

Audit Highlights

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

Results

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

The following are summaries of the audit findings:

SMITH COUNTY SCHOOL DEPARTMENT:

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.
- ◆ The office purchased insurance coverage and bus camera equipment without soliciting competitive bids.
- ◆ Although the School Department had lists of its assets, several items on the lists were not identified by serial number or detailed description, and the lists were not verified by personnel independent of preparing the inventory.

OTHER FINDINGS:

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately in the Office of Director of Schools.

*State of Tennessee
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Department of Audit
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