

# *Audit Highlights*

Comprehensive Annual Financial Report  
Montgomery County, Tennessee  
For the Year Ended June 30, 2002

## *Scope*

We have audited the general purpose financial statements and the combining, individual fund, and account group financial statements of Montgomery County as of and for the year ended June 30, 2002.

## *Results*

Our report on Montgomery County's financial statements was qualified because the General Fixed Assets Account Group for the Montgomery County School Department valued buildings and improvements using current appraisal information rather than historical cost, did not include valuations for construction in progress and donated land, and because the county's financial statements did not include certain component units of the primary government whose financial statements were not available from other auditors at the date of this report.

Our audit resulted in six findings and recommendations, which we have reviewed with Montgomery County management. Detailed findings, recommendations, and management's responses are included in the Single Audit Section of this report.

The following are summaries of the audit findings:

### **OFFICE OF DIRECTOR OF SCHOOLS:**

- ◆ Valuations for buildings and improvements were based on current appraisal information, rather than on historical cost or estimated historical cost. Construction in progress and donated land were not valued.
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### **OFFICE OF TRUSTEE:**

- ◆ The office's depository deducted warrants from the office's bank account before the bank presented the warrants to the trustee for payment.
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### **OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK:**

- ◆ The office's software allowed users the capability to change information on receipts, leaving no evidence of the original receipt.
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### **OFFICE OF CLERK AND MASTER:**

- ◆ The office's software did not generate sufficient accounting records to determine the propriety of all transactions.
  - ◆ The office had accounting deficiencies. Bank statements were not reconciled with the general ledger in a timely manner, deposits exceeded receipts, subsidiary investment records were not properly maintained, the annual financial report contained inaccuracies, fees and commissions were not reported properly, and one execution docket did not reconcile with cash journal accounts.
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**OFFICE OF SHERIFF:**

- ◆ The sheriff did not obtain a letter of agreement or court decree to authorize deputy hires.