



Dr. Thomas E. Richey, Superintendent  
And Members of the Henderson County Board of Education  
Henderson County School District  
Henderson, Kentucky

Ladies and Gentlemen:

In planning and performing our audit of the financial statements of Henderson County School District as of and for the fiscal year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered Henderson County School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not note any significant deficiencies we consider to be material weaknesses. We consider the following items to be significant deficiencies:

**2012-1: Performance of Annual Fixed Asset Inventory:**

It was noted from inquiry of the finance director that an annual fixed asset inventory had not been performed for several years. The risk related to this condition is that assets could possibly be removed and diverted to other uses and would not be detected.

**Recommendation:**

Management should consider conducting a fixed asset inventory on a regular annual basis as a method of monitoring and accounting for fixed assets and equipment.

This communication is intended solely for the information and use of management, the Board of Education of the Henderson County School District, others within the District, the Kentucky State Committee for School District Audits and the Kentucky Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

*Myriad Co Group, LLC*

Henderson, Kentucky  
September 10, 2012