

HARTSVILLE/TROUSDALE COUNTY METROPOLITAN GOVERNMENT

Beverly Atwood, Chair
Amber Russell, Vice Chair

Mark Presley, Secretary
Jerry Ford

Judy Kerr

AUDIT COMMITTEE

MARCH 16, 2023 | 7:00PM | MAYOR'S OFFICE

Agenda

1. Open Meeting
2. Attendance
3. Review Minutes from November 1, 2022
4. General Discussion
 - A. FY 2022 Audit Review
 - B. Other
5. Public Comment
6. Adjourn

HARTSVILLE/TROUSDALE COUNTY METROPOLITAN GOVERNMENT

AUDIT COMMITTEE

NOVEMBER 1, 2022 | 6:00PM | MAYOR'S OFFICE

MINUTES

Members Present: 4/5

Beverly Atwood

Jerry Ford

Judy Kerr

Amber Russell

Members Absent: Mark Presley

Others Present:

Ex-Officio Members: Jack McCall, Amy Thomas

As the designated member, Commissioner Beverly Atwood called the meeting to order at 6pm. A quorum was determined to be present with 4 members in attendance.

The first order of business was to elect officers.

Chair – Beverly Atwood

Motion to cease nominations and elect by acclamation made by Ford; seconded by Russell

MOTION APPROVED

Vice Chair – Amber Russell

Motion to cease nominations and elect by acclamation made by Kerr; seconded by Ford

MOTION APPROVED

Secretary – Mark Presley

Motion to cease nominations and elect by acclamation made by Ford; seconded by Kerr

MOTION APPROVED

Minutes from the March 28, 2022 meeting were reviewed.

Motion to accept as presented by Ford; second by Russell.

MOTION APPROVED

Chairman Atwood read aloud the Purpose of the committee.

"Review of Policies, Audit Findings, Department Internal Controls. Reviews complaints or suspicions of fraudulent activity. Presents recommendations to Commission." Also refer to RES 2013-06-309

Atwood questioned Section 2 of RES 2013-06-309 where it states the Committee will consist of seven (7) members. It was thought that with the Committees being appointed each year, the membership would change with each Commission Chairman. This will be taken to the County Attorney or to our CTAS representative for clarification.

Atwood also expressed her desire for the Committee to take more of an active role in Government operations by reviewing policies, following up on violations, and possibly internal audits of County departments.

There is an Audit course presented through CTAS that would be very informative for the Committee.

Atwood advised the members to register for this course. Information will be sent to their emails.

Ms. Thomas gave an update on the current Audit process. She also went over the findings in the FY2021 Audit and confirmed that corrective action was taken on all findings.

Meeting adjourned at 6:29pm with a motion from Jerry Ford.



ANNUAL FINANCIAL REPORT

Hartsville/Trousdale County, Tennessee

FOR THE YEAR ENDED • JUNE 30, 2022

SCOPE

We have audited the basic financial statements of Hartsville/Trousdale County Government as of and for the year ended June 30, 2022.

To see the full annual financial report visit:

<https://comptroller.tn.gov/content/dam/cot/la/documents/county/2022/FY22TrousdaleAFR.pdf>

RESULTS

Our report on Hartsville/Trousdale County Government is unmodified.

Our audit resulted in **one finding** and recommendation, which we have reviewed with Hartsville/Trousdale County Government management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

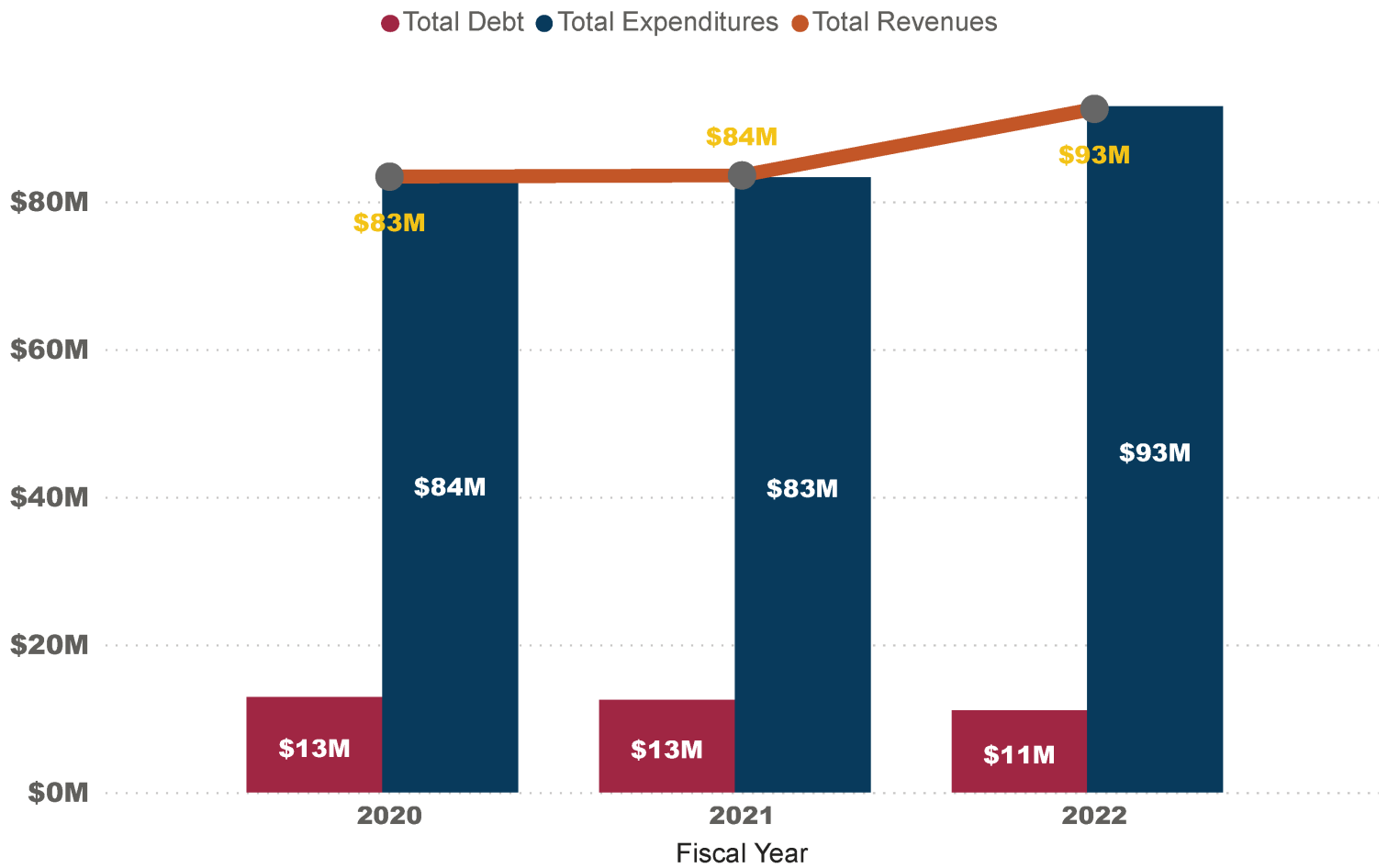
FINDINGS BY OFFICE

The following are summaries of the audit findings:

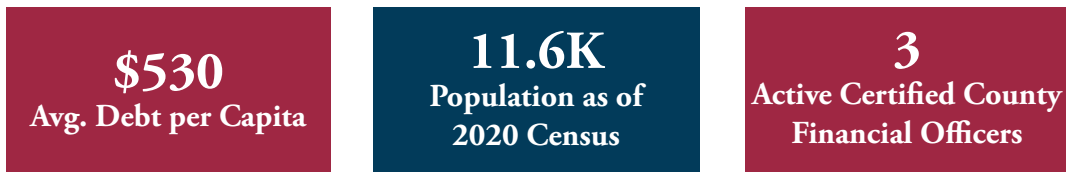
Water and Sewer Utility Department

- Accounting records were not closed and available for audit by August 31, 2022.

DATA SNAPSHOT



HARTSVILLE/TROUSDALE COUNTY GOVERNMENT DEMOGRAPHICS • FY 2022



To see the Transparency and Accountability for Governments in Tennessee (TAG) page, please visit:

<https://tncot.cc/tag>



Fund Balances per FY2022 Audit

Fund	Beginning Balance	Net Change	Ending Balance		Projected Ending Balances per Budget	Projected Net Change per Budget
	7/1/2021		6/30/2022		6/30/2022	6/30/2022
101 - General Fund	4,572,304 ↓	(586,476)	3,985,828	pg 28	3,216,696	(1,355,608)
111 - Urban Services	1,507,939 ↑	214,558	1,722,497	pg 130	1,402,532	(105,407)
116 - Solid Waste	834,073 ↑	336,929	1,171,002	pg 131	803,041	(31,032)
118 - Ambulance Services	370,537 ↑	39,932	410,469	pg 132	258,197	(112,340)
122 - County Drug Fund	73,401 ↑	7,374	80,775	pg 133	68,151	(5,250)
151 - Debt Services	600,628 ↑	304,355	904,983	pg 137	432,912	(167,716)
156 - Education Debt Services <i>Wheel Tax / 2002 High School</i>	385,648 ↓	(385,648)	-	pg 138	-	(385,648)
131 - Highway Fund	1,233,912 ↑	223,698	1,457,610	pg 136	821,192	(412,720)
141 - General Purpose School	3,693,013 ↑	240,221	3,933,234	pg 151	1,647,307	(2,045,706)
Total Fund Balance	11,853,202	394,943	13,711,140		8,650,028	(4,621,427)

FUND BALANCE REPORT
Fiscal Year ending June 2022

Fund	101 - General Services		111 - Urban Services		116 - Solid Waste		118 - Ambulance	
	101	Budget % \$ Net Change	111	Budget % \$ Net Change	116	Budget % \$ Net Change	118	Budget % \$ Net Change
	Beginning Fund Balance	4,572,304		1,507,939		834,073		370,537
Revenues	7,710,970	101.6%	1,220,536	97.7%	981,421	94.6%	1,126,815	98.5%
Expenditures	8,297,446	87.6%	1,005,978	83.5%	644,492	75.6%	1,086,883	90.5%
Ending Fund Balance	\$ 3,985,828	\$ (586,476)	\$ 1,722,497	\$ 214,558	\$ 1,171,002	\$ 336,929	\$ 410,469	\$ 39,932
Fund Balance Breakdown								
Encumbrances (POs)	125,575		357,483		409,301		6,611	
Reserved/Committed	656,779		-		-		-	
Unassigned	3,203,474		1,365,014		761,701		403,858	
Fund Balance	\$ 3,985,828		\$ 1,722,497		\$ 1,171,002		\$ 410,469	

Fund	121 - CCA / CoreCivic		122 - County Drug Patrol		151 - Debt Services		156 - Education Debt Serv.	
	121	Budget % \$ Net Change	122	Budget % \$ Net Change	151	Budget % \$ Net Change	156	Budget % \$ Net Change
	Beginning Fund Balance	-		73,401		600,628		385,648
Revenues	54,196,717	98.5%	8,093	79.4%	1,230,791	107.2%	410,780	110.6%
Expenditures	54,196,717	98.5%	719	50.0%	926,436	92.0%	796,428	90.2%
Ending Fund Balance	\$ -	\$ -	\$ 80,775	\$ 7,374	\$ 904,983	\$ 304,355	\$ -	\$ (385,648)
Fund Balance Breakdown								
Encumbrances (POs)	-		-		-		-	
Reserved/Committed	-		-		-		-	
Unassigned	-		80,775		904,983		-	
Fund Balance	\$ -		\$ 80,775		\$ 904,983		\$ -	

Hartsville/Trousdale County Government, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2022

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Hartsville/Trousdale County Government, Tennessee, for the year ended June 30, 2022.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	FAL Number	Current Status
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Water and Sewer Utility Department

2021	230	2021-001	The department had deficiencies in the maintenance of capital asset records.	N/A	Corrected
2021	230	2021-002	Competitive bids were not solicited for some work on sewer lines.	N/A	Corrected

Prior-year Federal Awards Findings

There were no prior-year federal award findings to report.

HARTSVILLE/TROUSDALE COUNTY GOVERNMENT, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Hartsville/Trousdale County Government is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * Federal Assistance Listing Numbers: 84.425 COVID 19 - Education Stabilization Fund -
Elementary and Secondary School
Emergency Relief Funds
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

A finding and recommendation, as a result of our audit, is presented below. We reviewed the finding and recommendation with management to provide an opportunity for their response. The written response for the finding is paraphrased and presented below. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

WATER AND SEWER UTILITY DEPARTMENT

FINDING 2022-001

ACCOUNTING RECORDS WERE NOT CLOSED AND AVAILABLE FOR AUDIT BY AUGUST 31, 2022

(Noncompliance Under *Government Auditing Standards*)

Accounting records were not closed and available for audit by August 31, 2022, as required by Section 9-2-102, *Tennessee Code Annotated*. This statute requires a county have their records available for audit no later than two months after the close of their fiscal year. The capital assets accounting records were made available to auditors on October 3, 2022. This deficiency can be attributed to a lack of management oversight. The failure to close accounting records on a current basis diminishes the usefulness of the financial records as a management tool, results in the loss of budgetary and accounting controls, and increases the risk that errors will not be discovered and corrected timely.

RECOMMENDATION

Management should ensure all accounting records for the fiscal year ended June 30 are available for audit by the following August 31, as required by state statute.

MANAGEMENT'S RESPONSE

No formal management's response was submitted; however, explanation to the finding is included in the Corrective Action Plan.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs related to federal awards for the year ended June 30, 2022.

Hartsville/Trousdale County Government, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2022

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
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WATER AND SEWER UTILITY DEPARTMENT

2022-001	Accounting records were not closed and available for audit by August 31, 2022.	238
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Hartsville/Trousdale Water/Sewer Utility District

P. O. Box 66 • 328 Broadway • Hartsville, Tennessee 37074-0066

Phone: 615.374.3484 • Fax: 615.374.0558

www.hartsvillewater.com

Tommy McFarland

General Manager

tommy.mcfarland@trousdalecountyttn.gov

Corrective Action Plan

FINDING 2022-001 **ACCOUNTING RECORDS WERE NOT CLOSED AND AVAILABLE FOR AUDIT
BY AUGUST 31, 2022**
(Noncompliance Under *Government Auditing Standards*)

Response and Corrective Action Plan Prepared by: **Emily Walker, Bookkeeper**

Person Responsible for Implementing the Corrective Action: **Tommy McFarland**

Anticipated Completion Date of Corrective Action: **1/17/2023**

Repeat Finding: **No.**

Reason Corrective Action was Not Taken in the Prior Year: **N/A**

The General Manager will ensure that the accounting records will be closed out and available for audit by August 31st as required. The utility personnel will receive additional training to ensure that it is completed on schedule.

Signature



Tommy McFarland
General Manager

BOARD MEMBERS

Heather Bay
Chair

Mark White
Co-Chair

Kendra Stafford
Board Member

Jack McCall
Board Member

Terry "Bubba" Gregory
Board Member

Sissie Parker Harper
Board Member

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Hartsville/Trousdale County Government.

HARTSVILLE/TROUSDALE COUNTY GOVERNMENT SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Hartsville/Trousdale County Government does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the board of metropolitan commissioners resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of the Hartsville/Trousdale County Government. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.