

***Audit Highlights***  
Annual Financial Report  
Lewis 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 Lewis County as of and for the year ended June 30, 2004.

***Results***

Our report on Lewis 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 Lewis County management. Detailed findings, recommendations, and management's responses are included in the Single Audit Report.

The following are summaries of the audit findings:

**LEWIS 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 office had not established a formal purchase order system.
  - ◆ Competitive bids were not solicited for the purchase of fire equipment.
  - ◆ Inventory records were not verified by personnel independent of maintaining the inventory records. Also, assets were not labeled as property of Lewis County.
  - ◆ The J.H. Warf Public Library was not subject to the budgetary control of the County Commission. Also, the library's checking account was not audited.
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**OFFICE OF ROAD SUPERINTENDENT:**

- ◆ Several purchase orders were not signed to authorize the purchases.
  - ◆ The actual fund balance of the Highway/Public Works Fund at July 1, 2003, exceeded the estimated fund balance by a material amount.
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**OTHER FINDINGS:**

- ◆ Duties were not segregated adequately among the officials and employees in the Offices of County Mayor, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, and Register.
- ◆ A system of central accounting, budgeting, and purchasing had not been adopted.