

Audit Highlights
Annual Financial Report
Fayette County, Tennessee
For the Year Ended June 30, 2004

Scope

We have audited the financial statements of each major fund and the aggregate remaining fund information of Fayette County as of and for the year ended June 30, 2004.

Results

Our report on Fayette 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 five findings and recommendations, which we have reviewed with Fayette County management. Detailed findings, recommendations, and management's responses are included in the Single Audit Report.

The following are summaries of the audit findings:

FAYETTE 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 MAYOR:

- ◆ Expenditures exceeded appropriations approved by the County Commission in the General Debt Service Fund. Also, expenditures exceeded appropriations in three major appropriation categories of the General Fund.
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OFFICE OF PUBLIC WORKS SUPERINTENDENT:

- ◆ The Public Works Department did not account for the use of road materials on some projects.
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OFFICE OF TRUSTEE:

- ◆ At June 30, 2004, the trustee had not required a depository to adequately collateralize county funds. However, subsequent to June 30, 2004, the depository pledged additional securities to protect the county's funds.
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OTHER FINDING:

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.

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