

FINANCIAL MANAGEMENT COMMITTEE

June 4, 2014

8:30 am

APPROVED

PRESENT: Jo Ann Blankenship, Tom Bowers, Mayor Humphrey, Russell Kyte, Jack Perkins and Dr. Kevin Ward.

The meeting was called to order by Jo Ann Blankenship.

Quorum present.

Motion was made by Tom Bowers with a second by Russell Kyte to approve the agenda. Motion carried.

Motion was made by Russell Kyte with a second by Jack Perkins to approve the May 7, 2014 minutes. Motion carried.

Old Business

- **Lagging of County Payroll:** Jo Ann Blankenship asked the Budget Committee to consider a lump sum investment into lagging payroll at a cost of \$150,000. Ms. Blankenship stated this approach to lagging payroll would not have an impact on employees. She spoke to the Budget Committee not as the Chairperson of Financial Management but as a person looking out for the best interest of Carter County. Ms. Blankenship said she would like for some of the funds that will roll into fund balance at the end of the fiscal year to be used to lag payroll. Mayor Humphrey stated he does not see giving employees a week's pay as being in the best interest of Carter County or as fair to other employees. He suggested lagging pay one day a pay period until pay is lagged one week as previously discussed. Jo Ann Blankenship said Carter County employees are some of the lowest paid in the area. She found many counties lagged payroll with a lump sum investment so not to place a hardship on employees. Dr. Kevin Ward asked how much the county loses each year because pay is not lagged. Mrs. Deloach stated the County does not lose any money due to payroll not being lagged. She noted payroll adjustments are done to recover funds as needed. These payroll adjustments however, do cause additional work for the Finance Department as well as the department in need of the adjustment.

Dr. Ward said he understands lagging of payroll is an accounting issue. He asked why the issue is so pressing. Mayor Humphrey said the County should have lagged payroll long ago. He stated private sector businesses do not pay employees before work is done. Dr. Ward said the only options available are lagging while putting a burden on employees, investing in the lag, or leaving payroll as it is. Mayor Humphrey said lagging payroll one day for five payrolls would not take anything away from employees; they would simply wait an additional day to be paid. Dr. Ward asked if payroll could be lagged for only new employees. Mrs. Deloach said it would be incredibly difficult to keep up with payroll if some employees are lagged and others are not. Jo Ann Blankenship noted most office holders asked for a 2-4% raise for employees which has been removed from the 2014-2015 budget requests. She stated if the county paid for the lagging of payroll that would equate to approximately a 2% one-time bonus. Mayor Humphrey stated he feels employee raises and payroll lag are two separate issues. Tom Bowers said he feels if payroll was in dire need of being lagged the State Comptroller's Office would have issued an audit finding. Mrs. Deloach said the Comptroller's Office has not given an audit finding for payroll lag because adjustments are being made to correct any changes in time worked. She also noted the Comptroller's Office has recommended payroll be lagged.

Motion was made by Mayor Humphrey to lag payroll one day for five pay periods for a one week lag, without the \$150,000 expenditure. Motion failed to get a second.

Motion was made by Dr. Kevin Ward, second by Tom Bowers to put the issue of lagging payroll off and look into the future to lag payroll when tax collections are better. Five ayes, with Mayor Humphrey opposing. Motion carried.

Jo Ann Blankenship said the requested travel and training funds be added to the budget for new Commissioners was approved by Budget Committee. She will be working with Mrs. Deloach to determine the amount needed.

New Business

- **Finance Director's Evaluation:** Ms. Blankenship talked with office holders about their evaluation of Mrs. Deloach, see written evaluations attached. Dr. Ward stated she is easy to communicate with. He feels she is a good liaison between the School Department and County Commission. Dr. Ward said she has helped improve internal school funds audits by assisting school bookkeepers. Dr. Ward noted Mrs. Deloach has told him no on occasion, but has done so in a manner that keeps things going in the right direction. Jack Perkins said he has the greatest respect for Mrs. Deloach, and she is a tremendous help. Mayor Humphrey said he has an excellent working relationship with Ingrid and the Finance Department. He said all the employees in the department are willing to help, and it is a team effort. Russell Kyte said Mrs. Deloach has always provided information requested and does a good job. Tom Bowers said Ingrid is very knowledgeable and has always been very helpful. Mr. Bowers noted she will be an important resource to new Commissioners.

Motion was made by Jack Perkins, second by Dr. Ward to approve the Finance Director's \$2,500 yearly salary increase. All ayes, motion carried.

- **Recent Bids:** Finance Director Ingrid Deloach reviewed a list of recent bids. Mrs. Deloach said jail food, vehicle maintenance, stone and asphalt will be bid out at the end of June.

Mrs. Blankenship asked Mrs. Deloach to address her response to a question about Debt Service. Mrs. Deloach said she received a request for information about the "14 cents on the Cloudland note". The response, which she said is an attempt to simply explain a complicated issue, is included in the committee packets. Mrs. Deloach stated the tax rate is approved by Commission in the July meeting every year.

- **County General Update:** Mayor Humphrey said he has received notification that the County will be awarded \$12,000 from the Tennessee Historical Commission to restore the windows on the third floor of the courthouse. The grant will have a 40% local match of \$8,000. He estimates total project costs to be \$40,000. The High Priority Project Local job is moving along. Mayor Humphrey said the Highway Department should be able to pave Stateline Road and Cedar Grove Road after their state aid paving projects are completed. Mayor Humphrey has been working with the Highway Department to put together a list of bridges in need of repair. He said he is thankful for legislature introduced by Timothy Hill that reduced the local match from 20% to 2%. Jo Ann Blankenship said she would like to see places on bridges for people to fish off of.

- **County Highway Department Update:** Jack Perkins said the Highway Department is paving in the mountains and should finish there in the next few days. Jo Ann Blankenship said there is a section of the road to Wilbur Dam that needs a guard rail.
- **County Schools Department Update:** Dr. Ward said the School Board had a workshop yesterday about universal free breakfast and lunch program for K-8 schools. Dr. Ward said the board will be voting on this program at the next School Board Meeting. He stated the menu has been changed to be more kid-friendly. The School Board Attorney is working on closing on the property on Highway 91. Dr. Ward stated the School Board voted to file a lawsuit against the City of Elizabethton for liquor by the drink tax. He believes this was an oversight and the city did not maliciously withhold funds. Dr. Ward hopes an agreement can be reached with the city before going to court.
- **Tom Bowers:** Chairman Bowers said Budget Committee will meet on June 9th at 5:15 for the regularly scheduled meeting and will work on the 2014-2015 budget immediately following. Commission meeting is June 16th at 6:00.
- **Pat Hicks:** No report.
- **Russell Kyte:** No report.
- **Public Comments:** No public comments were made.

Respectfully submitted,

Christa Byrd


Jo Ann Blankenship, Approved for File