10.5 titled “Accountability”, Mr. Burke made the requested changes from last month’s meeting by adding the following statement regarding decals, “A semi-permanent (removed only when the vehicle is properly disposed of)”. He also added that these decals “shall be attached to both front and rear



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doors of all vehicles (with limited exception including vehicles used for undercover law enforcement)".

On page 16, Mr. Burke added the sentence, "Theft of county assets meeting inventory and reporting requirements must be reported to local law enforcement upon discovery". On page 17, Mr. Burke added a paragraph to inform individuals on how to handle capital equipment purchased with federal dollars that is no longer needed for the original project or program. The changes discussed in the meeting will be highlighted in the attached policies and procedures. Commissioner, Brad Johnson, suggested that a policy be put in place regarding vehicles and equipment that have the ability to remove doors. Mr. Burke explained that the decals he would suggest using would be magnetic or something that has the ability to be moved to other locations on the equipment and vehicles.

Mr. Brad Burke presented the Chapter 11 "Non-Capital Assets" and presented the policies and procedures to the committee. Mr. Burke explained that Chapter 10 and 11 of the Financial Management Policies reflect comparable ideas. Mr. Burke explained that the Non-Capital Assets are items less than \$10,000 but more than \$100 in value. Mr. Burke elaborated on the Non-Capital Assets inventory thresholds presented on table 11-1. All updated policies and procedures presented and explained in the meeting for Chapter 10 "Capital Assets" and Chapter 11 "Non-Capital Assets" are attached to these minutes for review.

Commissioner, Ginger Holdren, questioned Mr. Burke about his ability to start working on the Budget topic for the Financial Management policies and procedures. Mr. Burke stated that he will begin working on this topic. Mrs. Ginger Holdren stated that in the next meeting we will approve the Chapter 10 and 11 policies regarding Capital and Non-Capital Assets respectively and then begin to cover the Budget topic of the Financial Management policies and procedures.

**2. Discussion regarding the possible reactivation of Evergreen**

**Wage/Compensation Time Policy:** Chairman Holdren presented the Evergreen Solutions, LLC signed amended No.1 consulting services agreement that is available for review in the packet. Chairman Holdren explained that the only change made in the agreement was to extend the time of the project to start by June 30<sup>th</sup> of 2021. The signed document updates the agreement between Carter County Government and Evergreen Solutions, LLC in regards to completion of the county's pending compensation study.

**Motion** was made by Austin Jaynes, second by Brad Johnson to approve signing the Amendment No.1 to Consulting Services Agreement between Carter County Government and Evergreen Solutions, LLC.

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

**All Ayes. Motion Carried**

2b. **Wellness Initiative Launch:** Chairman, Ginger Holdren, added this agenda topic to allow the committee to review the commission approved documents that will be sent out to the department heads explaining the wellness initiative. Commissioner Holdren read the three documents that will be sent out to the department heads. Mrs. Holdren explained that the department heads will be given the documents to review with their employees. The documents consist of a letter to the department head, the employee, and a letter of proof from the doctor's office. The letters will be attached to the minutes for review.

#### **New Business:**

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1. **Recent Bids:** Deputy Director of Finance, Michael Kennedy, reviewed a list of recent bids.

2a. **Discussion regarding Sales Tax- Dollar General:** Elizabethton City Manager, Daniel Estes and Elizabethton City Finance Director, Preston Cobb, joined the meeting as representatives for the City of Elizabethton. City Manager, Daniel Estes, explained that the City Finance Department started reviewing the SITUS reports given by the State of Tennessee to make certain all sales tax collections are correct for the City. During the City's research they discovered that the Dollar General store on 19-E in Elizabethton had been incorrectly reported to the County; therefore, they contacted the State of Tennessee to make the corrective adjustment. The mistake was reported to the Treasury Department at the State in February of 2020.

Finance Director, Preston Cobb, stated that the State Treasury department notified him that the Dollar General in question was changed to the County collections in June of 2017. The Department of Revenue notified Finance Director Cobb that the county erroneously collected approximately \$212,000 on behalf of the City from June of 2017 to November of 2020. According to Mr. Cobb, the state has a policy in place that allows the state to make a corrective action for 12 months of erroneously paid collections from the date of being notified. The state will be doing the corrective action regarding collections erroneously paid from February of 2019 to February of 2020. The state's corrective action is to withhold in January of 2021 the portion of sales tax from Carter County that would make up that 12 months of erroneous collections. The amount that will be shorted from the County's January sales tax is approximately \$113,675. The remaining erroneous collections that were received by the County of \$98,891 will have to be handled by the

County and City directly. City Manager Estes informed the committee that his presence at the meeting is to make the County aware of the State's intention to short the County's sales tax in January and to discuss corrective actions that can be made regarding the additional erroneous collections of \$98,891.

County Finance Director Burke agreed that the State of Tennessee did make an error in regards to the Dollar General on 19-E. Mr. Burke also acknowledged the fact that the State of Tennessee will be shorting the County's sales tax in January of 2021 by \$113,675. Mr. Burke did agree that the County received the additional \$98,891 in sales tax. Mr. Burke explained that when these sales tax monies came into the County the first 50% went towards education per state law. Mr. Burke explained that the 50%, which totaled \$49,445.48, went to the City and County schools based on average daily attendance. Mr. Burke elaborated on the topic by stating that the 50% would have to be withheld regardless of which governmental entity received the funds; therefore, the calculation Mr. Burke believes is owed to the City of Elizabethton is \$49,445.48 less trustee's commission leaving the value owed at \$48,951.03. Mr. Burke gave a breakdown of the way these funds should be paid out below:

<b>County General Fund-</b>	\$40,139.84
<b>General Purpose School Fund -</b>	\$5,920.24
<b>City of Elizabethton and Johnson City Schools-</b>	\$2,890.95
<b>Total Collections Owed-</b>	\$48,951.03

City Manager Estes asked if Mr. Burke could send the numbers he discussed in the meeting for the City to review. Mr. Brad Johnson requested that we allow more time for both agencies to verify the numbers under review.

**Motion** was made by Brad Johnson, second by Austin Jaynes to approve putting this item on the agenda for discussion in the next Financial Management meeting to allow time to verify the numbers. The motion also requested that this item be brought up as a topic for the Budget Committee for discussion.

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

**All Ayes. Motion Carried**

- 2. Discussion regarding transition of the Animal Shelter to a 501(c) (3):** Chairman, Ginger Holdren, presented an excel sheet that broke down the data collected by five members of the committee regarding animal shelters in other Counties. Mrs. Holdren stated that once the remaining members get their information back to her she will update the excel and send it back out for review.

The excel presented gave the following information for the other animal shelters: funding source, annual budget, number of full-time employees, number of part-time employees, number of volunteers, number of hours per week open to public, cost to adopt dog, cost to adopt cat, number of animals homed per year, number of kennel spaces, whether they have animal control on premises, and a space for additional notes. Mrs. Holdren would like to get the information completely updated and sent to the full commission for review. Each member was given time to explain the information they received in the calls they made to the other animal shelters. The excel sheet with the collected information is attached to the minutes for review.

Mrs. Holdren mentioned comments have been made by a couple of Animal Shelter board members who do not believe that Carter County will be able to fund raise enough money for a 501(c)3 in this county. Mrs. Holdren stated that she would like a comparison of population, income, and square footage/acreage of the County to help come to a conclusion. She also mentioned that in the initial review of the collected data, Carter County Animal Shelter budget is about double that of the other animal shelters.

Chairman Holdren stated that the committee needs to determine the next steps, goals, and stopping point of this project. She stated that figuring out these items can help determine whether or not to form an ad hoc committee or send the item back to budget for discussion. Commissioner, Robert Acuff, mentioned the possibility of requesting the Animal Shelter committee to take this agenda topic on for review. Dr. Robert Acuff stated that the Carter County/ Elizabethton Animal Shelter is a joint venture and allowing the committee to review this agenda item would give more insight for both parties involved. Commissioner Jaynes made a motion to send this agenda topic to the Animal Shelter committee for review with the stipulation that they bring the requested information back to the commission by March of 2021 for discussion. If the Animal Shelter Committee does not have their information back by the March meeting, then the Financial Management Committee will bring their research before the commission for discussion. The motion failed due to the lack of a second.

Mrs. Holdren expressed her thoughts that the committee should do a site visit of the Carter County/Elizabethton Animal shelter as a group. Mrs. Holdren stated that if the committee does the site visit as a group, then the required social distancing policies will be adhered to by each member. Mrs. Holdren also allowed the members to have the ability to set up individual site visits if they prefer. Mr. Travis Hill stated that the benefits of being a 501(c)3 outweigh the negative aspects. Chairman Holdren mentioned that she will be contacting the committee after setting up the site visit.

3. **Updates from Finance Director:** Finance Director, Brad Burke, mentioned that the County's audit should be completed shortly and the report should be presented by late February and early March. Mr. Burke also mentioned that the Finance Department is still working with Skyward to get the Capital Assets module live.
4. **County General Update:** No updates.
5. **County Highway Department Update:** Highway Superintendent, Roger Colbaugh, informed the committee that the Highway Department has been putting in a large amount of overtime dealing with the snow that fell during Christmas.
6. **County School Department Update:** Not present.
7. **Austin Jaynes:** Commissioner, Austin Jaynes, expressed his appreciation to the committee for their work.
8. **Travis Hill:** No comments.
9. **Ginger Holdren:** Financial Management Chairman, Ginger Holdren, tasked the committee with reading the Chapter 10 – Capital Assets and Chapter 11- Non-Capital Assets policies. Mrs. Holdren stated that the members need to be ready to vote on these policies and procedures next month. Mrs. Holdren also requested Mr. Burke to contact the Carter County Trustee, Randal Lewis, about getting an update for the committee. Commissioner Holdren also asked the committee to keep thinking about questions regarding Economic Development Department.
10. **Brad Johnson:** Commissioner, Brad Johnson, asked for some more information regarding the reserves and fund balance reports Mr. Burke provided to the committees this month.

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

Respectfully submitted,

Michael Kennedy

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Ginger Holdren, Approved for File

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**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 officeholders. 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 officeholder, 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 15-year period (~~costs for resurfacing bridges shall not be capitalized~~).
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

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(dozers, graders, loaders, mowers, paving machines, backhoes, shop equipment, etc.), 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, and 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

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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.*

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	15,000	Cost	Fair	20
Inexhaustible	15,000	Cost	Fair	N/A
Construction in Progress	(A)	Cost	Fair	N/A
Buildings:				
Structure	20,000	Cost	Fair	40
Roofs	15,000	Cost	Fair	20
HVAC	10,000	Cost	Fair	15
Flooring	10,000	Cost	Fair	10
Improvements	20,000	Cost	Fair	40
Roads:				
Construction	20,000	Cost	N/A	20
Resurfacing	15,000	Cost	N/A	20
Donated	15,000	N/A	Fair	20
Bridges:				
Construction	20,000	Cost	N/A	40
Rehabilitation	20,000	Cost	N/A	15
Donated	20,000	N/A	Fair	40
Equipment:				
New	10,000	Cost	Fair	5
Used	10,000	Cost	Fair	4
Vehicles:				
New	10,000	Cost	Fair	5
Used	10,000	Cost	Fair	4
Other Capital Assets	10,000	Cost	Fair	(B)

(A) = No minimum value if the project is estimated to cost \$10,000 or more.  
(B) = To be determined on a case-by-case basis by the Official and Finance Director.

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

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**Section 10.5 Accountability**

Each officeholder 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 officeholder 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. The condition of each 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. Officeholders 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 semi-permanent (removed only when the vehicle is properly disposed of) decal at least 100 sq. inches in size and at a minimum clearly displays the county name and department shall be attached to both front or rear doors of all vehicles (with limited exceptions including vehicles used for undercover law enforcement operations). Clear identification helps ensure that County assets are used only for government business and suspected misuse can be reported by the public

A physical inventory must be performed at least annually by all County officeholders, the Highway Department, and the School Department. Each officeholder 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

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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. Theft of county assets meeting inventory and reporting requirements must be reported to local law enforcement upon discovery.

Officeholders 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.

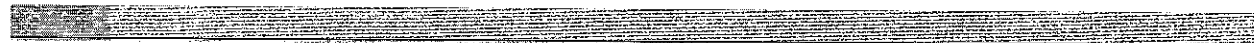
The Finance Department shall conduct a periodic independent review/physical inventory of each officeholder's capital asset inventory (at least one office/departments per fiscal year). Primarily, this will consist of verifying equipment, vehicles, and other capital assets. Verification may consist of 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 officeholders. The outgoing and incoming officeholder 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.

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When an officeholder determines that property is no longer needed or useful, they should notify other offices of the property's availability. Transfers between offices must be documented with *Asset Transfer Form (Number 10-6)*. If no other office claims the property, the accountable office 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/decal, stenciling, property sticker, etc.) must be removed by the officeholder prior to the disposing of any county asset. Pre-numbered property tags shall be submitted to the Finance Department upon removal.

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

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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.

When capital equipment that was purchased with federal dollars is no longer needed for the original project or program or for other activities currently or previously supported by a federal agency, disposition of the equipment shall be made as follows:

1. Items of capital equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further obligation to the awarding agency; or,
2. Items of capital equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold, and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.

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

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#### **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.

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**Section 11.1 General**

Carter County expends a substantial amount of public funds to acquire and maintain various non-capital assets necessary for the efficient and effective operation of county government. Inventory and related records must be maintained for machinery, equipment, vehicles, and other assets having a useful life in excess of one year and a cost or fair value of at least \$100, but less than \$10,000 as established in **Table 11.1** below.

Non-capital assets include Equipment, Vehicles, and Other Assets. These assets are not depreciated; costs are recognized as current year expenditures in the accounting records.

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

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**Section 11.2 Definitions**

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.

Maintenance and Repair Expense – Costs that essentially return the non-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



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Commission packets, are available on the County's website, can be obtained from Skyward by each officeholder, and may be provided by the Finance Department upon request.

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**Section 11.3 Non-Capital Asset Categories**

Expenditures for non-capital assets are primarily charged to line items 700-799 in the Governmental Funds. **See Table 11.1** for criteria necessary for determining and recording Non-Capital Assets. Carter County will account for these assets as follows:

1. Equipment – amount recorded shall include actual costs plus installation charges and the value received for any item(s) traded-in. Equipment types include Highway (furniture, copiers, snow blades, shop equipment, etc.), Law Enforcement (weapons, radios, towers, etc.), Health Department (office equipment, computers, medical equipment, etc.), Solid Waste (shop equipment, Bob Cat, forklift, etc.), and School Department (vocational equipment, computers, athletic equipment, office equipment, special education, maintenance and shop equipment, etc.)
2. Vehicles – vehicles are to be recorded at 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 recorded separately from the vehicle.
3. Other Non-Capital Assets - actual cost plus the value received for any item(s) traded-in. Items in this category include software.

Proper records must be maintained for all applicable asset purchases to ensure that the items are tracked from acquisition through proper disposition. A comprehensive inventory of all assets must be retained for at least five years.

All non-capital 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.

Criteria for determining and reporting non-capital assets is presented below.

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**Table 11-1**

	Inventory Threshold \$	Recorded \$ Value	
		Purchase	Donation
Equipment:			
New	\$100-\$9,999.99	Cost	Fair
Used	\$100-\$9,999.99	Cost	Fair
Vehicles:			
New	\$100-\$9,999.99	Cost	Fair
Used	\$100-\$9,999.99	Cost	Fair
Other Non-Capital Assets	\$100-\$9,999.99	Cost	Fair

### **Section 11.4 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 facilitate the preparation and monitoring of reliable replacement schedules and realistic budgets, and properly insure against damage and theft (see Chapter \_\_ *Risk Management*).

### **Section 11.5 Accountability**

Each officeholder 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 officeholder may assign responsibility for controlling and accounting for non-capital assets to an employee; however, this action must be documented in writing and be submitted to the Finance Department prior to assignment. The condition of each non-capital asset should be assessed and documented at least annually (**Form 11.3**). This practice will assist in developing a sound plan and budget for non-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. Officeholders 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 and donations are

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properly reported (**Form 11.1**) and added to their inventory (**Form 11.8**). 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 semi-permanent (removed only when the vehicle is properly disposed of) decal at least 100 sq. inches in size and at a minimum clearly displays the county name and department shall be attached to both front or rear doors of all vehicles (with limited exceptions including vehicles used for undercover law enforcement operations). Clear identification helps ensure that County assets are used only for government business and suspected misuse can be reported by the public

A physical inventory must be performed at least annually by all County officeholders, the Highway Department, and the School Department. Each officeholder 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 11.4**). 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. Theft of county assets meeting inventory and reporting requirements must be reported to local law enforcement upon discovery.

Officeholders 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.

The Finance Department shall conduct a periodic independent review/physical inventory of each officeholder's non-capital asset inventory (at least one office/departments per fiscal year). Primarily, this will consist of verifying equipment, vehicles, and other non-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 11.4**). 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 11.7**) on all equipment and vehicles. These logs must be filed with any applicable request for disposition (**Form 11.2**) 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

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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 officeholders. 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 11.3**), current year additions (**Form 11.8**), current year deletions/dispositions (**Form 11.9**), and inventory on hand as of June 30 (**Form 11.3**).

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### **Section 11.6 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 officeholder determines that property is no longer needed or useful, they should notify other offices of the property's availability. Transfers between offices must be documented with *Asset Transfer Form (Number 11-6)*. If no other office claims the property, the accountable office must submit a properly completed *Request for Disposition of County Asset Form (Number 11.2)* and a *Request to Declare County Property as Surplus Form (Number 11.5)* 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/decal, stenciling, property sticker, etc.) must be removed by the officeholder prior to the disposing of any county asset. Pre-numbered property tags shall be submitted to the Finance Department upon removal.

Surplus non-capital assets 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. Websites, such as GovDeals.com, may be utilized for listing surplus items for auction (TCA 5-1-128).

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.

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**School Department** – The Board of Education (BOE) has the authority to declare school assets as surplus and determine that assets should be sold. 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 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. The property may be sold by internet auction, which may be through a web site maintained by the BOE or the County. For items valued at \$500 or more, TCA 49-6-2006(c)(2), requires the board to advertise the sale in a newspaper of general circulation, and include in the advertisement the Internet website 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. 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.

The board of education may also transfer surplus school personal property to the county or to any municipality within the county for public use, without the requirement of competitive bidding or sale.

When equipment that was purchased with federal dollars is no longer needed for the original project or program or for other activities currently or previously supported by a federal agency, disposition of the equipment shall be made as follows:

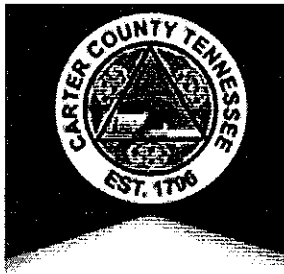
1. Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further obligation to the awarding agency; or,
2. Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold, and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.

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### **Section 11.7 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.



## Carter County Wellness Initiative

### Want a day off? Read below to take it!

Here is the general overview of the wellness plan going into effect January 1<sup>st</sup>, 2021 – December 31<sup>st</sup>, 2021.

- You will receive a paid day off to get your preventive annual exam
  - Your day off will need to be approved in advance by your department head to ensure proper workday coverage is available
  - Helpful tip, plan your exam early in the morning so you can go enjoy the rest of the day, after all, you earned it
- The enclosed Evidence of exam letter will need to be completed during your appointment and returned to your department head.
- ONLY ONE DAY OFF PER CALENDAR YEAR WILL BE APPROVED FOR PREVENTATIVE ANNUAL EXAMS
- Other preventive screenings do NOT count for this program, i.e. – Mammograms, colonoscopy, etc.



## Proof of annual physical visit

Take this form with you to your scheduled annual physical exam to be completed and signed by your primary care physician. It is your responsibility to submit the Annual Physical Proof of a Visit Form as part of the wellness incentive offered by Carter County.

### Patient Information

Employer: Carter County Government

First Name:

Last Name:

Date of Birth:

### Physician Information

Physician Office / Name:

Office Phone / Address:

Date of Visit:

This **Proof of Visit Form** confirms that the patient named above received their **Annual Preventive Exam** on the above date listed.

### Physician

I certify that the patient listed above received their annual preventive exam on the date listed above.

Physician Signature:

Date Signed:

