



November 23, 2024

Annual Audits

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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Annual Audits

Reference Number: CTAS-1773

Probably one of the most important of all documents that will help formulate a Debt Management Plan is the audit. The annual financial audit includes information about the county that is statistical in nature, expresses an opinion of the county finances, and, to a certain degree, how they are managed. The audit includes much information, but specifically county officials should review:

- Audit Highlights - summarizes the scope of the audit, results and any findings related to the financial operations. Below is an example.

<div style="border: 1px solid black; padding: 10px; margin: 0 auto; width: 80%;"> <p><i>Audit Highlights</i> Annual Financial Report Sample County, Tennessee For the Year Ended June 30, 20____</p> </div> <p style="text-align: center; margin-top: 20px;"><i>Scope</i></p> <p>We have audited the basic financial statements of Sample County as of and for the year ended June 30, 20____.</p> <p style="text-align: center; margin-top: 20px;"><i>Results</i></p> <p>Our report on Sample County's financial statements is unqualified. Our audit resulted in no findings.</p>

- The Opinion Letter/Independent Auditors Report - this letter explains the work performed in the audit, whether the county complied with generally accepted accounting standards or exception to those standards.
- A Management's Discussion and Analysis Letter (if the county is complying with GASB 34) - the letter may specifically address issues related to Capital Asset and Debt Administration.
- Statement of Net Assets (if the county is complying with GASB 34) - addresses some debt issues.
- Statement of Activities (if the county is complying with GASB 34) - addresses some debt issues.
- Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets (if the county is complying with GASB34) - addresses some debt issues.
- Notes to the Financial Statements - a written section that addresses significant accounting policies and, specifically, notes information about Capital Assets, Long-term Obligations, and Long-term Debt, and Net Assets.
- Miscellaneous Schedules - schedules that include the following:
 - Changes in Long-term Notes, Other Loans and Bonds.
 - Schedule of Bond and Interest Requirements by Year.
- Further exhibits in the audit that reflect the status of the Debt Service Funds.

The most recent audits of your county can be located on the Comptroller of Tennessee's Web site, under the Division of Local Government Audit.

Recommended Practice: Become familiar with your county's audit and financial management

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