



A Report to the Citizens of Tennessee

Mission statement

The mission of the Comptroller's Office is to improve the quality of life for all Tennesseans by making government work better.

Core values

• Honesty and Integrity • Accuracy and Reliability • Accountability

Role of the Comptroller

The position of Comptroller of the Treasury is established by the State Constitution. The Comptroller is elected for a two-year term by the General Assembly. The duties of the Comptroller, assigned by statute, focus on financial and administrative management and oversight of state government and the audit of state and local government entities.

The Comptroller's Office is made up of 11 divisions. The divisions of State Audit, County Audit and Municipal Audit comprise the Department of Audit and are responsible for the audit of the state government and local governments. The oversight of the administration of the state's property appraisal and assessment system is the responsibility of the Division of Property Assessments and the administration of appraisal and assessment systems for public utilities and transportation properties is the responsibility of the Office of State Assessed Properties while the State Board of Equalization handles all property appraisal and assessment appeals. The Office of Local Government develops and provides GIS technology assistance to all levels of government. The Office of State and Local Finance is responsible for the management of the state's debt and provides assistance and oversight to local governments on debt obligations and budgets. The Office of Research and Education Accountability provides objective, independent research for the Comptroller and the General Assembly and monitors the performance of Tennessee's elementary and secondary school systems. The Office of Management Services provides administrative and support services to the office. The Division of Administration provides direction, coordination and supervision to the office.

Over the years, the General Assembly has expanded the Comptroller's duties by directing the office to serve as a member on more than 35 committees, boards and commissions. These positions give the Comptroller considerable knowledge and oversight of state government.



What's Inside

- Office Overview
- Accomplishments
- Financials
- Future challenges

Number of employee certifications

	FY 2010	FY 2011
Certified Fraud Examiners	114	116
Certified Public Accountants	97	97
Certified Govt. Financial Managers	80	78
Tennessee Master Assessors	25	36
Tennessee Certified Assessors	40	37
Certified Assessment Evaluators	14	11
Certified Professional Secretaries	13	15
Residential Evaluation Specialists	15	12
Certified Information System Auditors	7	14
Others	20	17
Total certifications	425	433

Comptroller employees have earned a wide range of certifications and are members of numerous professional organizations. Comptroller employees are valued for their knowledge and experience.

Strategic planning

The strategic plan for the Comptroller's Office is based on the following strategic goals:

Goal 1: Assure public resources are used effectively, efficiently and in compliance with applicable law.

Goal 2: Accomplish and provide continuous improvement for the statutory and other assigned responsibilities of the Comptroller's Office.

Goal 3: Provide timely, adequate and accurate information to decision makers at all government levels.

Goal 4: Provide a diverse, competent, ethical and professional staff, and maintain continual development of such staff.

Goal 5: Provide and maintain effective communication with internal and external audiences.

Our accomplishments

Since 1983, the Comptroller's Office has provided a toll-free hotline for reporting fraud, waste and abuse of government funds and property. Calls to the hotline are generally allegations of abuse or fraud as well as requests for assistance or information. The substantive calls are investigated by the Department of Audit and referred to the appropriate state agency or program for further investigation.

Division of State Audit

The Division of State Audit conducts financial and compliance and performance audits, investigations, and performs special studies to provide the General Assembly, the Governor, and the citizens of Tennessee with objective information about the state's financial condition and performance of the state's many agencies and programs. This division thus aids the legislature in ensuring that state government is accountable to the citizens of Tennessee. In fulfilling this audit function, the division issued 63 reports during the year ended June 30, 2011. An additional 87 audits and special investigations were in progress as of June 30, 2011.

One of the American Recovery and Reinvestment Act (ARRA) audits conducted was the review of the Federal Weatherization Program, assistance for low-income persons. The audit found a total amount of \$93,913 in questionable costs.

Division of County Audit

The Division of County Audit is responsible for performing audits of Tennessee county governments as part of the powers and duties of the Department of Audit pursuant to provisions of Tennessee Code Annotated, Section 4-3-304. During the fiscal year-ended 2011, County Audit released 93 audit reports and 10 investigative reports. There were 70 fraud reporting forms received. Funds associated with fraud were \$524,828.

All 89 Tennessee counties audited by County Audit and six counties audited by public accounting firms met the reporting requirements for GASB 54, which was in effect for the year ended June 30, 2011.

Division of Municipal Audit

The Division of Municipal Audit is responsible for the audits of all cities, towns, utility districts, housing authorities, certain quasi-governmental entities, school activity funds and non-centralized cafeterias and certain non-profit organizations that receive grants from the state. Because of the large number of these audits, they are performed by public accounting firms under contract with the division.

The Division's staff also investigates and reports allegations of misconduct, fraud or waste in local governments. When necessary, division personnel perform audits of local-selected non-profit agencies and internal control reviews of certain school systems and utility district operations. For the 12-month period ended June 30, 2011, fraud, waste and abuse totals were as follows: Fraud -- \$608,898, Waste and Abuse -- \$49,095 Total -- \$657,993.

Office of Open Records Counsel

The Office of Open Records Counsel serves as the contact for concerns on access to local government public records under the Tennessee Public Records Act (Tenn. Code Ann. Sections 10-7-501 et seq.). This office provides information to public officials and the public regarding public records; collects data on open meetings, law inquiries and problems; provides educational outreach on open records laws and open meeting laws; issues informal advisory opinions on open records issues; informally mediates and assists with the resolution of issues concerning records working in conjunction with the Advisory Committee on Open Government. From July 1, 2010 to June 30, 2011, the Office of Open Records Counsel received 1,248 inquiries.

Debt Policy Requirements

The State Funding Board agreed to require all local governments in Tennessee to adopt debt management policies by December 31, 2011. State Funding Board members also agreed that those policies should include some minimum standards, developed by the Comptroller's Office, intended to increase transparency of debt transactions and decrease potential conflicts of interests.

Offices of Research and Education Accountability (OREA)

The National Legislative Program Evaluation Society has recognized the significant impact (dollar savings, program improvements, or increased legislation awareness) of select OREA reports for eight of the past nine years. Recent legislative briefs include *Scopes of Work: How Select Districts Are Using Race to the Top Funds*, *Teacher Professional Development in Tennessee*, *Evaluation of Tennessee's High School Uniform Grading Policy*, and *National Board for Professional Teaching Standards*.

Property Assessments

The Division of Property Assessments is responsible for assisting local governments in assessment of property for tax purposes throughout the state, monitoring the Statewide Reassessment Program, conducting the Statewide Biennial Appraisal Ratio Study, coordinating the State Computer Assisted Appraisal System and tax billing materials produced from it and coordinating Defense of Value Appeals at the state level. Under the direction of the State Board of Equalization, this division conducts the Assessor Training Program and prepares assessment guidelines and manuals. The division also administers the Tax Freeze Program, which freezes the property taxes of qualifying taxpayers 65 years and older in counties and cities participating in the program, and the Property Tax Relief Program.

Office of Management Services

The Office of Management Services provides administrative and support services to 11 divisions and 530 employees of the Comptroller's office in areas of accounting, budgeting, personnel and information systems. The Comptroller's Procurement Oversight section reviewed over 3,100 contracts and procurement documents (representing over \$14.4 billion).

The Information Technology section developed new technology to provide electronic financial reporting more efficiently and assisted the Tax Relief section in creating an online training video to save training costs.

Office of Local Government (OLG)

In preparation for local redistricting, OLG developed a Geographic Information System (GIS) software application local officials can use for redistricting. Developed internally, the software saved a significant taxpayer dollars and provided local officials with cutting edge technology to fulfill redistricting responsibilities in an efficient manner.

Comptroller service statistics:	FY	FY
	2010	2011
Long term debt outstanding (billions)	\$1.618	\$1.675
Value of centrally assessed properties (billions)	\$15.1	\$15.45
Tax relief issued for qualified homeowners (millions)	\$21.7	\$24.1
Property tax billing documents provided (millions)	2.2	2.1
Department of Audit reports released	194	156
Department of Audit investigative audits released	25	43
Waste and abuse hotline calls	387	466
Research and Education Accountability reports issued	18	15
Inquiries answered by the Open Records Counsel	--	1,248

Comptroller of the Treasury financial

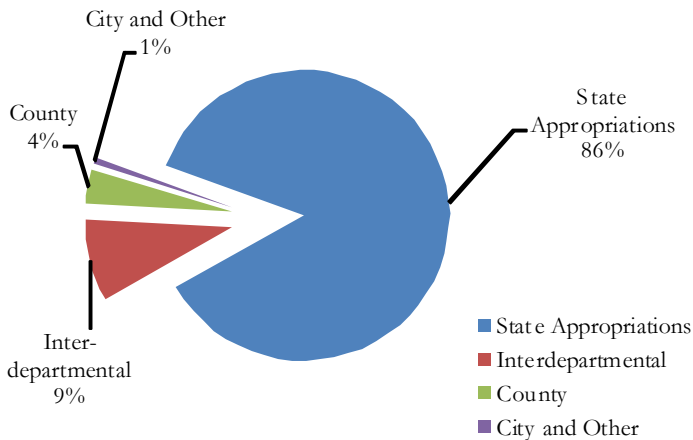
Divisions of the Comptroller's Office

Administration
County Audit
Local Government
Management Services

Municipal Audit
Property Assessments
Research & Education Accountability
State Assessed Properties

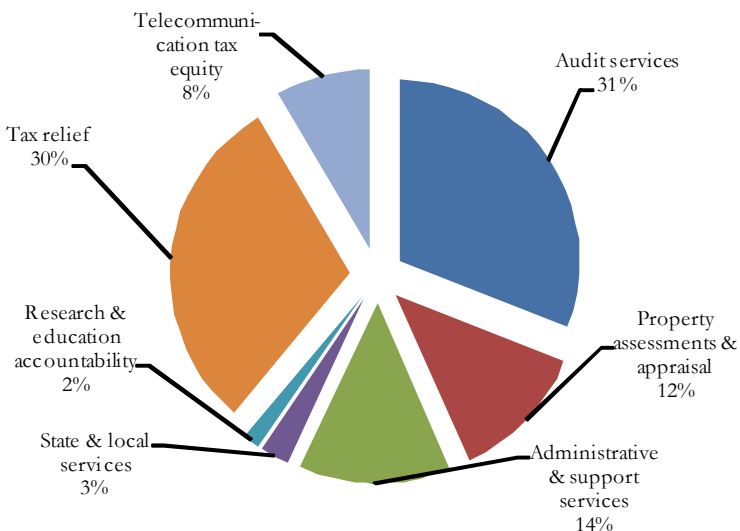
State Audit
State Board of Equalization
State & Local Finance

Sources of funds



Sources of revenue (millions)	FY 2010	FY 2011
State Appropriations	\$ 73.6	\$ 68.3
Revenue:		
Interdepartmental	6.6	7.2
County	2.9	3.1
City and Other	0.7	0.6
Total funding sources	\$ 83.8	\$ 79.2

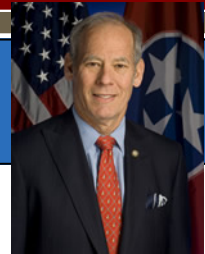
Expenses by major sources and functions



Expenses by governmental activity (millions)	FY 2010	FY 2011
Operating expenses:		
Audit services	\$ 24.9	\$ 24.6
Property assessments and appraisal	12.3	9.8
Administrative & support services	12.2	10.7
State and Local services	2.4	2.1
Research and education accountability	1.3	1.2
Earmarked programs:		
Tax relief	22.7	24.1
Telecommunication tax equity	8.0	6.7
Total expenses	\$ 83.8	\$ 79.2

Future challenges

“Simply put, we help all local and state government agencies in Tennessee operate efficiently and effectively.”



Comptroller Justin P. Wilson

Future Challenges for the Comptroller's Office

- Ensuring that the core values of the Office are maintained in an environment of fewer resources.
- Maintaining government services with available resources.
- Maintaining a well trained professional staff in light of shrinking state budgets.
- Identifying opportunities where GIS technology can help local government officials operate more efficiently and effectively.
- Working with programs intended to improve student achievement to assess the effectiveness of reforms resulting from the Race to the Top education grant.
- Timely processing the historic volume of property tax appeals received for tax years 2009—2011.

Making government work better

The Comptroller is committed to our mission of improving the quality of life for all Tennesseans by making government work better. His initiatives for the coming year include:

1. To evaluate and overhaul the state contract review and approval process for procurement of products and services for the State of Tennessee.
2. To assure that local governments are better informed and bond issues that cities and counties utilize for financing are transparent and free of conflicts of interest.

Links of interest

News releases:

<http://www.comptroller1.state.tn.us/com/NewsReleases.asp>

Open records opinions:

<http://www.tn.gov/comptroller/openrecords/opinions.htm>

Property tax relief:

<http://www.tn.gov/comptroller/pa/patxr.htm>

Recovery Act (ARRA):

www.tnrecovery.gov and www.recovery.gov

Reports and audit releases:

<http://www.comptroller1.state.tn.us/AuditsAndReportsSearch>

Tennessee bonds:

<http://www.buytnbonds.com/>

Offices of Research and Education Accountability (OREA):

<http://www.comptroller1.state.tn.us/OREA/>

Municipal Audit:

<http://www.comptroller1.state.tn.us/ma/>

Debt Policy:

<http://www.comptroller1.state.tn.us/sl/PDF/20110706AttachmentARequirementsREVISEDClean.pdf>

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Fraud, waste and abuse hotline:
(800) 232-5454



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