

# ***Audit Highlights***

Annual Financial Report  
Montgomery County, Tennessee  
For the Year Ended June 30, 2003

## ***Scope***

We have audited the financial statements of each major fund and the aggregate remaining fund information of Montgomery County as of and for the year ended June 30, 2003.

## ***Results***

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

The following are summaries of the audit findings:

### **MONTGOMERY 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 EXECUTIVE:**

- ◆ Deposits totaling \$19,480.86 were stolen from the Office of Central Accounting and Budgeting.
- ◆ The Workers' Compensation and the Self-Insurance Funds had net asset deficits totaling \$404,895 and \$1,349,311, respectively, at June 30, 2003.

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### **OFFICE OF TRUSTEE:**

- ◆ Without statutory authority, the trustee collected delinquent property taxes after they had been filed in Chancery Court.

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### **OFFICE OF COUNTY CLERK:**

- ◆ The office did not have written policies and procedures for routine computer operations, such as system startup/shutdown, application access, system access, and other functions.
  - ◆ The office did not develop a disaster recovery plan to assist in re-creating its data processing environment in the event of a disaster.
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## **OFFICE OF CLERK AND MASTER:**

- ◆ The office's software had material internal control deficiencies and did not generate sufficient accounting records to determine the propriety of all transactions.
  - ◆ The office had accounting deficiencies, such as the failure to reconcile bank statements with the general ledger, inadequate detail for litigant activity, an inaccurate annual financial report, and the failure to properly report fees and commissions.
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## **OFFICE OF SHERIFF:**

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