

# ***Audit Highlights***

Comprehensive Annual Financial Report  
Lake County, Tennessee  
For the Year Ended June 30, 2003

## **Scope**

We have audited the general purpose financial statements and the combining, individual fund, and account group financial statements of Lake County as of and for the year ended June 30, 2003.

## **Results**

Our report on Lake County's financial statements was qualified because the statements did not include a General Fixed Assets account group.

Our audit resulted in nine findings and recommendations, which we have reviewed with Lake 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 SHERIFF:**

- ◆ The sheriff did not obtain a letter of agreement or file suit in Circuit Court to authorize the number and salaries of the department's deputies.
- ◆ A number of deficiencies were noted in the maintenance of inmate accounts.
- ◆ Confidential drug control funds were not properly deposited and disbursed in accordance with state statutes.
- ◆ The sheriff did not collect and disburse wages prisoners earned by participating in the work release program in compliance with state statutes.

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### **OTHER FINDINGS:**

- ◆ The county did not inventory, value, and record its general fixed assets, as required by generally accepted accounting principles.
- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not adequately segregated among officials and employees in the Offices of Trustee, County Clerk, Clerk and Master, Register, and Sheriff.
- ◆ The Ambulance Service had deficiencies in accounting for patient accounts receivable.
- ◆ Several payments were made to county commissioners and the chief deputy in the Sheriff's Office in violation of the conflict of interest statute.

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