AUDIT COMMITTEE AGENDA
Sumner County Administration Building
Conference Room #112
April 20, 2026
5:45 p.m.

MEMBERS
Jerry Becker, Commission
Todd Kerr, Financial Mgmt.
Mark Harrison, Highway
Matt Shoaf, Budget
Danny Sullivan, Education

I. CALL TO ORDER
   A. Invocation
   B. Election of Chairman
   C. Election of Vice Chairman
   D. Approval of Agenda
   E. Recognition of Public
   F. Approval of Minutes—May 7, 2025

II. REPORT OF THE COMMITTEE CHAIRMAN

III. REPORT OF THE COUNTY MAYOR

IV. REPORT OF THE FINANCE DIRECTOR
   A. Fiscal Year 2025 Summary of Auditor's Results

V. ADJOURNMENT

AUDIT COMMITTEE MINUTES

May 7, 2025

MEMBERS PRESENT
Jerry Becker, Chairman
Terri Boyt, Vice Chairman
Tim Jones
Matt Shoaf
OTHERS PRESENT
Eric Sitler
David Lawing
Jordae Lopez, Minute Taker

I. CALL TO ORDER by Commissioner Hyde at 5:59 pm in room 112 of the Sumner County Administration Building in Gallatin, TN
   A. Approval of Agenda- Motion by Commissioner Becker to approve, second by Commissioner Boyt, unanimous approval.
   B. Invocation- Led by Commissioner Hyde.
   C. Recognition of Public- None
   D. Approval of Minutes—July 29,2024- Motion by Commissioner Becker to approve, second by Commissioner Jones, unanimous approval.
   E. Election of Chairman- Commissioner Shoaf made a motion to elect Commissioner Becker, second by Commissioner Jones, unanimous approval.
   F. Election of Vice Chairman- Commissioner Shoaf made a motion to elect Commissioner Boyt, second by Commissioner Jones, unanimous approval.

II. REPORT OF THE COMMITTEE CHAIRMAN- None

III. REPORT OF THE COUNTY MAYOR- None

IV. REPORT OF THE FINANCE DIRECTOR
   A. Membership and Duties of the Audit Committee
      1. Resolution-Finance Director Lawing briefly discussed the resolution included in the packet.
      2. Statute- Finance Director Lawing briefly discussed the statute included in the packet.
   B. Fiscal Year 2024 Summary of Auditor's Results- Finance Director Lawing discussed the two audit findings this year. First, the accounting records for capital assets were not closed and available for audit by August 31, 2024. Second, is best practice as a recommendation for full consolidation. Commissioner Jones asked about the highway department's purchase orders and if there has been any progress made since the last recommendation surrounding this topic on consolidation. Finance Director Lawing spoke to this. The committee requested the minutes related to this topic from the prior audit committee meeting. Finance Director Lawing discussed the 1981 and 2012 Acts. Motion by Commissioner Shoaf for the finance department to develop a roadmap and a cost estimate for complete consolidation of all financial activities into the finance department, including the schools, by September 1st, second by Commissioner Jones. Commissioner Shoaf made an amendment to his motion to send this to the financial management committee, second by Commissioner Jones, unanimous approval.
   C. Discussion of Election Commission's Overages- Finance Director Lawing provided a handout and briefly spoke. Finance Director Lawing provided the attached election data and discussed the results in detail. Finance Director Lawing spoke to the committee in Administrator of Elections Atchley's absence. There was a lengthy discussion. Motion by Commissioner Hyde to call another audit committee meeting and invite a representative from the comptroller's office and the secretary of state to advise the commission on how to better massage the election commission's budget, second by Commissioner Jones, unanimous approval. Law Director Sitler stated he will invite the representatives. There was discussion about the cost of Administrator of Election Atchley's attorney. Finance Director Lawing stated there may need to be a statutory authorization for executing payment towards this cost before the county can pay it. The committee agreed to the Administrator of Elections Atchley to be present at the next budget committee meeting to explain the overages in her budget. Chairman Becker made a motion for this committee to request the budget committee to collaborate with Administrator of Elections Atchley to understand the overages, how she calculates early voting days, and any other questions they have related to these topics, second by Commissioner Shoaf, unanimous approval.
   D. Discussion of the 1981 Financial Management Act- Finance Director Lawing spoke to this. The committee discussed the 1981 Act previously being revoked and that it will require a two thirds majority vote to repeal. Law Director Sitler discussed the county's history regarding the Acts and provided his opinion.

V. ADJOURNMENT- Motion by Commissioner Shoaf to adjourn at 7:48pm.

SUMNER COUNTY, TENNESSEE
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2025

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 Sumner County, Tennessee, for the year ended June 30, 2025.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number		ALN	Current Status
OFFICE OF DIRECTOR OF FINANCE					
2024	244	2024-001	Accounting records for capital assets were not closed and available for audit by August 31, 2024.	N/A	Corrected

Prior-year Federal Awards Findings

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

SUMNER COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Sumner County 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:

   * Assistance Listing Number: 21.027 — COVID 19 - Coronavirus State and Local Fiscal Recovery Funds

   * Assistance Listing Number: 84.010 — Title I Grants to Local Educational Agencies

8. Dollar threshold used to distinguish between Type A and Type B Programs. **$1,114,019**

9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATED 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. A written response for the finding is paraphrased and presented following the finding and recommendation. 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.

OFFICES OF ASSESSOR OF PROPERTY AND DIRECTOR OF FINANCE

FINDING 2025-001 **IMPROPER ALLOCATION OF REAPPRAISAL COSTS**
(Noncompliance under *Government Auditing Standards*)

The Assessor of Property and Finance Director used all expenditures of the Assessor's Office, including those unrelated to reappraisal activities, when billing municipalities for their respective share of reappraisal costs. Section 67-5-1601, *Tennessee Code Annotated (TCA)* allows reappraisal costs for property within a city to be billed one-half to the city; however, reappraisal is not the sole responsibility of the office. Therefore, this practice may have resulted in cities being billed for costs not authorized as reimbursable by provisions of this statute.

RECOMMENDATION

Officials should revise the cost allocation process to ensure that only allowable reappraisal expenditures are included in the calculation. Financial records should be maintained to distinguish between reappraisal costs and other costs of the Assessor's Office.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with Assessor of Property John Hurt in respectfully dissenting from Audit Finding 2025-01.

I challenge the premise that the office improperly allocated costs in the reappraisal process. Given that neither the Comptroller's Office nor the Division of Property Assessments has defined a proper allocation methodology or issued formal guidance on this matter, I cannot accept the characterization of the current process as improper.

The absence of uniform administration across Tennessee's 95 counties further exacerbates this issue and underscores the need for a standardized policy developed under the guidance of the Comptroller's Office and, if necessary, the General Assembly.

The arbitrary application of a percentage reduction for municipalities fails to substantively address the question of proper cost allocation. I respectfully request that this finding be removed and that the Comptroller's Office and Division of Property Assessments assume a leadership role in establishing a municipal cost-share allocation methodology that is uniformly administered throughout the state.

MANAGEMENT'S RESPONSE – ASSESSOR OF PROPERTY

I respectfully disagree with Audit Finding 2025-001 and submit this response to formally state my objection and to document compliance under protest.

Tennessee Code Annotated § 67-5-1601 governs the allocation of local reappraisal costs in the absence of an agreement between a county and its municipalities. The statute expressly provides that such costs shall be paid one-half (1/2) by the county and one-half (1/2) by the municipality. The statute contains no language authorizing or directing the calculation of municipal reappraisal cost responsibility as a percentage of the Assessor of Property's fiscal budget. Accordingly, the audit's conclusion that the allocation method employed was improper is not supported by the plain language of the statute.

The finding further asserts that reappraisal is not the sole responsibility of the Assessor's office. That assertion is inconsistent with the statutory framework governing the office of the Assessor of Property. Reappraisal constitutes the central statutory function of the Assessor's office, and all duties performed by the office-including sales qualification, parcel mapping, identification and addition of new construction, and maintenance of the assessment rolls are undertaken in direct furtherance of the reappraisal process and the maintenance of equitable property values between reappraisal cycles.

Notwithstanding my disagreement with the audit finding, and expressly under protest, I have elected, for purposes of compliance only, to calculate the municipal reappraisal cost share using sixty percent (60%) of the Assessor's fiscal budget. This action is taken solely to avoid administrative disruption and shall not be construed as agreement with, acceptance of, or acquiescence to the audit's interpretation or methodology.

AUDITOR'S COMMENT

Assessors have existed in some form in Tennessee since at least the early 1800s. Their roles and responsibilities have evolved over time, but their core functions of identifying assessable property, tracking ownership, and making an assessment on such property existed long before the concept of mandatory reappraisal began around 1980. Based on this fact alone, it's clear that certain functions must be performed regardless of whether properties are periodically revalued at current market value (reappraised). There are many duties and functions within an assessor's office that are not directly related to the periodic reappraisal of real property. Furthermore, most counties in Tennessee do indeed account for operations of the Assessor's Office and Reappraisal program separate on the accounting records. Therefore, management should maintain accounting and payroll records which separate reappraisal expenditures from the other expenditures of the assessor's office.

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, 2025.

SUMNER COUNTY, TENNESSEE
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2025

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
OFFICE OF ASSESSOR OF PROPERTY		
2025-001	Improper allocation of reappraisal costs.	254

SUMNER COUNTY
ASSESSOR OF PROPERTY

John M. Hurt
Assessor

355 N. Belvedere Dr. Room 206
Gallatin, Tennessee 37066
Phone (615) 452-2412

February 5, 2026

Corrective Action Plan

FINDING: 2025-001 IMPROPER ALLOCATION OF REAPPRAISAL COSTS

Response and Corrective Action Plan Prepared by:
John M. Hurt, Assessor of Property

Person Responsible for Implementing the Corrective Action:
John M. Hurt, Assessor of Property

Anticipated Completion Date of Corrective Action:
FY2026

Repeat Finding:
No

Reason Corrective Action was Not Taken in the Prior Year:
Not applicable

Planned Corrective Action:
Calculate the municipal cost share of reappraisal costs using 60% of the Assessor's fiscal budget.

Signature: John M. Hurt

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 Sumner County.

SUMNER COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING COVERING ALL COUNTY DEPARTMENTS

Sumner County operates under the provisions of Chapter 70, Private Acts of 2012, and Chapter 8, Private Acts of 2019, which provide for all funds under the supervision of the county mayor and superintendent of roads to be centralized. However, these provisions do not require the funds under the supervision of the school department to be centralized. Sound business practices dictate that establishing a central system for all county departments would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing covering all departments has been a management decision by the county commission 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 covering all departments is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Sumner County. Therefore, we recommend that the county commission consider amending their existing private act to require a central system of accounting, budgeting, and purchasing covering all county departments.