

Audit Highlights

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

Results

Our report on Humphreys 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 Humphreys County School Department management. Detailed findings and recommendations are included in the Single Audit Report.

The following are summaries of the audit findings:

HUMPHREYS COUNTY SCHOOL DEPARTMENT:

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.
- ◆ The office did not issue purchase orders for some applicable purchases. In a few instances, purchase orders were issued after purchases were made. Also, documentation was not on hand to support that bids had been taken in some instances.
- ◆ Expenditures exceeded appropriations in five major expenditure categories of the General Purpose School Fund, and expenditures exceeded appropriations in numerous employee salary line-items of the General Purpose School Fund. Also, expenditures exceeded appropriations approved by the County Commission in the Central Cafeteria Fund, and expenditures exceeded appropriations in numerous employee salary line-items of the Central Cafeteria Fund. Also, some budget amendments posted to the accounting records of the Central Cafeteria Fund did not agree with the amounts that were approved by the County Commission; therefore, this report only reflects the budget amounts approved by the County Commission and Board of Education. Finally, expenditures exceeded appropriations approved by the County Commission in the School Federal Projects Fund by \$55,684.
- ◆ Accounting records for the funds maintained by the director of schools were not closed in a timely manner.

- ◆ An excessive number of unexplained general journal entries were made to the accounting records of the General Purpose School Fund and the School Federal Projects Fund. In the General Purpose School Fund, 66 general journal entries totaling \$2,473,945 were made to the accounting records, and in the School Federal Projects Fund, 151 general journal entries totaling \$1,963,309 were made to the accounting records without sufficient documentation explaining why the general journal entries were made. Many of these undocumented journal entries were made to transfer funds between payroll liability withholding accounts, resulting in significant unidentified amounts in the payroll liability accounts at year-end. Accounts payable totaling \$26,176 were not reflected on the accounting records of the General Purpose School Fund. The General Purpose School and School Federal Projects Funds' cash balances were not reconciled with the trustee's cash balances. Also, the chairman and secretary of the Board of Education did not sign the board's minutes.