

# ***Audit Highlights***

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

## ***Scope***

We have audited the financial statements of each major fund and the aggregate remaining fund information of Lawrence County as of and for the year ended June 30, 2003.

## ***Results***

Our report on Lawrence County's financial statements expresses an adverse opinion because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34.

Our audit resulted in 12 findings and recommendations, which we have reviewed with Lawrence County management. Detailed findings, recommendations, and management's responses are included in the Single Audit Report.

The following are summaries of the audit findings:

### **LAWRENCE COUNTY:**

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.

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### **OFFICE OF COUNTY EXECUTIVE AND OFFICE OF CENTRAL ACCOUNTING, BUDGETING, AND PURCHASING:**

- ◆ The Judicial District Drug Fund had cash overdrafts, and a loan received from the General Fund was not properly approved by the state director of Local Finance.
- ◆ The office did not always issue purchase orders, and several purchase orders were issued after purchases were made.
- ◆ Financial records were not closed timely; in numerous instances, assets, liabilities, revenues, and expenditures were misclassified in the accounting records; several funds had cash overdrafts; reserve balances were not properly calculated; accrued leave was not accounted for properly; and the documentation for several grants was not readily available.
- ◆ Refunding debt issuance costs and debt proceeds were understated in the financial records, and some debt documents were not available for audit inspection.
- ◆ The office had payroll accounting deficiencies. Posting errors were uncorrected, a payroll tax deposit was made in error, and payroll deduction accounts were not reconciled monthly.
- ◆ Budgets for the Central Cafeteria and Extended School Program Funds were not included in the county's original appropriation resolution presented to the County Commission. Expenditures exceeded appropriations at the legal level of control in the General, Highway/Public Works, and General Capital Projects Funds.

- ◆ The Solid Waste Disposal Fund had accounting deficiencies. Receivables, payables, delinquent accounts, revenues, and expenditures were not accounted for properly.
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**OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK:**

- ◆ The clerk did not prepare trial balances of execution docket cause balances for Circuit and General Sessions Courts.
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**OFFICE OF SHERIFF:**

- ◆ The sheriff's office had accounting deficiencies.
  - ◆ The sheriff did not have a letter of agreement or court decree to authorize deputy hires.
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**OTHER FINDING:**

- ◆ Duties were not segregated adequately among the officials and employees in the Public Library, Ambulance Service, Solid Waste Department, and Offices of County Clerk and Register.