

# ***Audit Highlights***

Annual Financial Report  
Carter County School Department  
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 the Carter County School Department as of and for the year ended June 30, 2003.

## ***Results***

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

The following are summaries of the audit findings:

### **SCHOOL DEPARTMENT:**

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.
- ◆ Time sheets were falsified, and wages were paid to an employee in the Transportation Department for hours that she did not work.
- ◆ The department did not have controls to ensure compliance with the Davis-Bacon Act, and procurement, suspension, and debarment requirements of the School Renovation Grant.
- ◆ The department had deficiencies in purchasing procedures relating to awarding and soliciting bids for the purchase of propane, window blinds, and a used truck.
- ◆ The School Federal Projects Fund had a cash overdraft of \$101,411 at June 30, 2003.
- ◆ Expenditures exceeded appropriations approved by the County Commission in the Central Cafeteria Fund by \$10,499.

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