



STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF LOCAL GOVERNMENT AUDIT

Last Revised: November 2013

## Separately Issued Fund Financial Statements

The following areas address questions received by our office related to a separate audit engagement for a fund or funds of a local government.

### 1. What financial statements should be presented?

GASB standards do not specifically address financial statement presentation for separately issued fund financial statements; however, Chapter 14 of the AICPA Audit and Accounting Guide: *State and Local Governments*, provides the following guidance:

Financial statements for one or more individual funds are intended to represent the specific fund(s) and not the overall government, and the financial statements normally follow the requirements established for fund financial statements and do not include government-wide financial statements. (14.87)

### 2. Should the financial report include MD&A?

In addition to GAAP fund financial statements, applicable note disclosures, MD&A topics, and other RSI topics should be included (AICPA Audit and Accounting Guide: *State and Local Governments*, Section 14.87).

### 3. How does this impact the auditor's opinion letter?

Chapter 14 of AICPA Audit and Accounting Guide: *State and Local Governments*, addresses the different issues related to the audit scope, opinion unit(s), and the independent auditor's report for fund financial statements (14.87 through 14.90).

#### Note:

Should the GASB or AICPA issue additional guidance in the future, that guidance will prevail.

### Additional Audit and Reporting Issues:

#### *Tennessee Comptroller's Audit Manual:*

The auditor should ensure the auditee has included applicable supplemental schedules as outlined in the *Audit Manual*.

#### *Uniform Contract to Audit Accounts:*

When contracting for an audit of fund(s) financial statements through the Comptroller's Contract and Report System (CARS), language that the audit scope is limited to a fund or funds should be included in the contract.

### Additional Questions

#### *General Contact Information:*

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