

Audit Highlights

Annual Financial Report

The Metropolitan Government of Lynchburg, Moore 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 the Metropolitan Government of Lynchburg, Moore County as of and for the year ended June 30, 2004.

Results

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

The following are summaries of the audit findings:

THE METROPOLITAN GOVERNMENT OF LYNCHBURG, MOORE COUNTY:

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

OFFICE OF METROPOLITAN EXECUTIVE:

- ◆ General Fund expenditures exceeded appropriations in the Jail (\$5,427) and Alcohol and Drug Program (\$1,968) major categories, and General Debt Service Fund expenditures exceeded appropriations in the Principal-General Government major category by \$6,749. Also, General Fund appropriations exceeded estimated funding by \$67,575.
- ◆ The office did not issue purchase orders for some applicable purchases.

OFFICE OF HIGHWAY SUPERINTENDENT:

- ◆ The office did not issue purchase orders for several purchases and did not solicit the required verbal quotations and competitive bids on some applicable purchases.
 - ◆ A \$10,000 interfund loan was not approved by the Metropolitan Council and state director of Local Finance, as required by state statute.
 - ◆ Expenditures exceeded appropriations approved by the metropolitan council in the Highway/Public Works Fund by \$79,972.
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OFFICE OF REGISTER:

- ◆ The office did not always deposit funds to the office bank account within three days of collection, as required by state statute.
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OFFICE OF SHERIFF:

- ◆ The office did not file the annual report of drug activity with the district attorney general and did not obtain the required signatures to document payments to confidential informants.
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OTHER FINDINGS:

- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Highway Superintendent; Trustee; Metropolitan Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.
- ◆ Officials had not adopted a central system of accounting and budgeting.