

Audit Highlights

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

Results

Our report on Clay 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 11 findings and recommendations, which we have reviewed with Clay County management. Detailed findings and recommendations are included in the Single Audit Report.

The following are summaries of the audit findings:

CLAY 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. Also, in several instances, invoices were paid without documentation that goods had been received and/or services had been rendered.
 - ◆ Expenditures exceeded appropriations approved by the County Commission by \$35,462 in the Solid Waste Sanitation Fund and \$9,913 in the Drug Control Fund. Also, expenditures exceeded appropriations in nine major appropriation categories of the General Fund.
 - ◆ Inventory records were not maintained, as required by generally accepted accounting principles.
 - ◆ Computer system backups were not stored off site.
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OFFICE OF HIGHWAY SUPERINTENDENT:

- ◆ The Highway Department had not established a formal purchase order system. In several instances, invoices were paid without documentation that goods had been received and/or services had been rendered. Also, the Highway Department solicited bids on a dump truck by using specifications for a specific brand of vehicle.
 - ◆ The actual beginning fund balance in the Highway/Public Works Fund exceeded the estimated beginning fund balance by \$303,387.
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OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK:

- ◆ Trial balances of execution docket cause balances for Circuit and General Sessions Courts did not reconcile with the general ledger, as required by state statute.
 - ◆ Funds were not deposited to the office bank account within three days of collection, as required by state statute.
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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 County Mayor, Highway Superintendent, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.

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