



STATE OF TENNESSEE

Justin P. Wilson

COMPTROLLER OF THE TREASURY

Comptroller

STATE CAPITOL

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March 30, 2011

The Honorable Ron Ramsey, Speaker of the Senate
The Honorable Beth Harwell, Speaker of the House of Representatives
and
Members of the General Assembly

Ladies and Gentlemen:

It is with pleasure and a great amount of pride that I write this letter to commend the Division of County Audit for an outstanding accomplishment.

As you know, the Division of County Audit is given the responsibility under state statutes for auditing county governments in Tennessee on an annual basis. The financial statements presented in each audit must comply with complex accounting standards issued by the Governmental Accounting Standards Board. Each audit must be conducted in accordance with professional auditing standards issued by the AICPA, the Comptroller General of the United States, and auditing standards as published in U.S. Office of Management and Budget (*OMB Circular A-133*). Each audit must present an opinion on the fairness of the financial statements, a report on internal controls, and a report on compliance with major federal program requirements. All audits met these strict standards.

If this sounds like a daunting task, it is. There are changes to these increasingly complex standards every year. Performing an audit of each county under all these standards is similar to putting together a jigsaw puzzle. Only the pieces are constantly changing. Consider these facts. No two counties are alike. Each county has different accounting procedures and funds. Most counties do not operate under any type of centralized accounting, budgeting, or purchasing procedures. In addition, most local officials and their staffs have limited training in government accounting standards. Even under the best of circumstances, performing audits of county governments is challenging work. Auditing requires technical knowledge, skill, and experience. Add to this mix the budget situation at the state and local level over the last two years, an increased number of fraud investigations, and the additional audit requirements under the American Recovery and Reinvestment Act (e.g. 150 new major programs, \$250 Million in Race-to-the-Top Funds), and then you begin to understand why I am so proud to make the following announcement.

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The financial and compliance audits of all 95 counties for the year ended June 30, 2010 were completed and released prior to March 31, 2011 as required by OMB *Circular A-133*. This includes 89 counties audited by the Division of County Audit and 6 counties audited by public accounting firms. This has not been accomplished in many years.

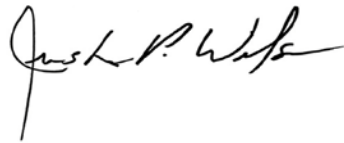
The Division was able to achieve this through the hard work and personal sacrifices of our talented and loyal staff, excellent cooperation from county officials and the efforts of the public accounting firms.

I might add, the challenge was met by a staff that has not increased in numbers despite the tremendous demands placed on their time.

The Comptroller's Office has been auditing county governments for many years. Throughout the years, the one source of consistency in financial accounting and reporting for county governments in Tennessee has been the Comptroller's Office and the Division of County Audit. When county governments and even external accountants seek expert advice on accounting and auditing matters, they most often turn to the Division of County Audit. The Division has developed that kind of respect the old fashion way. They earned it.

Please join with me in thanking and congratulating the entire staff of the Division of County Audit. This is truly an accomplishment.

Respectfully,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the end.

Justin P. Wilson
Comptroller of the Treasury