

# *Audit Highlights*

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

## *Results*

Our report on Polk 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 nine findings and recommendations, which we have reviewed with Polk 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:

### **POLK COUNTY SCHOOL DEPARTMENT:**

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.
- ◆ Central Cafeteria Fund transactions were not channeled through the Trustee's Office.
- ◆ Expenditures exceeded appropriations in six major appropriation categories of the General Purpose School Fund. Also, budget amendments posted to the accounting records were not approved by the County Commission, as required by state statutes.
- ◆ In several instances, invoices were paid without documentation that goods had been received and/or services had been rendered. Competitive bids were not solicited for the purchases of calculators and a bus.
- ◆ The department did not maintain inventory records.
- ◆ The department entered into a lease-purchase agreement for computers without the County Commission's approval.
- ◆ The department did not require a depository to adequately collateralize cafeteria funds that exceeded FDIC coverage. Funds on deposit exceeded FDIC coverage by \$18,354 at June 30, 2004.
- ◆ School Department officials sold surplus property during the year; however, they could not provide documentation on the bids received. The proceeds from the sale of the surplus property were not deposited within three days of collection, as required by state statute. Also, the proceeds for the sale were misclassified on the accounting records.
- ◆ Duties were not segregated adequately among officials and employees in the School Department.

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