

# *Audit Highlights*

Annual Financial Report  
Lake 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 Lake County as of and for the year ended June 30, 2004.

## *Results*

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

The following are summaries of the audit findings:

### **LAKE 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:**

- ◆ The Special Purpose Fund had a fund deficit of \$296,344 at June 30, 2004.
- ◆ Expenditures and encumbrances exceeded appropriations approved by the County Commission in the Special Purpose Fund by \$613,863.
- ◆ In most instances, the office issued purchase orders after purchases were made.

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### **OFFICE OF ROAD SUPERINTENDENT:**

- ◆ In most instances, the office issued purchase orders after purchases were made.

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### **OTHER FINDINGS:**

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.
- ◆ The Ambulance Service had deficiencies in accounting for patient accounts receivable.
- ◆ Several payments were made to a county commissioner in violation of the conflict of interest statute.

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