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Members of the Board of Education
and Management
Warren County School District
Bowling Green, Kentucky

In planning and performing our audit of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Warren County School District (the "District") as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the members of the Finance Committee and of the Board, others within the District, and the Kentucky Department of Education, and is not intended to be and should not be used by anyone other than these specified parties. We appreciate the opportunity to serve the District and are available at your convenience to answer questions or assist in the implementation of these suggestions.

Strothman and Company PSC
Louisville, Kentucky
November 7, 2014

Current Year Comments and Management Responses

Warren County Board of Education

June 30, 2014

Item 2014-01 – Process for Inventory Counts Should Be Improved and Inventory Should Be Recoded within the Accounting System

The auditor observed inventory at the Transportation garage during audit fieldwork. It was noted that there were no procedures in place for counting inventory to ensure an accurate perpetual inventory. As a result, inventory was significantly overstated compared to the actual amount of inventory on hand. Furthermore, the inventory balance was not being recorded within the accounting system. The auditor recommends that the District perform regular cycle counts to ensure the accuracy of inventory being reported and that the inventory is recorded within the accounting system.

Managements' Response: Management will be working with transportation staff to ensure that procedures and necessary software records are in place to properly track inventory going forward. Finance staff will also be performing audits of inventory periodically throughout the year and will book the inventory balance at the end of each year.

Item 2014-02 – Donated Commodities Should Be Properly Accounted For

During the review of the Donated Commodity grant, it was noted that a portion of the donated commodities were not being recorded in the trial balance. Donated commodities for the School Food Service program should be recorded in the proper revenue and expense accounts. The auditor recommends the District record any donated commodities appropriately in the trial balance.

Managements' Response: The Department of Defense allocates an annual amount each year for fresh fruit and vegetables provided to our District. The Food Service Account Clerk will be responsible for maintaining data and proposing journal entries to the CFO to adjust the donated commodities.

Item 2014-03 – Process for Monitoring Tax Accounts

During testing of tax revenue, we noted that the District does not have a process in place for determining whether local businesses are filing or have an effective method of searching for businesses that should be filing. There were several businesses during our testing that could not be located in the current tax software system unless a Federal ID was used to perform the search. The auditor recommends a tax software update that will allow for more efficient search features, historical analysis and determine if local businesses are filing properly.

Managements' Response: Management is in the process of obtaining a quote from another software company, Springbrook, and should hopefully have this software in place by November 2015. We are also looking into the need for a Tax Auditor who will be responsible for auditing local businesses in order to determine that they are properly filing with the Warren County Schools Occupational Tax Office.

Prior Year Comments and Management Responses

Warren County Board of Education

June 30, 2013

There were no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.