

TENNESSEE STATE SCHOOL BOND AUTHORITY
AUDIT COMMITTEE MEETING AGENDA
May 31, 2023 - 2:05 PM

1. Call Meeting to Order
2. Approval of Minutes from June 15, 2022
3. Review and Approval of Management's Risk Assessment as of 12/31/2022
 - Thad DelConte - Internal Audit Director, Finance and Administration
4. Review of FY22 Audit Results
 - Michael Campbell - Audit Manager, Division of State Audit
5. Opportunity for Public Comment
6. Other Business
7. Adjourn

TENNESSEE STATE SCHOOL BOND AUTHORITY
Audit Committee Meeting Minutes
June 15, 2022

The Tennessee State School Bond Authority (TSSBA) Audit Committee was scheduled to meet at 10:50am CDT Tuesday, June 15, 2022 in the Executive Conference Room at the State Capitol in Nashville, Tennessee.

The following members were physically present:

Commissioner Jim Bryson, Chairman, Department of Finance & Administration
Dick Tracy, Designee for Dr. Flora Tydings, Chancellor, Tennessee Board of Regents
Honorable Tre Hargett, Secretary of State
David Miller, Designee for Randy Boyd, President, University of Tennessee

Recognizing a quorum physically present, Chairman Bryson called the meeting to order at 11:28am.

Chairman Bryson presented the minutes from the prior audit committee meeting conducted on June 15, 2021 for approval. A motion to approve was made by Secretary Hargett and seconded by Dick Tracy. No comments or corrections were raised. A voice vote was taken, and the motion passed unanimously.

Chairman Bryson moved to the next agenda item, review and approval of management's risk assessment.

Chairman Bryson asked Thad DelConte, Director of Internal Audit, Finance and Administration and TSSBA Audit Committee Secretary, to present the assessment to the Committee. Mr. DelConte stated that the risk assessment included in the members' packets is for the entire Division of State Government Finance (SGF), which includes many risks and controls specifically related to the TSSBA. The format used is the one recommended in guidance issued by F&A and the Comptroller's Office. The assessment appears thorough and complete, all control activities were tested and found to be operating effectively. Also included are comments describing their testing approach for each control activity. Ms. Sandi Thompson added that SGF conducted testing of the intercept of the appropriations for the Higher Educational Facilities Program and the intercept of the state shared taxes for the Qualified School Construction Bond Program, and that both went well. Chairman Bryson then asked for a motion to approve, which was provided by Secretary Hargett, and a second, provided by Mr. Tracy, and then opened the floor for questions. There being no questions or discussion, a voice vote was taken, and the motion passed unanimously.

Chairman Bryson then asked Thad DelConte to read a statement provided by Michael Campbell, Legislative Audit Manager, Comptroller of the Treasury to update the committee on recent audit results. Mr. Campbell's statement informed the committee that an unmodified opinion was issued for the TSSBA audit, which means the financial statements were found to be presented fairly in all material respects and in accordance with GAAP. No findings were noted during the audit. Mr. DelConte added that this is the 19th consecutive year with a zero finding audit report for the TSSBA. Chairman Bryson congratulated Ms. Thompson, noted that no action was required for this agenda item but asked the Committee if there were any questions about the audit report. Hearing none he proceeded to the next agenda item.

Chairman Bryson then provided an opportunity for public comment, hearing none he asked if there was any other business to be brought before the committee. Hearing none, he requested a motion to adjourn, which was provided by Secretary Hargett and seconded by Mr. Tracy. A voice vote was taken and the motion passed unanimously. Meeting adjourned at 11:32am.

Approved on this ____ day of _____, 2022.

Respectfully submitted,

Thad DelConte, TSSBA Secretary



FINANCIAL AND COMPLIANCE AUDIT REPORT

Tennessee State School Bond Authority

For the Year Ended June 30, 2022

Jason E. Mumpower
Comptroller of the Treasury



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JASON E. MUMPOWER
Comptroller

December 14, 2022

The Honorable Bill Lee, Governor
Members of the General Assembly
Members of the Tennessee State School Bond Authority

Ladies and Gentlemen:

Transmitted herewith is the financial and compliance audit of the Tennessee State School Bond Authority for the year ended June 30, 2022. You will note from the independent auditor's report that an unmodified opinion was given on the fairness of the presentation of the financial statements.

Consideration of internal control over financial reporting and tests of compliance resulted in no audit findings.

Sincerely,

A handwritten signature in blue ink that reads "Katherine J. Stickel".

Katherine J. Stickel, CPA, CGFM, Director
Division of State Audit

23/007

Audit Report
Tennessee State School Bond Authority
For the Year Ended June 30, 2022

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State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit

Tennessee State School Bond Authority

For the Year Ended June 30, 2022

Opinion on the Financial Statements

The opinion on the financial statements is unmodified.

Audit Findings

The audit report contains no findings.



JASON E. MUMPOWER
Comptroller

Independent Auditor's Report

The Honorable Bill Lee, Governor
Members of the General Assembly
Members of the Tennessee State School Bond Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Tennessee State School Bond Authority, a component unit of the State of Tennessee, as of and for the years ended June 30, 2022, and June 30, 2021, and the related notes to the financial statements, which collectively comprise the Tennessee State School Bond Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tennessee State School Bond Authority as of June 30, 2022, and June 30, 2021, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Tennessee State School Bond Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Tennessee statutes, in addition to audit responsibilities, entrust certain other responsibilities to the Comptroller of the Treasury. Those responsibilities include serving as a member of the board of directors of Tennessee State School Bond Authority. We do not believe that the Comptroller's service in this capacity affected our ability to conduct an independent audit of the Tennessee State School Bond Authority.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tennessee State School Bond Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tennessee State School Bond Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tennessee State School Bond Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 13 be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Tennessee State School Bond Authority's basic financial statements. The accompanying financial information on pages 28 through 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022, on our consideration of the Tennessee State School Bond Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to

describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tennessee State School Bond Authority's internal control over financial reporting and compliance.



Katherine J. Stickel, CPA, CGFM, Director
Division of State Audit
December 7, 2022