

TENNESSEE STATE SCHOOL BOND AUTHORITY
AUDIT COMMITTEE MEETING AGENDA
July 22, 2024 - 3:15 PM

1. Call Meeting to Order
2. Approval of Minutes from May 31, 2023
3. Review and Approval of Management's Risk Assessment as of 12/31/2023
 - Thad DelConte - Internal Audit Director, Finance and Administration
4. Review of FY23 Audit Results
 - Tabitha Furlong - 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
May 31, 2023

The Tennessee State School Bond Authority (TSSBA) Audit Committee was scheduled to meet at 2:10pm CDT Wednesday, May 31, 2023 in the Volunteer Conference Center at the Cordell Hull Building in Nashville, Tennessee.

The following members were physically present:

Commissioner Jim Bryson, Chairman, Department of Finance & Administration
Angela Scott, Designee for Dr. Flora Tydings, Chancellor, Tennessee Board of Regents
Honorable Tre Hargett, Secretary of State

The following member was absent:

David Miller, Designee for Randy Boyd, President, University of Tennessee

Recognizing a quorum physically present, Chairman Bryson called the meeting to order at 2:14pm.

Chairman Bryson presented the minutes from the prior audit committee meeting, conducted on June 15, 2022, for approval. A motion to approve was made by Secretary Hargett and seconded by Angela Scott. No questions or comments 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 used the preferred template developed by the Comptroller's Office and the Department of Finance and Administration and captures risks and controls for the entire Division of State Government Finance (SGF), which includes many risks and controls specifically related to the TSSBA. The assessment was found to be well documented, thorough, all control activities were tested and found to be operating effectively. Chairman Bryson then asked for a motion to approve, which was provided by Secretary Hargett, and a second, provided by Angela Scott, 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 Michael Campbell, Legislative Audit Manager, Comptroller of the Treasury to update the committee on recent audit results. Mr. Campbell stated that the financial and compliance audit for the TSSBA for the year ended 06/30/2022 resulted in no audit findings and was issued with an unmodified opinion, which is the preferred audit opinion. This means the financial statements were found to be presented fairly in all material respects and in accordance with GAAP. Chairman Bryson added that this is the 20th consecutive year with a zero finding audit report for the TSSBA. Chairman Bryson congratulated Ms. Thompson and State Government Finance on another clean audit as well as receiving the GFOA Certificate of Achievement for Excellence in Financial Reporting. He then 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 asked Sandi Thompson, Director of the Division of State Government Finance, if she would like to make any comments regarding the audit report. Ms. Thompson expressed her appreciation to her entire staff for their hard work that led to another clean audit report.

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 Angela Scott. A voice vote was taken, and the motion passed unanimously. Meeting adjourned at 2:20pm.

Approved on this ____ day of _____, 2024.

Respectfully submitted,
Thad DelConte, TSSBA Secretary



FINANCIAL AND COMPLIANCE AUDIT REPORT

Tennessee State School Bond Authority

For the Year Ended June 30, 2023

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF STATE AUDIT

Katherine J. Stickel, CPA, CGFM, *Director*

State Agency Audits

Robyn R. Probus, CPA, CFE, CGFM
Assistant Director

Tabitha Furlong, CPA, CFE
Audit Manager

Cleve Austin Birdwell, CPA
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Erica Marche, CFE
Senior Auditor

Natalie Massengale, CPA
Khushi J. Patel
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JASON E. MUMPOWER
Comptroller

January 4, 2024

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

Ladies and Gentlemen:

Transmitted herewith are the results of the financial and compliance audit of the Tennessee State School Bond Authority for the year ended June 30, 2023.

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

24/010

Audit Report
Tennessee State School Bond Authority
For the Year Ended June 30, 2023

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TENNESSEE STATE SCHOOL BOND AUTHORITY

AUDIT HIGHLIGHTS

Opinions on the Financial Statements

The opinions on the financial statements are unmodified. Our independent auditor's report on the financial statements for the year ended June 30, 2023, is included with the financial statements published on the Comptroller of the Treasury's website as part of the *Tennessee State School Bond Authority Annual Comprehensive Financial Report*, available at https://comptroller.tn.gov/content/dam/cot/tssba/advanced-search/2023TSSBA_ACFR.pdf.

Audit Findings

The audit report contains no findings.

Prior Audit Findings

There were no findings in the prior audit report.



JASON E. MUMPOWER
Comptroller

**Independent Auditor’s Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

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

We have audited the financial statements of the Tennessee State School Bond Authority, a component unit of the State of Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Tennessee State School Bond Authority’s basic financial statements, and have issued our report thereon dated December 12, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tennessee State School Bond Authority’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tennessee State School Bond Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Tennessee State School Bond Authority’s internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tennessee State School Bond Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts (including the bond resolutions), noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Katherine J. Stickel, CPA, CGFM, Director
Division of State Audit
December 12, 2023



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, 2023, and June 30, 2022, 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, 2023, and June 30, 2022, 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 for 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 Responsibility 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 the 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; and

- 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 listed in the accompanying table of contents 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 audit was 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 supplementary schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are 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 Information

Management is responsible for the other information included in the *Tennessee State School Bond Authority Annual Comprehensive Financial Report*. The other information comprises the introductory section and the statistical section listed in the accompanying table of contents but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, 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 12, 2023



Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, Illinois 60601-1210
312.977.9700 fax: 312.977.4806

6/13/2024

Sandra Thompson
Assistant Secretary
Tennessee State School Bond Authority

Dear Sandra:

Congratulations!

We are pleased to notify you that your annual comprehensive financial report for the fiscal year ended June 30, 2023 has met the requirements to be awarded GFOA's Certificate of Achievement for Excellence in Financial Reporting. The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (Certificate Program) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare annual comprehensive financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. Congratulations, again, for having satisfied the high standards of the program.

Your electronic award packet contains the following:

- **A "Summary of Grading" form and a confidential list of comments and suggestions for possible improvements.** We strongly encourage you to implement the recommended improvements in your next report. Certificate of Achievement Program policy requires that written responses to these comments and suggestions for improvement be included with your 2024 fiscal year end submission. If a comment is unclear or there appears to be a discrepancy, please contact the Technical Services Center at (312) 977-9700 and ask to speak with a Certificate of Achievement Program in-house reviewer.
- **Certificate of Achievement.** A Certificate of Achievement is valid for a period of one year. A current holder of a Certificate of Achievement may reproduce the Certificate in its immediately subsequent annual comprehensive financial report. Please refer to the instructions for reproducing your Certificate in your next report.
- **Award of Financial Reporting Achievement.** When GFOA awards a government the Certificate of Achievement for Excellence in Financial Reporting, we also present an Award of Financial Reporting Achievement (AFRA) to the department identified in the application as primarily responsible for achievement of the Certificate.
- **Sample press release.** Attaining this award is a significant accomplishment. Attached is a sample news release that you may use to give appropriate publicity to this notable achievement.

In addition, award recipients will receive via mail either a plaque (if first-time recipients or if the government has received the Certificate ten times since it received its last plaque) or a brass medallion to affix to the plaque (if the government currently has a plaque with space to affix the medallion). Plaques and medallions will be mailed separately.

As an award-winning government, we would like to invite one or more appropriate members of the team that put together your annual comprehensive financial report to apply to join the Special Review Committee. As members of the Special Review Committee, peer reviewers get exposure to a variety of reports from around the country; gain insight into how to improve their own reports; achieve professional recognition; and provide valuable input that helps other local governments improve their reports. Please see our website for [eligibility requirements](#) and [information on completing an application](#).

Thank you for participating in and supporting the Certificate of Achievement Program. If we may be of any further assistance, please contact the Technical Services Center at (312) 977-9700.

Sincerely,

A handwritten signature in black ink that reads "Michele Mark Levine". The signature is written in a cursive style with a large initial "M".

Michele Mark Levine
Director, Technical Services



Government Finance Officers Association

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Presented to

Tennessee State School Bond Authority

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO



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June 30, 2022

Christopher P. Morrill

Executive Director/CEO