

Audit Highlights
Annual Financial Report
Houston County, Tennessee
For the Year Ended June 30, 2004

Scope

We have audited the basic financial statements of Houston County as of and for the year ended June 30, 2004.

Results

Our report on Houston County's financial statements was qualified because the statements did not include one component unit whose financial statements were not available from other auditors at the date of this report.

Our audit resulted in nine findings and recommendations, which we have reviewed with Houston County management. Detailed findings and recommendations are included in the Single Audit section of this report.

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR:

- ◆ A formal purchase order system had not been established.
- ◆ The office had deficiencies in its accounting records. Office personnel did not adequately reconcile the cash balance of the General Fund with the trustee's cash balance, and several expenditures were misclassified on the accounting records of the General Fund.
- ◆ General ledger payroll deduction accounts were not reconciled with subsidiary payroll records on a monthly basis.

OFFICE OF ROAD SUPERINTENDENT:

- ◆ The Highway/Public Works Fund's actual fund balance at July 1, 2003, was \$138,975 more than the estimated fund balance presented to the County Commission.

OFFICE OF COUNTY CLERK:

- ◆ The clerk did not deposit collections intact; i.e., funds collected during a specific period of time were not deposited together.
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OFFICE OF SHERIFF:

- ◆ The office had deficiencies in the inmate and commissary account operations. Funds were not deposited to the office bank account within three days of collection. Bank statements were not reconciled with general ledger accounts, and a list of outstanding checks was not prepared throughout the audit period.
 - ◆ Fees and county revenues collected were not reported and paid to the county trustee monthly, 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 Trustee; County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.

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