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Bud Armstrong Halts Raid on County Treasury

Law Director, Five Commissioners Defend Charter and Protect Taxpayers

By Focus Staff

Knox County Law Director Richard "Bud" Armstrong has put a halt on a last minute attempt to raid the county's treasury. Armstrong stepped in to stop a resolution dropped on the county commission's workshop agenda without any previous notice, which would have allowed seven retired deputies to have their legal counsel paid for by the taxpayers. At the heart of the dispute is an even larger potential raid on the county treasury in a fight over pensions and vacation days, an effort supported by Mayor Tim Burchett, Sheriff Jimmy "JJ" Jones and Commissioner and mayoral candidate Brad Anders. The dispute has now erupted

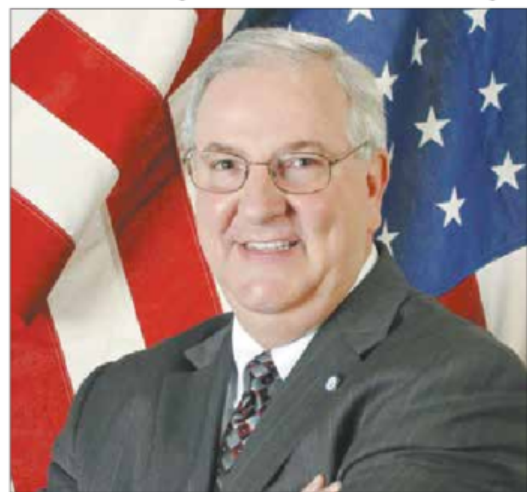
into a political brawl, spilling over into the race for county mayor and sheriff.

The seven retired deputies are being sued by Armstrong as a last resort because of his strong stand on the side of Knox County's taxpayers. The Knox County Pension Board, which acted supposedly upon the advice of its own legal counsel, apparently allowed some deputies to retire at 85%-95% of full pay, despite the fact under the Knox County Charter a deputy with 30 years of service may retire with a maximum of 75% of full pay. As Armstrong noted in a detailed memorandum to commissioners, "The rest of Knox County and City of Knoxville employees do not

receive this same benefit." Knox County deputies and sheriff's department personnel already receive far better funded pensions than other county employees, which required approximately \$60 million to fund. \$1 million equals a penny on the property tax rate, so the \$60 million equates to 60 cents on the property tax rate. The seven retired deputies also wanted to add accumulated vacation days to the formula used to calculate their pensions. Armstrong was alarmed to discover "the Pension Board had been routinely awarding additional retirement income over and above the taxpayer-approved calculation based upon the officers' average

monthly salary."

Armstrong brought the discrepancy to the attention of the Pension Board, whose attorney he says continued to ignore the Charter provision, which had been approved in referendum by the voters of Knox County. Armstrong wrote, "The actuary for the County's Pension Board noted the original calculations for the funding were based upon the 75 percent calculation and that he had not been aware of the increased benefits awarded (by the Pension Board) to the retirees. He stated that since he (the actuary) now knew of the increase, he now recommended the taxpayers fund an immediate \$400,000 to make up some of the



Knox County Law Director Bud Armstrong

actuarially funded shortfall." Knox County currently funds pensions for the deputies at a rate of two and a half times the ordinary rate for other county employees. Bud Armstrong objected to the Pension Board allowing deputies to retire with greater benefits than allowed

under the Charter, as it represents an "actuarial liability and potential future tax burden to the taxpayers of Knox County for approximately 600 uniformed officers." Armstrong also noted, "These increases have never

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Night Out at Henry's Bakery & Deli



Knox County At Large Commissioners Bob Thomas and Ed Brantley held a NIGHT OUT at Henry's Bakery and Deli on Tazewell Pike restaurant on Thursday, March 22. About a dozen constituents turned out to meet and greet their commissioners. Conversations were friendly and chatty, however one group expressed concern about the condition of their road. They presented documentation to prove their claim that large trucks are tearing up the road and the county is not living up to its promise to repair the road. Pictured above, Knox County At Large Commissioners Thomas and Brantley talk with some citizens who were concerned about the condition of the road where they live. Brantley is right center and Thomas is to his left.

Attorney fees for seven retired deputies voted down

By Mike Steely
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An apparent mistake in calculating retirement pension funds for Knox County employees has resulted in overpayments beyond what the county allows. Law Director Richard (Bud) Armstrong said he discovered the error, which has caused the overpayment of retiring sheriff's office employees and costing taxpayers.

He said the unauthorized increase was mistakenly calculated for the Pension and Retirement Board on the advice of highly paid outside counsel. As the law director moved to correct the calculation several retired deputies have objected to now receiving the correct amount of pension. Armstrong said that past pension board members were unaware of how the calculations were being done. He said he has complied with the request to bring action against the Pension Board and has filed suit on behalf of county taxpayers.

He said that since recent retirees from the sheriff's department were given excess of their actual retirement payment they were included in the lawsuit.

That action instigated the addition of a discussion item at the Commission's Work Session last week and resulted in an hour and one-half debate that ended

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Internal Auditor waiting on performance evaluation

By Mike Steely
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Knox County Internal Auditor Andrea Addis ran into some resistance when she spoke at the audit committee meeting recently. She had given her report and was in the process of asking for additional help in the office when past committee chairman David Shields said he doesn't feel like voting on additions because Addis's performance evaluation has not been done.

Addis, who had just informed

the committee that auditor Brooke Webb would be leaving the office, said she wanted to reorganize the office now to upgrade the positions there and hire an IT auditor. Employees now include Susan Johnson and Zac Fullerton. Addis was hired in 2013 and was criticized by members last year for not personally attending audit committee meetings.

Shields said the performance review should have been done and had been discussed at an earlier meeting. The evaluation is

supposed to be completed with Addis, Committee Chairman Jim Morrison and the County Commission Chairman Randy Smith.

"I thought that had already been done," said Commissioner John Schoonmaker.

"We're failing to get this done," Shields said.

"Let's see if we can get this done with our current chairman over the next three weeks," Commissioner Hugh Nystrom suggested.

Chairman Jim Morrison said he would meet with Addis and the

committee voted to meet again May 21st.

Duties of the Internal Audit office have greatly increased in recent years and the county's Fraud Hotline was transferred to that office last year. Addis said that only one audit has been completed so far this year and the audit on Health Codes is in its final draft and may be available in April. Other audits underway but not yet completed include investigations on the Forensics Center, River Sports, the school's nutrition program and the

school's physical plan update program. She said taking on the hotline increased her office's work load by 10%.

She said that the office has been trying to hire an IT auditor but found that the salary being offered isn't enough to obtain a person with the level of experience that is needed. She said that the opening has been reposted with more flexible qualifications.

Schoonmaker asked if it is possible to amend the upcoming

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