

# *Audit Highlights*

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

## *Results*

Our report on McNairy 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 14 findings and recommendations, which we have reviewed with McNairy County management. Detailed findings, recommendations, and management's responses are included in the Single Audit Report.

The following are summaries of the audit findings:

### **McNAIRY 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 General Fund had a fund deficit of \$120,949.
- ◆ Expenditures exceeded appropriations approved by the County Commission in the Solid Waste/Sanitation Fund. Also, expenditures exceeded appropriations in four major categories of the General Fund.
- ◆ Tax anticipation notes were not retired from the General Fund prior to the end of the fiscal year, as required by state statute.
- ◆ The Solid Waste Office had deficiencies in the collection of garbage fees.

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### **OFFICE OF HIGHWAY COMMISSIONER:**

- ◆ Expenditures and encumbrances exceeded appropriations approved by the County Commission in the Highway/Public Works Fund.

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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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## **OFFICE OF CIRCUIT COURT CLERK:**

- ◆ The office had deficiencies in maintaining the execution docket trial balance report. Also, execution docket trial balances did not reconcile with cash journal accounts.
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## **OFFICE OF GENERAL SESSIONS COURT CLERK:**

- ◆ The office had deficiencies in maintaining the execution docket trial balance report. Also, execution docket trial balances did not reconcile with cash journal accounts.
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## **OTHER FINDINGS:**

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Individuals who were not employees of the Offices of Trustee and Register were allowed unsupervised access to these offices after business hours.
- ◆ The trustee, county clerk, and clerk and master did not obtain letters of agreement or file suit in Circuit and/or Chancery Courts to authorize the number and salaries of their deputies.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Trustee and Sheriff.
- ◆ The county used a questionable method of funding rural fire protection.