

Audit Highlights

Comprehensive Annual Financial Report

Scott County, Tennessee

For the Year Ended June 30, 2002

Scope

We have audited the general purpose financial statements of Scott County, Tennessee, and we have also audited the combining, individual fund, and account group financial statements of Scott County as of and for the year ended June 30, 2002.

Results

Our report on Scott County's financial statements was qualified because the statements did not include a General Fixed Assets account group and did not include certain component units whose financial statements were not available at the date of this report.

Our audit resulted in seven findings and recommendations, which we have reviewed with Scott County management. Detailed findings and recommendations are included in the Single Audit Section of this report.

The following are summaries of the audit findings:

OFFICE OF ROAD SUPERINTENDENT:

- ◆ A vendor claim exceeding \$47,000 concerning a lease-purchase agreement in the prior year remained unsettled. The agreement was not entered into in compliance with state statutes.
- ◆ Asphalt purchased subsequent to June 30, 2002, significantly exceeded purchase order amounts.

OFFICE OF DIRECTOR OF FINANCE:

- ◆ In processing vendor payments, the office did not always document that goods had been received or services had been rendered before paying invoices and did not always cancel or mark invoices as paid.
- ◆ The county did not establish separate cash reserves for the Public Utility Fund.

OTHER FINDINGS:

- ◆ State Revenue Sharing–TVA revenues were placed in the Rural Debt Service Fund. This practice is of questionable legality.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Trustee, County Clerk, Clerk and Master, and Register.
- ◆ The county and the discretely presented School Department did not inventory, value, and record their general fixed assets, as required by generally accepted accounting principles.

*State of Tennessee
Comptroller of the Treasury
Department of Audit
Division of County Audit*