

AGENDA

GREENE COUNTY LEGISLATIVE BODY

6:00 p.m. Thursday, May 30, 2024

There will be a Called Greene County Commission that will meet at the Greene County Courthouse on Thursday, May 30, 2024, beginning at 6:00 p.m. in the top floor Criminal Courtroom. A budget workshop will be held immediately after the Commission Meeting.

Call to Order

*Invocation – Commissioner Nick Gunter

*Pledge to Flag – Commissioner Paul Burkey

Resolutions

- A. Consideration of A resolution of The Greene County Legislative Body to appropriate an additional \$113,250 for expenditures that exceed the original budgets in the General Fund for the FYE June 30, 2024 (Exhibit A)
- B. Consideration of A Resolution of the Greene County Legislative Body appropriating a total of \$50,000 to the jail for food supplies for the Fiscal Year Ending June 30, 2024
- C. Consideration A Resolution of the Greene County Legislative Body to appropriate an additional \$250,000 for Trustee Commissions in the General Fund for the FYE June 30, 2024
- D. Consideration of A Resolution of the Greene County Legislative Body appropriating up to \$2,617,500 of Fund #127 – American Rescue Plan Fund to reflect the use of the Revenue Loss Provision for the Fiscal Year Ending June 30, 2024

Adjournment

Closing Prayer – Commissioner Jan Kiker

Budget Workshop to Follow

STATE OF TENNESSEE
COUNTY OF GREENE

GREENE COUNTY LEGISLATIVE BODY
SPECIAL CALLED MEETING
MAY 30, 2024
6:00 P.M.

The Greene County Legislative Body was in session on May 30, 2024 at 6:00 p.m. in a special called meeting at the Greene County Courthouse in the Criminal Courtroom (Top Floor).

Mayor Morrison called the meeting to order to transact business that has lawfully come before the Honorable Body. Commissioner Nick Gunter gave the invocation. Commissioner Paul Burkey led the Pledge to the Flag.

Commissioners Anderson, Arrowood, Bowers, Burkey, Carpenter, Clemmer, Cobble, Crawford, Dabbs, Gunter, Kiker, Lawing, Murray, Parton, Peters, Quillen, Shelton, Smithson, Waddle, and White were present. Commissioner Bible was absent. There were 20 – aye; 0 – nay; and 1 – absent.

RESOLUTION A: CONSIDERATION OF A RESOLUTION OF THE
GREENE COUNTY LEGISLATIVE TO APPROPRIATE AN ADDITIONAL
\$113,000 FOR EXPENDITURES THAT EXCEED THE ORIGINAL BUDGETS
IN THE GENERAL FUND FOR THE FYE JUNE 30, 2024 (EXHIBITS A)

A motion was made by Commissioner Carpenter and seconded by Commissioner Crawford to approve the consideration of A Resolution of the Greene County Legislative Body to appropriate an additional \$113,250 for expenditures that exceed the original budgets in the General Fund for the FYE June 30, 2024 (Exhibit A).

Commissioner Cobble said the wording in the amount of \$113,250 should be corrected to (one hundred-thirteen **thousand** two hundred fifty dollars).

Mayor Morrison called the Commissioners to vote on their keypads. The following vote was taken: Commissioners Anderson, Arrowood, Bowers, Burkey, Carpenter, Clemmer, Cobble, Crawford, Dabbs, Gunter, Kiker, Lawing, Murray, Parton, Peters, Quillen, Shelton, Smithson, Waddle, and White voted yes. Commissioner Bible was absent. The vote was 20 – aye; 0 – nay; and 1 – absent. The motion to approve the Resolution passed.

**A RESOLUTION OF THE GREENE COUNTY LEGISLATIVE BODY TO
APPROPRIATE AN ADDITIONAL \$113,250 FOR EXPENDITURES THAT EXCEED
ORIGINAL BUDGETS IN THE GENERAL FUND FOR THE FYE JUNE 30, 2024**

WHEREAS, the General Fund - Fund #101 projects to exceed multiple budgeted expenses by approximately one hundred-thirteen thousand two hundred fifty dollars (\$113,250) for June 30, 2024 period and;

NOW, THEREFORE; be it resolved by the Greene County Legislative Body meeting this 30th day of May, 2024, a quorum being present and a majority voting in the affirmative, that the General Fund - #101 budget be amended as follows:



County Mayor

Budget and Finance Committee
Sponsor



County Clerk



County Attorney

A.

**A RESOLUTION OF THE GREENE COUNTY LEGISLATIVE BODY TO
 APPROPRIATE AN ADDITIONAL \$113,250 FOR EXPENDITURES THAT EXCEED
 ORIGINAL BUDGETS IN THE GENERAL FUND FOR THE FYE JUNE 30, 2024**

DECREASE IN UNASSIGNED FUND BALANCE

39000 UNASSIGNED FUND BALANCE	\$	113,250
Total Decrease in Unassigned Fund Balance	\$	113,250

DECREASE IN APPROPRIATIONS

55130 EMERGENCY MEDICAL SERVICES		
207 Medical Insurance	\$	125,000
Total Decrease in Appropriations	\$	125,000

56700 PARKS & FAIRS BOARD		
201 Social Security	\$	5,000
333 Licenses		1,000
Total Decrease in Appropriations	\$	6,000

58400 OTHER CHARGES		
399 Other Contracted Sevices	\$	25,000
521 Loss From Joint Ventures		50,000
Total Decrease in Appropriations	\$	75,000

Total Decrease in Appropriations	\$	206,000
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INCREASE IN APPROPRIATIONS

51100 COUNTY COMMISSION		
191 Board & Committee Member Fees	\$	30,000
201 Social Security		1,000
204 Pension		500
212 Employer Medicare		250
Total Increase in Appropriations	\$	31,750

55130 EMERGENCY MEDICAL SERVICES		
109 Captains	\$	5,000
110 Lieutenenats		6,500
131 Medical Personnel		15,000
133 Paraprofessional		2,500
142 Mechanics		2,000
162 Clerical Personnel		5,000
169 Part-Time Personnel		15,000
187 Overtime		175,000
201 Social Security		7,500
204 Pension		5,000
212 Employer Medicare		3,500
Total Increase in Appropriations	\$	242,000

56700 PARKS & FAIRS BOARD		
169 Part-Time Personnel	\$	15,000
212 Employer Medicare		500
499 Other Supplies & Materials		30,000
Total Increase in Appropriations	\$	45,500

Total Increase in Appropriations	\$	319,250
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Exhibit A

**RESOLUTION B: CONSIDERATION OF A RESOLUTION OF THE
GREENE COUNTY LEGISLATIVE BODY APPROPRIATING A TOTAL
OF \$50,000 TO THE JAIL FOR FOOD SUPPLIES FOR THE
FISCAL YEAR ENDING JUNE 30, 2024**

A motion was made by Commissioner Crawford and seconded by Commissioner Carpenter to approve the Consideration of A Resolution of the Greene County Legislative Body appropriating a total \$50,000 to the jail for food supplies for the Fiscal Year Ending June 30, 2024.

Mayor Morrison called the Commissioners to vote on their keypads. The following vote was taken: Commissioners Anderson, Arrowood, Bowers, Burkey, Carpenter, Clemmer, Cobble, Crawford, Dabbs, Gunter, Kiker, Lawing, Murray, Parton, Peters, Quillen, Shelton, Smithson, Waddle, and White voted yes. Commissioner Bible was absent. The vote was 20 – aye; 0 – nay; and 1 – absent. The motion to approve the Resolution passed.

**A RESOLUTION OF THE GREENE COUNTY LEGISLATIVE BODY
APPROPRIATING A TOTAL OF \$50,000 TO THE JAIL FOR FOOD SUPPLIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2024**

WHEREAS, the Greene County Jail Department (Department) projects to exceed revenue from Commissary Sales due to the continuing increased inmate population, and;

WHEREAS, the Department also incurs additional food supply costs and requests an increase of fifty thousand dollars (\$50,000) to help cover those costs, and;

NOW, THEREFORE; be it resolved by the Greene County Legislative Body meeting in regular session this 30th day of May, 2024, a quorum being present and a majority voting in the affirmative, that the budget be amended as below.

INCREASE IN REVENUES

44131 Commissary Sales	\$ 50,000
Total Increase in Revenues	<u>\$ 50,000</u>

INCREASE IN APPROPRIATIONS

54210 JAIL	
422 Food Supplies	\$ 50,000
Total Increase in Other Public Safety Appropriations	<u>\$ 50,000</u>

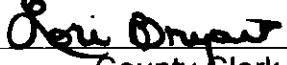
Total Increase in Appropriations	<u>\$ 50,000</u>
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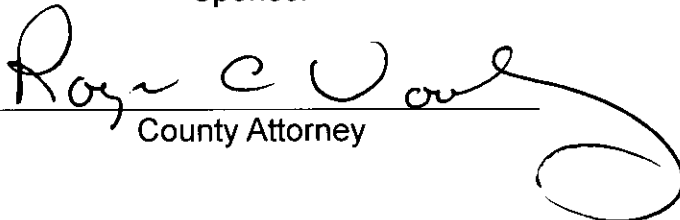
County Mayor

Budget and Finance Committee

Sponsor



County Clerk



County Attorney

B.

RESOLUTION C: CONSIDERATION A RESOLUTION OF THE
GREENE COUNTY LEGISLATIVE BODY TO APPROPRIATE AN
ADDITIONAL \$250,000 FOR TRUSTEE COMMISSIONERS IN THE
GENERAL FUND FOR THE FYE JUNE 30, 2024

A motion was made by Commissioner Carpenter and seconded by Commissioner Lawing to approve A Resolution of the Greene County Legislative Body to appropriate an additional \$250,000 for Trustee Commissioners in the General Fund for the FYE June 30, 2024.

Mayor Morrison called the Commissioners to vote on their keypads. The following vote was taken: Commissioners Anderson, Arrowood, Bowers, Burkey, Carpenter, Clemmer, Cobble, Crawford, Dabbs, Gunter, Kiker, Lawing, Murray, Parton, Peters, Quillen, Shelton, Smithson, Waddle, and White voted yes. Commissioner Bible was absent. The vote was 20 – aye; 0 – nay; and 1 – absent. The motion to approve the Resolution passed.

**A RESOLUTION OF THE GREENE COUNTY LEGISLATIVE BODY TO
APPROPRIATE AN ADDITIONAL \$250,000 FOR TRUSTEE COMMISSIONS IN THE
GENERAL FUND FOR THE FYE JUNE 30, 2024**

WHEREAS, the General Fund - Fund #101 projects to exceed budgeted Trustee Commission expenses by approximately two hundred fifty thousand dollars (\$250,000) for June 30, 2024 period and;

NOW, THEREFORE; be it resolved by the Greene County Legislative Body meeting this 30th day of May, 2024, a quorum being present and a majority voting in the affirmative, that the General Fund - #101 budget be amended as follows:

INCREASE IN REVENUE

45610 Fees In-Lieu-Of Salary - Trustee \$ 250,000

Total Increase in Revenue

\$ 250,000

INCREASE IN APPROPRIATIONS

58900 MISCELLANEOUS

510 Trustee's Commission \$ 250,000

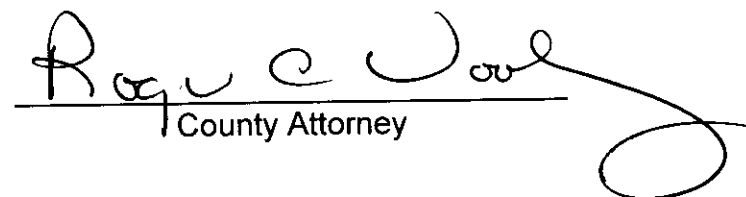
Total Increase in Appropriations

\$ 250,000


County Mayor

Budget and Finance Committee
Sponsor


County Clerk


County Attorney

C

RESOLUTION D: CONSIDERATION OF A RESOLUTION OF THE
GREENE COUNTY LEGISLATIVE BODY APPROPRIATING UP TO
\$2,617,500 OF FUND \$127 – AMERICAN RESCUE PLAN FUND TO
REFLECT THE USE OF THE REVENUE LOSS PROVISION FOR THE
FISCAL YEAR ENDING JUNE 30, 2024

A motion was made by Commissioner Carpenter and seconded by Commissioner Quillen to approve the Consideration of A Resolution of the Greene County Legislative Body appropriating up to \$2,617,500 of Fund #127 – American Rescue Plan Fund to reflect the use of the Revenue Loss Provision for the Fiscal Year Ending June 30, 2024.

Mayor Morrison called the Commissioners to vote on their keypads. The following vote was taken: Commissioners Anderson, Arrowood, Bowers, Burkey, Carpenter, Clemmer, Cobble, Crawford, Dabbs, Gunter, Kiker, Lawing, Murray, Parton, Peters, Quillen, Shelton, Smithson, Waddle, and White voted yes. Commissioner Bible was absent. The motion to approve the Resolution passed.

A RESOLUTION OF THE GREENE COUNTY LEGISLATIVE BODY APPROPRIATING UP TO \$2,617,500 OF FUND #127 - AMERICAN RESCUE PLAN FUND TO REFLECT THE USE OF THE REVENUE LOSS PROVISION FOR THE FISCAL YEAR ENDING JUNE 30, 2024

WHEREAS, the final rule defines Revenue Loss as a standard allowance for revenue loss of \$10 million, allowing recipients to select between a standard amount of revenue loss or complete a full revenue loss calculation. Recipients that select the standard allowance may use that amount for government services, and

WHEREAS, Greene County requests the use of two million six hundred seventeen thousand five hundred dollars (\$2,617,500) to for the renovation of the former Takoma hospital facility, and

NOW, THEREFORE, be it resolved by the Greene County Legislative Body meeting in a called session this 30th day of May, 2024, a quorum being present and a majority voting in the affirmative, that the budget for Fund #127 – American Rescue Plan Fund be amended as below.

DECREASE IN UNASSIGNED FUND BALANCE:

39000 Unassigned Fund Balance	\$ 2,617,500
TOTAL DECREASE IN UNASSIGNED FUND BALANCE	\$ 2,617,500


INCREASE IN APPROPRIATIONS:

58831 AMERICAN RESCUE PLAN ACT GRANT #1	
707 Building Improvements	\$ 2,617,500
TOTAL INCREASE IN APPROPRIATIONS	\$ 2,617,500


County Mayor

Budget and Finance Committee
Sponsor


County Clerk


County Attorney

D.

ADJOURNMENT

A motion was made by Commissioner Murray and seconded by Commissioner Anderson to adjourn the meeting.

Mayor Morrison called the Commissioners to vote on their keypads. The following vote was taken: Commissioners Anderson, Arrowood, Burkey, Carpenter, Clemmer, Cobble, Crawford, Dabbs, Gunter, Kiker, Lawing, Murray, Parton, Peters, Quillen, Shelton, Smithson, Waddle, and White voted yes. Commissioner Bowers voted no. Commissioner Bible was absent. The vote was 19 – aye; 1 – nay; and 1 – absent. The motion to approve the adjournment of the meeting passed.

Commissioner Jan Kiker gave the Closing Prayer.

Mayor Morrison announced that the Budget Workshop would follow adjournment of the Special Called Commission Meeting.

GREENE COUNTY, TENNESSEE GOVERNMENT
AUDIT COMMITTEE MINUTES

Date: May 16, 2024

Location: Courthouse Annex Conference Room

Time: 2:00 P.M.

Call to Order

The Greene County Audit Committee meeting was called to order on May 16, 2024 at 2:00 p.m.

Committee Members Present:

J. Thomas Love, Acting Chairman

Tonya Easley, Acting Vice Chairwoman

Dr. Michelle Freeman

Members Absent:

David M. Ellis, Acting Secretary

Benjamin Gall

Other Attendees:

Kevin Morrison, Greene County Mayor

Danny Lowery, Director of Greene County Accounts and Budgets

Kayla Crawford – Budget Director of Greene County Schools

David McLain – Director of Greene County Schools

Division of Local Government Audit:

Mark Treece, Audit Manager

Marie Tidwell, Senior Auditor

Robert Anderson, Senior Auditor

Review and Adoption of Minutes

Minutes from the May 18, 2023 Audit Committee meeting were read by Vice-Chairwoman Easley.

Dr. Freeman made a motion to approve the minutes as read and Easley seconded. There being no additions or corrections, the minutes will stand approved as originally submitted.

Purpose and Duties of the Audit Committee

The acting chairman described the purpose, duties, and responsibilities of the Audit Committee as outlined by the resolution to establish an audit committee which was adopted by the Greene County Commission on November 18, 2013.

Review of Audit Committee Actions During Calendar Year 2023

The acting chairman provided an explanation of how the Audit Committee discharged its calendar year 2023 duties by reviewing the contents of the Report of the Audit Committee as submitted to the Greene County Commission at their June 2023 board meeting.

New Business

The committee nominated and elected the following officers—J. Thomas Love, Chairman. Tonya Easley, Vice Chairwoman. David M. Ellis, Secretary.

The committee reviewed the Annual Financial Report – Greene County, Tennessee for the year ended June 30, 2023. There were six audit findings together with recommendations and management's responses. Chairman Love requested the auditors and government officials attending the meeting to provide further clarification concerning the circumstances surrounding the findings. The corrective action plans submitted by the Offices of County Mayor, Director of Accounts and Budgets, and Offices of the Director of Schools indicated curative action had been taken during the audit period covered by the current annual financial report. Based on discussions with the auditors, it appears the curative actions were sufficient in all instances as all prior year findings were corrected in the current year audit.

Other Agenda Items

The acting chairman indicated the Audit Committee will provide a written report to the Greene County Commission on how the committee discharged its calendar year 202~~3~~⁴ duties at the June 2024 board meeting of the Greene County Commission.

Adjournment

With no further business to discuss, the audit committee was adjourned at 3:00 p.m.

Minutes submitted by:

Tonya Easley, Vice-Chairwoman

GREENE COUNTY, TENNESSEE GOVERNMENT

AUDIT COMMITTEE

Chairman: J. Thomas Love
Vice-Chairman: Tonya Easley
Secretary: David M. Ellis
Member: Michelle S. Freeman
Member: Benjamin I. Gall

In accordance with the resolution adopted by the Greene County Commission on November 18, 2013, which established and created the duties and responsibilities of the Audit Committee, the following report provides an explanation of how the Audit Committee discharged its calendar year 2024 duties:

REPORT OF THE AUDIT COMMITTEE

The Greene County Government Audit Committee is responsible for reporting annually to the Greene County Commission on how the committee discharged its duties with respect to the following matters:

1. *The audit committee should carefully review all audit findings included in the Annual Financial Report of Greene County, Tennessee and have consultation with the external auditors regarding any irregularities and deficiencies disclosed in the annual audit. The committee should satisfy itself that appropriate and timely corrective action has been taken by County management to remedy any identified weaknesses. The committee should determine what corrective action, if necessary, should be recommended to the County Commission. On December 11, 2023, the Division of Local Government Audit of the Tennessee Comptroller of the Treasury provided notification to Greene County officials of the December 13, 2023, release date of the Annual Financial Report of Greene County, Tennessee, for the year ended June 30, 2023. The Independent Auditor's Report, dated October 23, 2023, covering the basic financial statements of Greene County is unmodified, indicating a fair presentation in all material respects in accordance with accounting principles generally accepted in the United States of America.*

On May 16, 2024, the Audit Committee, Greene County management and school department officials, and the external auditors from the Division of Local Government Audit met to review six audit findings related to the June 30, 2023 Annual Financial Report of Greene County. Detailed information regarding the audit findings, auditor recommendations, management responses, and management corrective action plans are shown on pages 240-252 of the Annual Financial Report of June 30, 2023.

Finding 2023-001(A,B,C) – Offices of County Mayor, Highway Superintendent, and Purchasing Agent. This finding, considered in part (A,C) to be instances of noncompliance under Government Auditing Standards, revealed certain deficiencies of county purchasing procedures discovered within an audit sample of vendor checks related to the purchase of vehicles and equipment. In one instance, the highway department purchased vehicles from a

state contract for more than the state contract price. Documentation could not be found which explained and supported why the actual purchase prices paid were more than the state contract prices. In another instance, used equipment items were purchased without first obtaining and maintaining required documentation supporting the general range of value of the purchased items either through a nationally recognized publication or an appraisal by a licensed appraiser. Due to the lack of management oversight, the best and lowest prices for these items may not have been obtained. As part of the same finding (B), the audit sample also disclosed the lack of documentation available to support the state contract prices used to purchase certain other vehicles and equipment; however, the auditors were able to confirm the prices paid from a review of active state contracts. This example of the lack of supporting documentation was regarded to be a significant deficiency in internal control under Government Auditing Standards. Tennessee state statutes regulate Greene County purchasing procedures through the County Purchasing Law of 1957 and the Uniform Road Law. All county purchases are required to be in compliance with these statutes and the provisions of each purchase contract. No formal management response was submitted. The Corrective Action Plan submitted by management provides for adherence to required purchasing and documentation procedures through training sessions for purchasing department employees.

Finding 2023-002 – Offices of County Mayor and Director of Accounts and Budgets. This finding, classified as an example of noncompliance under Government Auditing Standards, disclosed the county did not employ a registered architect or engineer to design plans, specifications, and cost estimates for a roof replacement project. The cost to replace the roof totaled \$588,957. Tennessee Code Ann. § 62-2-107 requires a registered architect or engineer to be employed whenever construction project costs are estimated to exceed \$50,000. No formal management response was submitted. The Corrective Action Plan offered by management indicates elected county officials and department supervisors will receive a new copy of the purchasing manual along with instructions on when outside professionals are required to be used.

Finding 2023-003 – Offices of County Mayor and Director of Accounts and Budgets. This finding, regarded as an occurrence of noncompliance under Government Auditing Standards, indicated the county did not deposit withheld retainage amounts into an escrow account from a roofing contract in conjunction with the renovation of the county's future administrative offices complex. The contract amount totaled \$607,245. Tennessee Code Ann. § 66-34-104 requires contract retainage amounts be deposited into an escrow account maintained by a third-party for contracts of \$500,000 or more. No formal management response was submitted. The Corrective Action Plan proposed by management provides for a procedure of ensuring future contract retainage amounts are properly withheld and deposited with a third-party or, if permitted, using contracts requiring no retainage.

Finding 2023-004 – Office of Director of Schools. This finding, determined to be an example of noncompliance under Government Auditing Standards, arose from the school department's failure to deposit withheld retainage amounts from a school addition construction contract. The contract amount totaled \$602,236. Tennessee Code Ann. § 66-34-104 requires contract retainage amounts be deposited into a third-party controlled escrow account for contracts of \$500,000 or more. Both the Management Response and the Corrective Action Plan provided

by the Director of Schools indicates a third-party managed escrow account will be used for all future contract retainage amounts.

Finding 2023-005 – Office of Director of Schools. This finding was judged to be a significant deficiency in internal control under Government Auditing Standards. The balance sheet of the School Federal Projects Fund at June 30, 2023 reported an unassigned deficit fund balance of \$536,541. The deficit fund balance was created by (1) the school department's delay until September 2023 to request reimbursement of June 30, 2023 ESSER III grant expenditures; and (2) the recognition of a liability of \$267,778 related to the uncompleted portion of a contract. Since reimbursement requests for this type of grant funding can only be submitted after expenditures are made, the school department should always submit reimbursement requests in a timely manner to avoid recurrence of a fund deficit. The deficit was subsequently eliminated during September 2023 following the submission of the reimbursement request and collection of the grant funds. The American Rescue Plan Act of 2021, enacted by the U.S. Congress on March 11, 2021, provided grant funding for school districts in response to the COVID-19 pandemic through the Elementary and Secondary School Emergency Relief Fund (ESSER III). Also included as part of this finding, the School Federal Projects Fund reported a budgetary basis fund deficit of \$432,463 due to the recognition of encumbrances as budgetary basis expenditures. The budgetary basis deficit is expected to be eliminated as both federal grant revenues are realized and actual expenditures are incurred. Both the Management Response and the Corrective Action Plan submitted by the Director of Schools states the school system will ensure all future reimbursement requests will be submitted in a timely manner.

Finding 2023-006 – Office of Director of Schools. This finding, identified as a significant deficiency in internal control under Government Auditing Standards, revealed the accounting records for various school department funds had not been properly maintained. Lack of both management oversight and responsibility contributed to the following recordkeeping inadequacies: (1) the accounts payable subsidiary records were not reconciled and maintained in agreement with the accounts payable control account in the general ledger; (2) various general ledger payroll liability accounts had negative (improper) ending balances and were not properly reconciled with the subsidiary payroll records; (3) monthly ending general ledger book bank account balances of the payroll clearing account and the retirement account were not properly reconciled with the monthly bank statements – no attempt was made to identify reconciling items existing between the monthly general ledger book bank account balances and the monthly bank statements, nor were any bank reconciliation adjusting journal entries prepared or posted; (4) the School Federal Projects Fund had a negative June 30, 2023 ending book bank account balance due to uncorrected previous years' payroll processing mistakes and other clerical-type errors. School management personnel should develop policies and procedures which ensures general ledger account balances are timely reconciled and maintained in agreement with the respective subsidiary ledger records. The audit committee stresses that bank account reconciliations should be timely prepared each month-end utilizing a schedule which shows the reconciled balances of the general ledger book bank accounts and the corresponding bank account statement balances along with information needed for preparing adjusting journal entries. School department personnel should consistently review their financial statements for accuracy and completeness. Both the Management Response and the Corrective Action Plan submitted by the Director of Schools indicates efforts will continue to correct the accounting deficiencies noted above.

After review and discussion of management responses and corrective action plans regarding the six audit findings related to the current Annual Financial Report of Greene County, the audit committee is satisfied that appropriate and timely corrective measures have been or will be taken by county management and school department officials to remedy the occurrences of noncompliance and significant internal control deficiencies under Government Auditing Standards referred to above.

Greene County does not have a central system of accounting, budgeting, and purchasing which has resulted in decentralization of financial management tasks among county departments and some duplication of efforts. Although not regarded as an audit finding, the Division of Local Government Audit recommends Greene County adopt as a best practice the County Financial Management System of 1981 which would provide for a central system of accounting, budgeting, and purchasing covering all county departments. Local Government Audit considers the adoption of the 1981 financial management system to be a best practice that would also substantially improve accountability and internal controls over the accounting, budgeting, and purchasing processes of Greene County government.

Government Auditing Standards require the external auditors to report the current-year status of prior-year uncorrected audit findings. The Summary Schedule of Prior-Year Findings on page 238 of the current Annual Financial Report indicates the current status of Finding Numbers 2022-001, 2022-002, 2022-003, and 2022-004 as corrected.

- The audit committee should consider the effectiveness of the internal control system (including information technology security and control); the effectiveness of the system for monitoring compliance with laws and regulations; and review of the process for communicating the County's ethics policies to County personnel and monitoring compliance therewith.* The external auditors take into consideration the County's existing internal control procedures over financial reporting for purposes of planning and performing the audit in order to express an opinion on the County's financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. This limited consideration of internal control is not designed to identify all deficiencies that might be considered a material weakness or a significant deficiency in internal control. As such, material weaknesses or significant deficiencies in internal control may exist which have not been identified. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The audit report did not identify any deficiencies in internal control that were considered to be material weaknesses. However, the audit report identified Finding Number 2023-001(B) and Finding Numbers 2023-005, and 2023-006 as deficiencies in internal control over financial reporting considered to be significant. The external auditors perform tests of Greene County's compliance with certain provisions of laws, regulations, contracts, and grant agreements as part of obtaining reasonable assurance about whether the County's financial statements are free from material

misstatement. However, the external auditors do not express an audit opinion regarding the County's compliance with those provisions. Noncompliance findings can have a direct and material effect on the County's financial statements. The audit report disclosed Finding Number 2023-001(A,C) and Finding Numbers 2023-002, 2023-003, and 2023-004 as occurrences of noncompliance that are required to be reported under Government Auditing Standards.

Management of Greene County is responsible for ensuring compliance and for establishing and maintaining effective internal control over compliance with federal statutes and regulations associated with participation in federal government aid programs. The external auditors determine and perform auditing procedures designed to: (1) permit the expression of an audit opinion on the County's compliance with each major federal program's compliance requirements; and (2) test and report on internal control over compliance for each major federal program, but not to express an opinion on the effectiveness of the County's internal control over compliance. The audit opinion expressed regarding compliance requirements of the County's major federal government programs states Greene County, for the year ended June 30, 2023, complied in all material respects with the types of compliance requirements that could have a direct and material effect on each of its major federal programs. Even though the auditor's consideration of internal control over compliance was not designed to identify all deficiencies in internal control over compliance that might be considered material weaknesses or significant deficiencies, the audit report did not identify any deficiencies that were considered to be material weaknesses in internal control over compliance of any major federal program.

The Greene County Government Ethics Committee formulated and prepared the Revised Ethics Policy for Greene County which was adopted by resolution of the Greene County Commission on January 19, 2016. The County Clerk was directed to mail a copy of the resolution and the revised policy to each County office and to all boards, committees, and authorities appointed or created by the County and to post a copy of the Revised Ethics Policy on each public bulletin board in the County Courthouse and Courthouse Annex.

- The audit committee should establish a process for handling employees, taxpayers, or other citizens confidential reporting of suspected illegal, improper, wasteful, or fraudulent activity under provisions of Tenn. Code Ann. § 9-3-406. The audit committee emphasizes the availability of the toll-free fraud hotline (800-232-5454) of the Tennessee Comptroller of the Treasury where the public can report suspected fraud, waste, and abuse of Greene County funds and property. There is also a quick link from the homepage of the Greene County official website to an online fraud, waste, and abuse reporting form on the Comptroller's website. In addition, the audit committee advises county management of the need to publish a public notice at least annually in a local newspaper of general circulation to make citizens aware of how to report suspected waste, fraud, or abuse of Greene County funds and property.*

The Report of the Audit Committee has been reviewed and adopted by the Audit Committee.

Respectively submitted,

J. Thomas Love

J. Thomas Love, Committee Chairman

May 28, 2024