

Tennessee Oversight of Local Governments

Sandi Thompson and Sheila Reed
Office of State and Local Finance

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TENNESSEE COMPTROLLER OF THE TREASURY

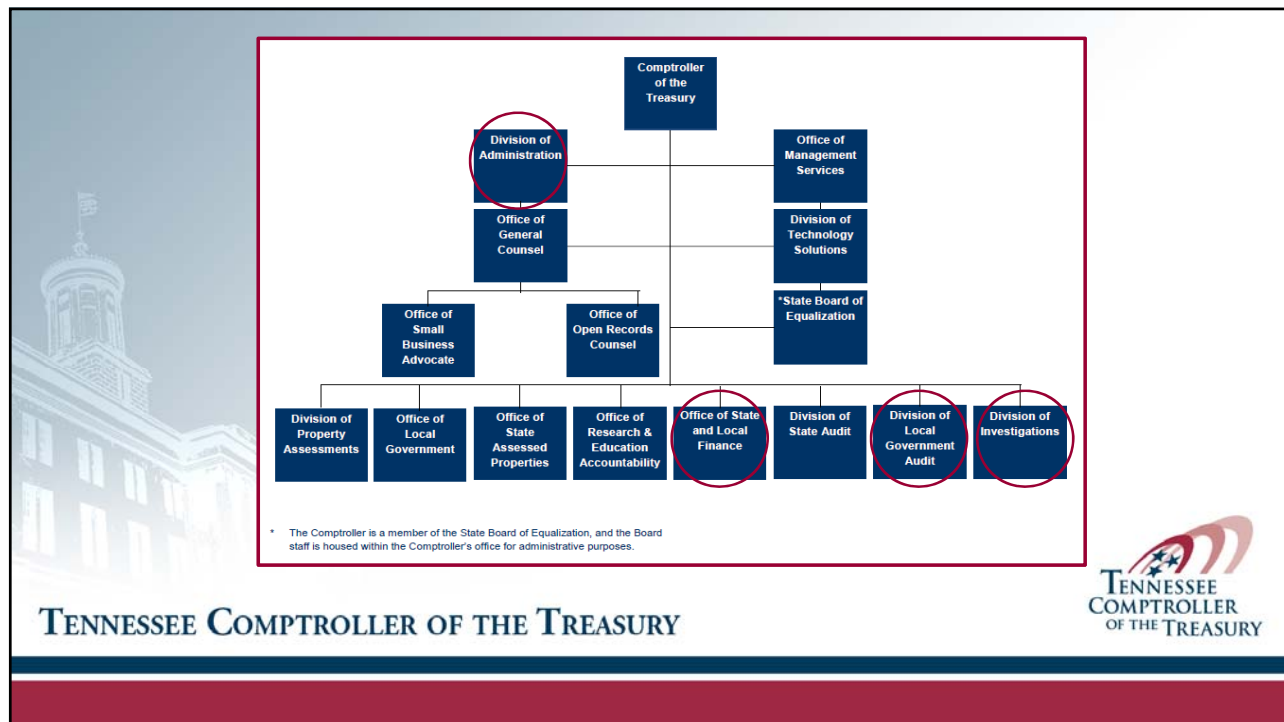


Tennessee Comptroller of the Treasury

- The Comptroller of the Treasury is one of three Constitutional Officers elected by the General Assembly for a term of two years.
- The state Comptroller's Office is made up of 11 divisions, each overseeing various and unique functions related to **making government work better**.
- Our office is led by Comptroller Justin P. Wilson and Deputy Comptroller Jason Mumpower.

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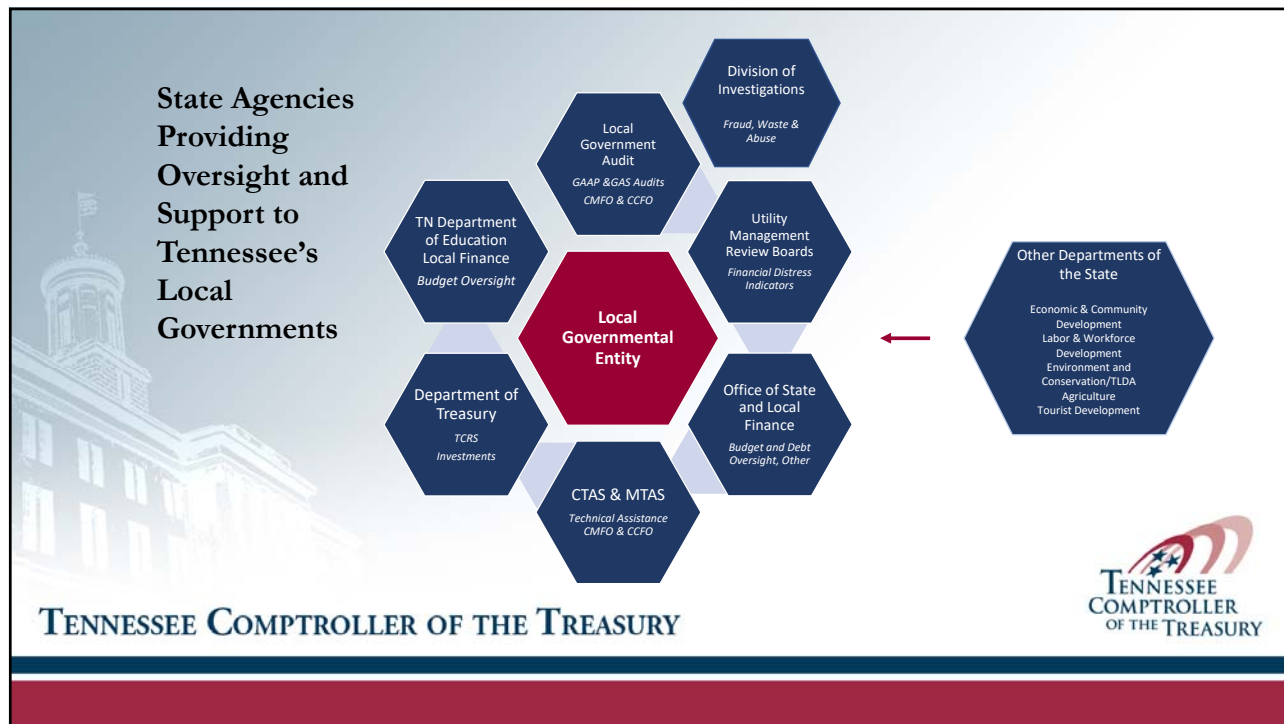


Tennessee's Institutional Framework for Local Governments "Tool Kit"

- Budget Oversight
- Debt Oversight
- Audits and Financial Reporting
- Training and Certifications
- Fraud, Waste and Abuse
- Fiscal Distress
- Pensions and OPEB
- Investments and Deposits
- Feasibility Plans
- Technical Assistance
- Broad Statutory Authority to Raise Taxes

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Comptroller of the Treasury Division of Local Government Audit

- GAAP Reporting and GAS Audits
- Certified Municipal Finance Officer Certification (CMFO)
- Certified County Finance Officer Certification (CCFO)
- Uniform Chart of Accounts
- Internal Control Manual
- Financial Distress Indicators for County Governments

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Financial Distress Indicators

- COT Division Local Government Audit
- Tiered approach
- Fund level and Government-wide level
- Starting with County governments
 - Uniform chart of accounts
 - General Fund, General Debt Service Fund, Highway Fund, and General Purpose School Fund

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Financial Distress Indicators

- Planned Indicators
 - Current Ratio – ability to meet short-term obligations
 - How dependent a fund is dependent upon other governments
 - Can the General Fund pay its long-term obligations?
 - Are we adding to or using fund balance (revenue over expenditures)
 - Did the General Fund exceed its budget appropriations

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Financial Distress Indicators

- Trend Analyses – These will not be used as official indicators, but rather will be provided for analytical purposes to help local governments
 - Does the local government have too much debt? Debt for all counties compared to assessed value of property
 - Cash balance trend and fund balance trend
 - Per capita information for debt, revenue, expenditures

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Comptroller of the Treasury Division of Investigations

- Early fraud detection helps mitigate fiscal distress caused by misappropriation of public funds.
- The division has a toll-free hotline and online reporting form for reporting fraud, waste and abuse of public funds.
- Investigative reports are published on the Comptroller's website.
- Local officials are required to report unlawful conduct (i.e., theft, forgery, credit card fraud, or any other act of unlawful taking, waste, or abuse) to the state Comptroller.

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Comptroller of the Treasury Utility Management Review Boards

- Water and Wastewater Financing Board
- Utility Management Review Board
- Mandated training for all board members of utility districts; and municipalities, counties, and treatment authorities that oversee a water and/or wastewater system.
- Statutory definition of financial distress
 - Decrease in net position for two consecutive years
 - Deficit net position
 - Defaulted Debt
 - Water Loss

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Comptroller of the Treasury Office of State and Local Finance

- Budgets
- Debt
- Debt Management Policies
- Investments
- **Corrective Action Plans**
- Pension and OPEB
- Funding Policies for Non-TCRS Defined Benefit
- Pension Plans
- OPEB Trust Agreements
- Certificate of Public Purpose and Necessity (CPPN)
- Review of Feasibility Plans
- Fiscal Distress
- **Funding Bonds**

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What prompts a Corrective Action Plan?

- Deficit fund balances
- Improper interfund balances
- Improper use of restricted monies
- Continued use of TRANs
- Negative or low cash balances
- Other

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Funding Bonds


- Jellico
- Houston County

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