

Anderson County Board of Commissioners
Financial Management Committee
Meeting Agenda

July 14, 2025
4:00 PM, Room 312

Purpose of Meeting: Regularly scheduled meetings to discuss topics as they relate to the County Financial Management System of 1981

Meeting Facilitator: Terry Frank (Committee Chair)

Invitees: Tracy Wandell (Vice-Chair), Josh Anderson, Phil Yager, Tim Isbel, Gary Long, and Tim Parrott

- I. Appearance of Citizens
- II. Approval of Agenda
- III. FMPP/Personnel Policies, Chapter 5
- IV. FMPP/Budgeting, Chapter 8
- V. FMPP/Capital Assets, Chapter 10
- VI. FMPP/Travel Regulations, Chapter 13
- VII. Fleet Policy - Finance/Asset Management
- VIII. IT Audit Update & Discussion
- IX. Finance Office Updates
- X. New Business
- XI. Unfinished Business
- XII. Adjourn

Finance Committee Review Document

Chapter 5 – Personnel Policies

Section 5.1 – General

Before Version

On April 18, 2011, the Anderson County Board of Commissioners approved the Anderson County Government Employee Handbook to take effect on May 1, 2011. This handbook consolidates personnel policy covering all employees with the exception of the School System.

State statutes give elected officials authority over personnel matters within their offices. Elected officials have the jurisdiction to create, maintain, and administer separate personnel policies and procedures, and at their discretion may supplement the policies set out in the Anderson County Government Employee Handbook. Any separate or supplemental policies created by an elected official shall not be in conflict with, nor contradict, the policies set forth in the consolidated Anderson County Government Employee Handbook.

Any elected official who chooses to develop separate policies must include comprehensive policies for leave, compensatory time, non-discrimination and sexual harassment, and drug and alcohol testing. TCA § 5-23-104 The Civil Service Commission establishes personnel policies for the Sheriff's Department. The sheriff has authority to hire and fire employees pursuant to the policies established. TCA § 8-8-401

The County Board of Education is responsible for establishing personnel policies for both certified and classified personnel and is responsible for personnel matters to the Department of Education. TCA § 49-2-203, 49-2-209

All other County employees and employees of elected officials without separate policies are governed by the policies and procedures developed by the Human Resources Advisory Board, approved by the Board of Commissioners, and found in the Anderson County Employee Handbook.

The Anderson County Employee Handbook is approved, in general, for all county employees. Any deviations or addendum policies will be the responsibility of the issuing department head, elected official or agency leader. The Human Resources & Risk Management Department shall not be held responsible for legal challenges that may arise from conflicting policies.

After Version

On April 18, 2011, the Anderson County Board of Commissioners approved the Anderson County Government Employee Handbook to take effect on May 1, 2011. This handbook consolidates personnel policy covering all employees with the exception of the Sheriff's Department and the School System.

State statutes, as defined in T.C.A. § 5-23-102(4), grant elected officials authority over personnel matters within their offices. Elected officials have the authority to create, maintain, and administer separate personnel policies and procedures, and may, at their discretion, supplement the policies set out in the Anderson County Government Employee Handbook. Any separate or supplemental policies created by an elected official shall not conflict with, nor contradict, the policies set forth in the consolidated Anderson County Government Employee Handbook.

Any elected official who chooses to develop separate policies must include comprehensive policies for leave, compensatory time, non-discrimination and sexual harassment, and drug and alcohol testing, as required by law. These policies do not require prior approval from the County Commission or the Human Resources Advisory Board, but must comply with the base personnel policy requirements outlined in T.C.A. § 5-23-104. They must also be reviewed by the County Law Director to ensure compliance with applicable legal requirements. Elected officials must submit copies of any separate or supplemental policies, as well as any updates, to the Human Resources & Risk Management Department and the Finance Department to ensure these departments can properly administer payroll, benefits, and compliance with applicable laws. T.C.A. § 5-23-106.

The Civil Service Commission establishes personnel policies for the Sheriff's Department. The sheriff has authority to hire and fire employees pursuant to those policies. T.C.A. § 8-8-401. The Sheriff's Department is exempt from the personnel policy requirements under T.C.A. Chapter 5-23, as specified in T.C.A. § 5-23-112.

The County Board of Education is responsible for establishing personnel policies for both certified and classified personnel and is responsible for personnel matters pertaining to the Department of Education. T.C.A. § 49-2-203, § 49-2-209.

All other County employees and employees of elected officials without separate policies are governed by the policies and procedures developed by the Human Resources Advisory Board, approved by the Board of Commissioners, and found in the Anderson County Employee Handbook. Non-elected department heads, such as the Finance Director and IT Director, must follow the county-wide personnel policies and do not have the authority to develop separate personnel policies for their respective departments.

The Anderson County Employee Handbook is approved, in general, for all county employees. Any deviations or addendum policies will be the responsibility of the issuing department head, elected official, or agency leader. The Human Resources & Risk Management Department shall not be held responsible for legal challenges that may arise from conflicting policies.

Key Updates and Rationale

- Clarified that the Sheriff's Department is exempt from the county-wide handbook.

- Added statutory references (T.C.A. §§ 5-23-102(4), 5-23-104, 5-23-106, 5-23-112) for precision and legal backing.
- Included a requirement for Law Director review of separate policies.
- Explicitly stated that non-elected department heads cannot create their own personnel policies.
- Updated formatting for legal citations and improved phrasing for clarity and flow.

Section 5.2 Employee Handbooks

Before Version

During the new hire orientation process, employees shall be provided with the appropriate employee handbook by the Human Resources & Risk Management Department. Questions concerning personnel policy may be answered by the department head, elected official, agency leader, or the Director of Human Resources & Risk Management. Payroll related questions may also be addressed to the Finance Department, as it is responsible for payroll. The Human Resources & Risk Management Department is responsible for benefit administration.

Department heads, elected officials, and agency leaders are responsible for providing the Finance Department and the Human Resources & Risk Management Department with copies of all separately developed employee handbooks, supplemental policies, and all updates and revisions as they occur. It is the responsibility of the department head, elected official, and agency leader to ensure the Finance Department and the Human Resources & Risk Management Department are kept current so that they may effectively and accurately process payroll and benefits.

Copies of the Anderson County Government Employee Handbook are available in the Human Resources & Risk Management Department. An electronic copy of this handbook is available on the Human Resources & Risk Management page of the County website. Changes to the Anderson County Employee Handbook will be made available to all employees when approved.

After Version

During the new hire orientation process, employees shall be provided with the appropriate employee handbook by the Human Resources & Risk Management Department. Questions concerning personnel policies may be directed to the department head, elected official, agency leader, or the Director of Human Resources & Risk Management. Payroll-related questions may also be addressed to the Finance Department, as it is responsible for payroll. The Human Resources & Risk Management Department is responsible for benefit administration.

Department heads, elected officials, and agency leaders are responsible for providing the Finance Department and the Human Resources & Risk Management Department with copies of all separately developed employee handbooks, supplemental policies, and all updates and revisions as they occur. It is the responsibility of the department head, elected

official, and agency leader to ensure the Finance Department and the Human Resources & Risk Management Department are kept current so that they may effectively and accurately process payroll and benefits.

Copies of the Anderson County Government Employee Handbook are available in the Human Resources & Risk Management Department. An electronic copy of this handbook is available on the Secure Employee Portal, with a link provided on the Human Resources & Risk Management page of the County website. Once approved, updates to the Anderson County Employee Handbook will be made available to all employees via the Secure Employee Portal.

Key Updates and Rationale

- Clarified wording for readability (e.g., 'may be directed to' instead of 'may be answered by').
- Hyphenated compound modifiers for accuracy ('payroll-related').
- Specified that the electronic handbook is hosted on the Secure Employee Portal with an access link.
- Clarified that updates are distributed via the Secure Employee Portal after approval.

Finance Committee Review Document

Chapter 8 – Budgeting

Section 8.1 – General

Before Version

(Tennessee Code Annotated (TCA) § 5-21-110 and § 5-21-111)

The annual budgetary process is extremely important, as it is an expression of public policy and intent. In short, a budget is an attempt to balance revenues with expenditures. Further, a budget is a financial plan that indicates the proposed expenditures for the next year and the means of financing them. The adoption of a budget represents decisions that have been made, on the basis of a planning process, as to how each department is to reach its objectives. The accounting system assists the supervisors...

The Constitution of the State of Tennessee requires that all public funds must be expended for a public purpose.

The Anderson County Board of Commissioners adopts the budget as the annual appropriation of the County at or before its regularly scheduled July meeting, but not later than September 1 of each fiscal year. When approved by the Board of Commissioners, the budgetary expenditure estimates become binding appropriations that both authorize expenditures and limit the amount that can be expended for each specified purpose. In the event that a budget is not approved by the Board of Commissioners before the lapse...

An electronic copy of the annual budget is available on the Anderson County Government website.

After Version

(Tennessee Code Annotated (TCA) § 5-21-110 and § 5-21-111)

The annual budgetary process serves as a strategic financial management tool that aligns resources with the County's objectives, ensures fiscal responsibility, and maintains long-term financial stability. The budget represents the County's plan for balancing revenues with expenditures to provide public services effectively. It also establishes the legal authority to collect and expend funds, ensuring that County departments operate within approved financial limits.

The accounting system supports budgetary control by tracking actual revenues and expenditures, providing variance analysis, and ensuring compliance with adopted financial policies.

Legal & Policy Framework:

- The Constitution of the State of Tennessee mandates that all public funds be expended for a public purpose.
- The Anderson County Board of Commissioners adopts the budget as the annual appropriation of the County at or before its regularly scheduled July meeting, but no later than September 1 of each fiscal year.
- Once approved, budgetary appropriations are legally binding, authorizing expenditures and limiting spending for each designated purpose.
- Budget amendments may be required due to changes in revenue projections or

expenditure needs. All budget amendments must comply with established approval processes.

- If the Board of Commissioners does not approve a budget before the lapse of the current fiscal year, the County will operate under a Continuing Budget Resolution. This resolution:
 - o Provides funding for essential County services,
 - o Is subject to approval by the Board of Commissioners, and
 - o Does not authorize new discretionary spending beyond necessary operations.

Public Access & Transparency:

- An electronic copy of the annual budget is available on the Anderson County Government website to ensure transparency and public accessibility.

Key Updates and Rationale

- Clarified the budget's role as a strategic financial tool.
- Organized legal and policy details for readability.
- Emphasized transparency and compliance.

Section 8.2 – Budget Committee

Before Version

The Budget Committee shall establish and approve policies, procedures, regulations, forms and documents necessary for the preparation of the annual operating and capital improvement budgets.

After Version

The Budget Committee is responsible for establishing budgetary policies and guidelines that departments must follow when preparing their annual operating and capital improvement budgets. The Committee has the authority to review, adjust, and recommend changes to budget proposals before submission to the Board of Commissioners. It also coordinates with department heads and elected officials to ensure budgets align with financial policies, revenue forecasts, and operational needs.

- Developing and approving budgetary policies, procedures, regulations, and required forms for use in the budget process.
- Providing guidance to departments regarding budget assumptions, revenue projections, and expenditure priorities.
- Reviewing and advising on department budget proposals before submission to the Board of Commissioners.
- Monitoring financial performance throughout the fiscal year and assessing the County's financial condition.
- Reviewing and recommending budget amendments, ensuring that all adjustments align with the County's financial policies.
- Evaluating capital improvement requests to prioritize long-term infrastructure investments.

While the Budget Committee determines budgetary policies and guidelines, final budget adoption rests with the Board of Commissioners.

Key Updates and Rationale

- Expanded the Committee's authority and responsibilities.
- Clarified the relationship between policy and operational guidance.
- Used bullet formatting for clarity and accountability.

Section 8.3 – Annual Budget Schedule

Before Version

The Fiscal year for Anderson County Government begins July 1 and ends on June 30. Sound financial planning requires that budget preparation begin in time for its adoption before the beginning of the budget period. The normal budget process starts with a required meeting of the Budget Committee prior to the 1st of February and results in an approved tax rate and budget prior to September 1 by the Board of Commissioners.

At the initial meeting, the required assumptions, procedures, forms calendar, etc. are determined. The Budget Committee will review and approve preliminary estimates of the overall budgetary outlook and provide guidelines and direction to the various departments for use in projecting budgeted needs.

Based on this information, each department shall submit to the Finance Director a proposed budget for the succeeding fiscal year with appropriate documentation and support. The Finance Director shall meet with the department head, elected official, or agency leader as necessary to prepare a consolidated budget.

The consolidated budget shall be presented to the Budget Committee for review and discussion. Revisions and changes shall be communicated to the department head, elected official, or agency leader as required. The Budget Committee shall vote to approve or reject the proposed budgets prior to forwarding to the Board of Commissioners for their consideration and approval. At least ten (10) days prior to the proposed budget being presented to the Board of Commissioners, notice of public hearing shall be published in a newspaper of general circulation.

After Version

The fiscal year for Anderson County Government begins July 1 and ends June 30. To ensure sound financial planning, the budget preparation process begins well in advance to facilitate adoption before the start of the fiscal year. The budget process follows a structured timeline, starting with a mandatory Budget Committee meeting before February 1 and culminating in an approved tax rate and budget by September 1 by the Board of Commissioners.

Budget Process Timeline & Responsibilities:

1. Initial Budget Committee Meeting (Before February 1)
 - The Budget Committee establishes assumptions, procedures, forms, and the budget calendar.
 - The Committee reviews preliminary revenue forecasts and expenditure projections to provide guidelines and direction for departments.
2. Departmental Budget Submission
 - Each department head, elected official, or agency leader submits a proposed

budget to the Finance Director with appropriate documentation.

- The Finance Director reviews submissions, meets with department heads as needed, and prepares a consolidated budget.

3. Budget Committee Review & Approval

- The consolidated budget is presented to the Budget Committee for review, discussion, and necessary revisions.
- Any required adjustments are communicated to department heads, elected officials, or agency leaders.
- The Budget Committee votes to approve or reject the proposed budgets before forwarding them to the Board of Commissioners.

4. Public Hearing & Final Adoption

- At least ten (10) days prior to the budget being presented to the Board of Commissioners, a public hearing notice must be published in a newspaper of general circulation to ensure transparency and public engagement.
- The Board of Commissioners conducts a final review, deliberates, and adopts the budget and tax rate by September 1.

Key Updates and Rationale

- Organized the budget development process into clear phases.
- Clarified department, Finance Director, and committee roles.
- Emphasized public hearing requirements for transparency.

Section 8.4 – Budget Amendments

Before Version

The budget is a plan for revenue and expenditures that is adopted in order to provide specific services and implement the policies of the Board of Commissioners. It provides the legal authority to receive and expend funds. As it is a plan, it is recognized that changing conditions will require budget adjustments. Sound financial management practices require the continuous process of reviewing budgeted and actual revenues; comparing appropriations, expenditures and encumbrances; and revising the budget as needed in view of changing circumstances. These revisions to the budget will be processed in the form of a Budget Amendment in accordance with the procedures and approvals as discussed in the following sections.

After Version

The County's annual budget is a financial plan that allocates resources to provide services and implement the policies of the Board of Commissioners. While the budget establishes legal authority to receive and expend funds, changing conditions may require budget adjustments throughout the fiscal year.

Budget amendments may be necessary due to:

- Revenue fluctuations (e.g., lower-than-expected tax collections or additional grant funding).
- Unexpected expenditures (e.g., emergency repairs, legal obligations).
- Programmatic changes (e.g., new initiatives, adjustments to service levels).
- Reallocation of funds to optimize resource use while maintaining compliance with policy.

Sound financial management practices require continuous budget monitoring, including:

- Comparing actual revenues and expenditures to budgeted amounts.
- Reviewing appropriations, expenditures, and encumbrances for financial accuracy.
- Assessing funding availability before approving new commitments.

All budget amendments must be processed in accordance with the approval procedures outlined in Sections 8.4.1 and 8.4.2 and must comply with County financial policies.

Key Updates and Rationale

- Identified key triggers for budget amendments.
- Added guidance on financial monitoring and policy alignment.
- Clarified structural relationship with subsections 8.4.1 and 8.4.2.

Section 8.4.1 – Line Item Budget Amendments

Before Version

With the approval of the department head, elected official, or agency leader; the Finance Director; and the Budget Committee, amendment of line items within a department/function budget of the General Fund is authorized provided there is no net change to the total department/function budget.

With the approval of the Superintendent of Highways, the Finance Director, and the Budget Committee, amendment of line items within a department/function of the Highway Fund is authorized provided there is no net change to the total department/function budget.

With the approval of the Director of Schools, the Finance Director, and the Budget Committee, amendment of line items within a department/function budget of the School Fund is authorized provided there is no net change to the total department/function budget.

After Version

Line item budget amendments allow for the reallocation of funds within a department's budget while ensuring that the overall budget total remains unchanged. These amendments provide flexibility to adjust expenditures as needed while maintaining fiscal responsibility.

General Fund:

- Amendments within a department/function budget are permitted if there is no net change to the total department/function budget.
- Approval is required from all of the following:
 - o The Department Head, Elected Official, or Agency Leader,
 - o The Finance Director, and
 - o The Budget Committee.

Highway Fund:

- Amendments within a department/function budget are permitted if there is no net change to the total department/function budget.
- Approval is required from all of the following:
 - o The Superintendent of Highways,
 - o The Finance Director, and
 - o The Budget Committee.

School Fund:

- Amendments within a department/function budget are permitted if there is no net change to the total department/function budget.
- Approval is required from all of the following:
 - o The Director of Schools,
 - o The Finance Director, and
 - o The Budget Committee.

These procedures ensure that departmental budgets remain balanced while allowing for necessary operational adjustments.

Key Updates and Rationale

- Clarified that line item changes must not alter total department budgets.
- Structured the approval process by fund and official.
- Emphasized fiscal discipline and operational flexibility.

Section 8.4.2 – Other Budget Amendments

Before Version

The Anderson County Board of Commissioners will be the approving authority for:

- Budget amendments that result in an increase or decrease of the total budgeted revenue or expenditure of a fund
- Budget amendments that result in an increase of department/function compensation
- Budget amendments revising line items from one department/function to another department/function within the same fund.

The above proposed budget amendments shall be submitted to the School Board and/or the Budget Committee as appropriate, for recommendation to the Board of Commissioners.

Any proposed budget amendment coming before the Board of Commissioners, without first being considered by the Budget Committee, shall require a three-quarter (3/4) majority vote by the Board of Commissioners.

After Version

Budget amendments that affect overall fund balances, department compensation, or interdepartmental transfers require approval from the Anderson County Board of Commissioners. These amendments are necessary when:

- There is an increase or decrease in the total budgeted revenue or expenditure of a fund.
- A department/function budget is increased to cover compensation adjustments.
- Funds are reallocated from one department/function to another within the same fund.

Approval Process:

- Proposed budget amendments must first be reviewed by the School Board and/or Budget Committee, as appropriate.
- If a budget amendment has not been reviewed by the Budget Committee, it will require a three-quarter (3/4) majority vote of the Board of Commissioners for approval.

These requirements ensure that significant budget adjustments are thoroughly reviewed before final approval.

Key Updates and Rationale

- Clarified categories of amendments requiring Board of Commissioners approval.
- Outlined required review steps and voting thresholds.
- Reinforced importance of thorough review for material changes.

Section 8.5 – Fund Balance Policy - Purpose

Before Version

The County establishes and maintains reservations of fund balances in accordance with Governmental Accounting Standards Board Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". Governmental fund balances may be composed of nonspendable, restricted, committed, assigned and unassigned amounts. Fund Balance information is used to identify the available resources to reduce property taxes, add new governmental programs, expand existing programs, or enhance the financial position of the County in accordance with policies established by the Board of Commissioners and Financial Management Committee.

After Version

Anderson County establishes and maintains fund balance reservations in compliance with the Governmental Accounting Standards Board (GASB) Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions.

Governmental fund balances consist of five classifications: nonspendable, restricted, committed, assigned, and unassigned. The County uses fund balance information to:

- Ensure financial stability and long-term fiscal planning.
- Identify available resources to support tax relief, new programs, or service expansions.
- Maintain compliance with Board of Commissioners and Financial Management Committee policies.

Key Updates and Rationale

- Updated language for clarity and alignment with GASB 54.
- Structured list of fund balance purposes to enhance readability.
- Emphasized financial planning and compliance with governance structure.

Section 8.5.1 – Fund Balance Policy - Definitions

Before Version

Fund Balance – The difference between assets and fund liabilities in the governmental funds balance sheet. It is referred to as fund equity or net position.

Nonspendable Fund Balance – Amounts that are not in a spendable form, such as inventory, or are required to be maintained intact (e.g., principal of an endowments fund).

Restricted Fund Balance – Amounts that can be spent only for specific purposes stipulated by external resource providers, such as grantors or enabling legislations. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed Fund Balance – Amounts that can be used only for specific purposes determined by formal action of the Board of Commissioners, which is the County's highest level of decision making authority. Commitments may be changed or lifted only by the Board of Commissioners taking the same formal action that imposed the constraint.

Assigned Fund Balance – Amounts the County intends to set aside (earmark) for a specific purpose (e.g., using an existing fund balance to balance appropriations in a subsequent year or liquidating encumbrances).

Unassigned Fund Balance – The residual amount in excess of the other 4 classifications (i.e., non-spendable, restricted, committed and assigned). These funds are not obligated or specifically designated and are available for any purpose.

After Version

Fund balance represents the difference between assets and fund liabilities in the governmental funds balance sheet. It is also referred to as fund equity or net position.

Fund Balance Classifications:

- Nonspendable Fund Balance – Funds that are not in a spendable form (e.g., inventory) or legally required to remain intact (e.g., endowment principal).
- Restricted Fund Balance – Funds that may only be spent for specific purposes as stipulated by external sources (e.g., grant restrictions, enabling legislation). Restrictions cannot be changed without the provider's consent.
- Committed Fund Balance – Funds that may only be used for specific purposes determined by formal action of the Board of Commissioners. Changes or removal require the same formal action that imposed the restriction.
- Assigned Fund Balance – Funds earmarked for a specific purpose by the County (e.g., balancing appropriations in a future year, covering encumbrances).
- Unassigned Fund Balance – The remaining balance after accounting for all other classifications. These funds are not obligated and are available for general use.

Spending Prioritization

When an expenditure is incurred for purposes where multiple fund balance classifications are available, the County will use *restricted funds* first. If no restricted amounts are available, the County will then apply *committed funds*, followed by *assigned funds*, and then *unassigned funds*. This spending prioritization applies to all County fund balance expenditures unless otherwise required by law or emergency financial need.

Key Updates and Rationale

- Improved clarity and readability by simplifying technical definitions.
- Structured content using bullet points.
- Ensured compliance with GASB 54 classifications.
- Standardized terminology with financial policy best practices.
- Added spending prioritization clause.

Section 8.5.2 – Minimum Level of Unassigned Fund Balance – General Fund**Before Version**

The General Fund unassigned fund balance will be maintained at a level sufficient to provide for the required resources to meet operating cost needs; to allow for unforeseen needs of an emergency nature; and to permit orderly adjustment to changes resulting from fluctuations of revenue sources. Given that current property tax collections do not begin until the fourth month of the fiscal year; the County will maintain at least eight percent (8%) of the next year's budget in the unassigned fund balance of the General Fund. Per the fund balance policy as approved by the Board of Commissioners on October 16, 2023, the General Fund unassigned fund balance will maintain at least \$6,000,000 and requires two-thirds (2/3) affirmative vote by the Board of Commissioners to further draw down the unassigned fund balance.

After Version

Anderson County will maintain an unassigned fund balance in the General Fund at a level sufficient to:

- Cover operational costs.
- Allow for unforeseen emergency expenditures.
- Permit orderly adjustments due to fluctuations in revenue.

Minimum Requirement:

The County shall maintain an unassigned fund balance of at least the greater of eight percent (8%) of the next fiscal year's budgeted expenditures or \$6,000,000.

A two-thirds (2/3) affirmative vote by the Board of Commissioners is required to draw down the unassigned fund balance below this threshold.

This requirement reflects the County's need to maintain sufficient reserves, particularly because property tax collections do not begin until the fourth month of the fiscal year.

Key Updates and Rationale

- Restructured content into purpose and minimum requirement categories.
- Clarified Board approval requirement for drawdowns.
- Reinforced fiscal stability based on revenue cycle realities.

Section 8.5.3 – Minimum Level of Fund Balance – Fund 263 Employee Health Benefits

Before Version

The Employee Health Benefits Fund (Fund 263) shall maintain a minimum fund balance of at least \$1,000,000 to ensure the County's ability to cover employee healthcare claims, stabilize premium rates, and mitigate unexpected cost fluctuations.

The Finance Department shall monitor the fund balance monthly, assessing trends in healthcare expenditures and forecasting future funding needs. If the fund balance falls below the minimum threshold for two consecutive months, the Finance Director shall develop a corrective action plan, which may include funding adjustments, expenditure reductions, or policy modifications.

The corrective action plan shall be reviewed by the Budget Committee and submitted to the Board of Commissioners within 60 days of the Finance Department confirming that the fund balance has remained below the target minimum for two consecutive months.

After Version

The Employee Health Benefits Fund (Fund 263) shall maintain a minimum fund balance of at least \$1,000,000 to:

- Ensure the County's ability to cover employee healthcare claims.
- Stabilize premium rates.
- Mitigate unexpected cost fluctuations.

Monitoring & Corrective Action:

- The Finance Department shall monitor the fund balance monthly, assessing trends in healthcare expenditures and forecasting future funding needs.
- If the fund balance remains below the minimum threshold for two consecutive months, the Finance Director shall develop a corrective action plan, which may include:
 - o Funding adjustments,
 - o Expenditure reductions, or
 - o Policy modifications.
- The corrective action plan shall be reviewed by the Budget Committee and submitted to the Board of Commissioners within 60 days of confirmation of the shortfall.

Key Updates and Rationale

- Added bullet formatting for easier reading.
- Clarified the monitoring responsibility and escalation timeline.
- Emphasized stabilization of employee healthcare funding.

Section 8.5.4 – Annual Review and Determination of Fund Balance Reserves

Before (Original Version –previously 8.5.5):

Compliance with the provisions of this policy shall be reviewed as a part of the annual budget adoption process. The amounts for non-spendable, restricted, committed, and assigned classifications; and the minimum level of unassigned fund balance in each fund shall be determined during this process.

After (Revised Version):

To ensure compliance with financial policies and long-term fiscal stability, Anderson County shall conduct an annual review of fund balance reserves, incorporating historical trend analysis, fund performance evaluations, and necessary adjustments to enhance oversight and ensure financial sustainability.

Assessment of fund balance classifications (nonspendable, restricted, committed, assigned, and unassigned) to determine if amounts align with financial needs and policy requirements.

Evaluation of minimum reserve levels to ensure compliance with established thresholds for the General Fund, Employee Health Benefits Fund, and any other applicable funds.

Analysis of historical trends to assess fund balance adequacy relative to expenditure patterns and revenue fluctuations.

Identification of necessary adjustments to reallocate funds if surpluses or shortfalls exist within specific classifications.

The Finance Director shall present the annual fund balance review to the Budget Committee for initial evaluation. The Budget Committee shall review the findings and make recommendations before the report is submitted to the Board of Commissioners for final approval. This process ensures transparency, accountability, and adherence to financial policies.

This review process ensures that Anderson County maintains fiscal discipline, aligns fund balance levels with operational and strategic priorities, and upholds sound financial management practices.

Key Updates and Rationale:

Expanded the scope of the annual review to include trend analysis and performance evaluations, moving beyond a simple threshold check.

- Clearly defined roles for the Finance Director, Budget Committee, and Board of Commissioners in the review and approval process.
- Added structured bullet points to delineate the specific components of the review.
- Strengthened focus on accountability, transparency, and financial sustainability.

Chapter 10

Capital Assets & Controllable Assets

Section 10.1 General Acquisition of capital assets is an expenditure of governmental fund resources. General capital assets are classified as land, buildings and building improvements, infrastructure, machinery and equipment, and construction in progress. Capital assets shall be recorded at cost, or if cost is not practicably determinable, at estimated cost.

Section 10.2 Records: In order to track and maintain control of county assets, accurate records are imperative. Assets that meet the county's capitalization and accountability policies shall be tagged and recorded. Transfers, sales or disposals of tagged assets must be communicated to the Finance Department for proper asset accounting.

Section 10.3 Capitalization Policy: It is the policy of Anderson County Government to capitalize assets that meet either of the following criteria:

- an original cost of \$20,000 or more with a useful life of three years or more;
- assets with title.

Section 10.4 Controllable Assets:

In addition to Capital Assets, this policy addresses Controllable Assets. Controllable Assets are assets that do not meet the county's thresholds for capitalization, but may require special attention for one or more of the following reasons:

- to ensure legal compliance (e.g., items acquired through grant contracts);
- to protect public safety and avoid potential liability (e.g., law enforcement weapons);
- to compensate for a heightened risk of theft (e.g., computers, audio visual equipment, etc.).

To be classified as a controllable asset, the item must meet one or more of the following criteria:

- an original cost between \$5,000 and \$19,999, and a useful life of more than one year;
- law enforcement weapons;
- all computers.

Section 10.5 Accountability Policy: All department heads are responsible for the Capital Asset and Controllable Asset inventories of their departments. All departments are required to conduct an annual inventory of all controllable assets assigned to their department. A second inventory listing of only assets with cost basis that are over the capitalization threshold for financial reporting should be prepared and submitted to the Purchasing Office annually. The Purchasing Office will supply these inventory listings to the departments. All Capital Assets and Controllable Assets shall be assigned asset identification numbers for tracking and control purposes. When a Capital Asset is ready to be placed into service, the receiving department must supply the Deputy Purchasing agent with photographs of the asset and associated asset tag.

The Finance Department shall periodically review inventory lists with departments, offices and agencies for assets with a value of \$20,000 and greater. Any discrepancies shall be investigated and appropriate actions taken.

Section 10.6 County Personal Property Disposition Policy:

County Personal Property is any county-owned property other than Real Property. Surplus County Personal Property is property no longer needed or useful for the efficient or safe operation of county business.

When a Department Head or Elected Official identifies departmental property as no longer needed or useful for the efficient or safe operation of departmental business, they must request disposition of that property by the Purchasing Office utilizing the Property Disposition and Surplus Record form. Departments must retain possession of surplus property until it has been collected by the designated recipient or receiving agency.

If the Department Head or Elected Official does not arrange for transfer to another department or office, the Deputy Purchasing Agent will send an email notification to the appropriate departmental contacts informing them that the property is available for transfer.

If no county departments or offices claim the property for transfer, and the property is a Capitalized Asset, the Deputy Purchasing Agent shall recommend that the Budget Committee

and County Commission declare the property as available for disposition and approve the recommended Disposition Method.

If no county departments or offices claim the property for transfer, and the property is not a Capitalized Asset, the Deputy Purchasing Agent shall determine the appropriate Disposition Method.

Disposition Methods include, but are not limited to, surplus sale (including internet sales), salvage and scrap sale, donation, transfer, recycling, discarding, and destruction.

The Property Disposition and Surplus Record form is available on the Purchasing Department page of the County website.

Section 10.6.1 Sale of Surplus County Personal Property:

Equipment, materials and supplies that are no longer used in county operations shall be sold at open auction to the highest bidder by the Finance Department. The Deputy Purchasing Agent shall identify and organize surplus items until such auction is held. Internet auction websites may be utilized for listing surplus items for auction.

Equipment, materials, and supplies that are not sold at auction after three attempts may be recycled or discarded with the approval of the Finance Director.

Section 10.6.2 Donation and Transfer of Equipment, Materials, and Supplies:

Transferring or donating equipment, materials and supplies to an entity outside of Anderson County Government requires Budget Committee and County Commission approval. This includes any donations to inter-governmental agencies.

An exception exists for Anderson County Animal Care and Control (ACACC). When ACACC receives donated food products that are reaching expiration date or products not suitable for shelter use (e.g. rawhides/choking hazard; toys that can be ingested), ACACC may surplus those items to an officially registered 501c3 rescue organization at the discretion of the Department Head. Documentation of registered 501c3 will be maintained by ACACC and a log of surplus will be maintained.

Section 10.6.3 Consumable County Personal Property:

Consumable items that become damaged or depleted to a condition that no is longer useable for their intended purpose, and have little or no commercial value for their intended purpose, may be recycled or discarded at the discretion of the Department Head and Deputy Purchasing Agent.

Examples of these items include, but may not be limited to: office supplies and equipment with a replacement cost of less than \$100, pens, pencils, tires, batteries, and oil.

Section 10.6.4 Surplus Electronic Equipment:

To insure Anderson County's Intellectual Property and Digital Data is protected from improper acquisition, all surplus electronic equipment (including, but not limited to, cell phones, computers, laptops, tablets, data storage devices, copiers and printers) must be approved by the Deputy Purchasing Agent and the Information Technology Director before transfer to another department, sale, donation, or destruction.

IT Director approval will be evidenced on the Property Disposition and Surplus Record form by the IT Director's stamp and signature. Destruction of electronic equipment must follow IT Director approved methods and conducted by authorized personnel.

Chapter 13

Comprehensive Travel Regulations

Section 13.1 General: Travel may not be undertaken unless it is authorized in advance by the appropriate department head, elected official, agency leader or their designee.

Approved county travel expenses are paid on the basis travel advances and/or reimbursement of out-of-pocket costs incurred for necessary business expenses. All eligible expenses are subject to the limitations and conditions set forth herein. Limits on travel expenses are maximum amounts above which reimbursements cannot be made.

When traveling on county business, employees should be as cost-efficient and economical as circumstances permit.

Travel shall be by the most direct and efficient route possible. Individuals traveling by an indirect route are responsible for any additional expenses incurred.

The department head, elected official or agency leader shall designate the official workstation of an employee. The official workstation is the location at which the employee spends the majority of their working time. Mileage reimbursement shall be calculated from, and back to, the employee's official workstation.

If an employee begins, and/or ends, their trip at their residence without stopping at their official workstation, total reimbursable mileage will be the lesser of the distance from the employee's residence to, and/or from, their destination. If the total mileage to, and/or from, their residence is less than the total mileage to, and/or from, their workstation, no mileage reimbursement may be claimed.

Section 13.2 Claims for Reimbursement of Travel Expenses: Claims for reimbursement of travel expenses must be submitted no later than thirty (30) days after completion of the travel. Claims submitted after this period must provide a written explanation for the delay and may be approved or denied at the discretion of the Finance Director.

The standard Travel Expense Report form, the standard Mileage Expense Report form, or other forms as approved by the Finance Director, shall be used for all travel-related expense claims. Reimbursement of all travel-related expense claims by any other method is not allowed.

Each traveler must file a separate report for expense reimbursement. Travel claims shall be typed, or in ink, and signed by the employee and their supervisor. All signatures on claims for reimbursement must be original. No stamped signatures will be permitted.

Full conference and meeting agendas, if applicable, and supporting itemized receipts must be attached to the Travel Expense Report form when submitted. Itemized receipts are required for all expenses except for per-diem items.

No reimbursement will be made for State of TN sales tax. Traveling employees should obtain a copy of the State of Tennessee Sales and Use Tax Exemption form from the Finance Department prior to making their travel arrangements.

Expenses for books, supplies, postage, or other items that do not constitute actual travel expenses should not be made a part of the travel expense claim.

Section 13.3 Air Travel: The use of commercial air travel is encouraged when time is an important factor, or where the trip is so long that other methods of travel would prove more expensive. The fare must not exceed the regular coach fare charged to the general public. Advantage of advance purchase, round trip, and discount rates must be taken when available. Original documentation of transportation travel expenses, such as receipts, ticket stubs, or boarding passes, must accompany the expense claim when submitted for reimbursement.

Shuttle service to and from airports should be used when available and practical.

If an individual travels by common carrier (e.g., commercial airlines), reasonable ride-share or taxi fares are allowed for necessary local transportation.

Section 13.4 Vehicle Insurance: Each department head, elected official or agency leader shall be responsible for ensuring that employees authorized to use county, personal, or rental vehicles on county business must have a current copy of the employee's valid driver's license and proof of insurance on file.

If a county employee is transporting any other person in a personal vehicle on approved travel, a copy of the insurance certificate issued to the insured indicating liability limits of at least \$100,000/300,000/50,000 is required.

Section 13.5 County Vehicles: County-owned vehicles should be used only for official business. Elected officials and employees should make use of county-owned vehicles whenever practical.

When transportation is by county-owned vehicle, necessary tolls, parking, gasoline, and automobile repair bills are allowable. Detailed receipts must be submitted for reimbursement.

Section 13.6 Personal Vehicles: Each department head, elected official or agency leader shall be responsible for ensuring that the use of personally owned vehicles is properly limited to working conditions which are such that the use of a county-owned vehicle is impossible or impractical.

Employees authorized to use their personal vehicle for business travel should submit for reimbursement based on the standard mileage rate allowance as established annually by the Internal Revenue Service. This allowance covers the cost of all operating expenses such as gas, oil, and repairs. No separate claims for such items are allowed.

Mileage as shown by a reputable on-line mapping system will be regarded as official. A copy of the route and mileage calculation must be submitted with the travel claim.

13.7 Rental Vehicles: Charges for automobile rental shall not be allowed unless specific written authorization is secured in advance from the Finance Director.

13.8 Parking Charges: Necessary charges for airport, hotel, and meeting location parking are allowed. Receipts for parking must be submitted for reimbursement. If self-parking options are available and practical, they must be utilized.

The county is not responsible for any parking or traffic violation tickets or citations. Daily parking fees for employees working at their official workstation are not allowed.

13.9 Vicinity Mileage: Vicinity Mileage authorized by the department head, elected official or agency leader may be claimed under the following conditions:

- (a) If a personal vehicle has been authorized in the routine or periodic performance of county duties, employees shall be reimbursed at the standard mileage rate established annually by the Internal Revenue Service.
- (b) Only mileage for official county business may be claimed for reimbursement and it must be treated in accordance with Internal Revenue Service regulations.
- (c) A mileage expense form, with a detailed account of mileage claimed, must be submitted to the Finance Department.

Section 13.10 Lodging and Meals: Reimbursement for lodging expenses are subject to the following conditions:

- (a) Travel must be authorized in advance by the appropriate department head, elected official, agency leader, or their designee.

- (b) Lodging expenses are allowed only when overnight travel is required beyond a fifty (50) mile distance of the employee's official station.
- (c) The most economical and practical lodging option should be chosen.
- (d) When employees share a hotel room, only one employee should claim the room cost on their expense report. Each employee should make a notation on their expense report indicating the employee(s) with whom the room was shared.

The per diem allowance for meals is \$50.00 per day as follows:

- Breakfast \$10.00
- Lunch \$15.00
- Dinner \$25.00

To claim breakfast per diem, travel must begin before 6:00 a.m. To claim dinner per diem, the traveler must return after 7:00 p.m.

Per Diem for lunch is not allowed unless overnight travel is involved or is beyond a fifty (50) mile distance of the employee's official workstation.

Employees may not claim meal per diem for any meal that is provided at no cost, including meals furnished as part of conference registration, training fees, or lodging packages.

Reimbursement requests must exclude any such provided meals.

Section 13.11 Miscellaneous: Expenditures for entertainment (employee or others), snacks, laundry, valet service, room service, etc., are personal charges and will not be allowed.

Section 13.12 Travel Advances: Travel advances shall be made as follows:

- (a) The request for a travel advance should be sent to the Finance Director at least five (5) business days prior to the departure date.

- (b) Supporting documentation (meeting agendas, hotel and airline pricing, etc.) must be supplied with the request. An amount equal to the estimated expenditures will be allowed as an advance; however, no advance less than twenty-five dollars (\$25.00) will be made.
- (c) Upon return, the employee should submit an expense claim form detailing his/her actual expenditures. This claim should show the total expenses incurred. If an advance should exceed actual expenses, the employee shall return the excess to the Finance Department for deposit as a credit against the original advance.
- (d) Each employee requesting a travel advance for the first time must sign a "Travel Advance Acknowledgement form". This form confirms the employee's understanding of the advance policy and their agreement to comply with its terms, including the procedure for returning any unused portion of the advance. This ensures that the county has a formal agreement from the employee regarding the handling of travel advances and establishes a clear process for the recovery of the advance in the event of termination of employment or failure to submit a finalized travel claim. The deduction from payroll will be used as a last resort in the event all other efforts to collect the advance have failed.

Special arrangements should be made in advance with the Finance Director for employees on extended travel whether in state or out-of-state. This provision is intended to cover employees attending schools or institutes and employees performing auditing, investigative or like duties requiring absence from their official workstation for more than one week.

These rules and regulations supersede and rescind all previous travel regulations approved by the Anderson County Board of County Commissioners.