

Report on the

Greene County Commission

Greene County, Alabama

October 1, 2015 through September 30, 2018

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Department of Examiners of Public Accounts

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Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

An examination was conducted on the Greene County Commission, Greene County, Alabama, for the period October 1, 2015 through September 30, 2018. Under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results and findings of the examination.

Respectfully submitted,

Tranquil Shepherd
Examiner of Public Accounts

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Department of
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SUMMARY

**Greene County Commission
October 1, 2015 through September 30, 2018**

The Greene County Commission (the “Commission”) is governed by a five-member body elected by the citizens of Greene County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 1. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of Greene County.

The objectives of a traditional audit are to determine whether the financial statements present fairly the financial position and results of financial operations. It is a standard business and best practice for governments to reconcile, adjust and close financial accounts at the end of each accounting cycle and to prepare financial statements. Financial statements are used to communicate to management, citizens, investors, creditors and other stakeholders the resources received by the County, how those resources were used and what resources remain at the end of each reporting period. Financial statements are the core of financial reporting and are the principal means of communicating financial information to external users.

Several attempts were made to obtain year-end financial statements in order to perform a financial statement audit of the Commission’s activities and the results of its operations. However, the Commission has not prepared financial statements for at least three (3) fiscal years as indicated in Finding 2018-001. These fiscal years include the periods October 1, 2015 through September 30, 2016; October 1, 2016 through September 30, 2017; and October 1, 2017 through September 30, 2018. On March 10, 2020, the Commission requested that the Department perform a legal compliance examination of the Commission for the 2016, 2017 and 2018 fiscal years and indicated that they would prepare financial statements for the fiscal year ending September 30, 2019. Pursuant to this request, the Chief Examiner approved this plan on April 14, 2020, and we performed a legal compliance examination in lieu of traditional financial statement audits for the 2016, 2017 and 2018 fiscal years.

The Commission's failure to have traditional financial statement audits for the above referenced fiscal years may impact the Commission's credit rating and/or ability to borrow money in the future. Additionally, if the Commission expended more in federal awards than the thresholds established the audit requirements of Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* during any fiscal year, its failure to have the federal awards audited as required may result in the loss of future federal funding.

This report presents the results of an examination of the Commission and a review of compliance by the Commission with applicable laws and regulations of the State of Alabama in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12.

An instance of noncompliance with state and local laws and regulations and other matters was found during the examination as shown on the Schedule of State and Local Compliance and Other Findings and it is summarized below.

CURRENT FINDING

- ◆ 2018-001 relates to the Commission's failure to produce financial statements, including a Schedule of Expenditures of Federal Awards, for the fiscal years ended September 30, 2016, September 30, 2017, and September 30, 2018.

Commission members and administrative personnel, as reflected on Exhibit 1, were invited to discuss the results of this report at an exit conference. Individuals in attendance were: Commissioners: Tennyson Smith, Lester Brown, Corey Cockrell, and Allen Turner, Jr. Also, in attendance were representatives from the Department of Examiners of Public Accounts: Shelley Patrenos, Audit Manager; and Tranquil Shepherd, Examiner. The results of the report were discussed via teleconference with Commissioner Michael Williams and County Administrator, Paula Bird.

*Schedule of State and Local
Compliance and Other Findings*

Schedule of State and Local Compliance and Other Findings
For the Period October 1, 2015 through September 30, 2018

Ref. No.	Finding/Noncompliance
2018-001	<p><u>Finding:</u></p> <p>The Governmental Accounting Standards Board states that a governmental accounting system must make it possible: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions. Pursuant to the <i>Code of Alabama 1975</i>, Section 41-5A-21, the Chief Examiner of Public Accounts has prescribed the Alabama County Commission Finance Manual as the required accounting system for all County Commissions and as such, each county commission must have the ability to produce a complete set of financial statements in a timely manner. Additionally, any entity that expends more in federal awards than the thresholds established under OMB Circular A-133, <i>Audits of States, Local Governments, and Non-Profit Organizations</i> and/or the audit requirements of Title 2 U. S. <i>Code of Federal Regulations</i> Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)</i> during any fiscal year is required to report the federal expenditures on the Schedule of Expenditures of Federal Awards and to have a single audit conducted for that year. The Commission did not produce financial statements, including the Schedule of Expenditures of Federal Awards, for the 2016, 2017 and 2018 fiscal years covered by this examination period. As a result, a financial audit could not be conducted and a determination could not be made as to whether a federal single audit was necessary.</p> <p><u>Recommendation:</u></p> <p>The Commission should provide financial statements in a timely manner at the end of each fiscal year, determine the amount of federal expenditures for single audit purposes, and, if required, have a Single Audit conducted in accordance with applicable laws and regulations.</p>

Additional Information

Commission Members and Administrative Personnel
October 1, 2015 through September 30, 2018

Commission Members		Term Expires
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Hon. Tennyson Smith	Chairman	2018
Hon. Lester Brown	Member	2018
Hon. Corey Cockrell	Member	2018
Hon. Allen Turner, Jr.	Member	2018
Hon. Michael Williams	Member	2018

Administrative Personnel

Paula Bird	Administrator	Indefinite
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