

**PADUCAH INDEPENDENT SCHOOL DISTRICT**

**MANAGEMENT LETTER**

**Year Ended June 30, 2025**



Kentucky State Committee for School  
District Audits  
Members of the Board of Education  
Paducah Independent School District  
Paducah, Kentucky

In planning and performing our audit of the basic financial statements of the Paducah Independent School District for the year ended June 30, 2025, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit, we became aware of some matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions concerning these other matters. A separate report dated February 2, 2026, contains our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. This letter does not affect our report dated February 2, 2026 on the financial statements of the Paducah Independent School District as of and for the year ended June 30, 2025.

The District's responses to the matters identified as an attachment to our letter have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly we express no opinion on them.

We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these items, or to assist you in implementing the recommendations.

This report is intended solely for the information of members of the Kentucky State Committee for School District Audits, the Kentucky Department of Education, the School District's management, audit committee, and members of the Board of Education of Paducah Independent School District and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

*Kemper CPA Group, LLP*

Certified Public Accountants and Consultants  
Paducah, Kentucky  
February 2, 2026

**Other Matters:**

*Criteria:* Capital assets should be disposed of once they are no longer in service.

*Condition:* During testing of capital related expenditures, we noted obsolete technology and general equipment capital assets were still recorded in the MUNIS general ledger.

*Cause:* The District has not removed equipment from the MUNIS general ledger once it has been replaced or is no longer in service.

*Context:* Capital assets costs and related accumulated depreciation is overstated in the MUNIS general ledger during the year.

*Effect:* The board and management were not provided accurate information regarding the District's capital assets.

*Recommendation:* We recommend the District improve monitoring of capital asset to insure reporting of capital assets. The District should perform a complete inventory of its technology and general equipment and remove those assets which are no longer in service or previously disposed of. The District should consider costs versus benefits of filling a position of a capital assets manager to perform this activity annually.

*Views of Responsible Officials and Planned Corrective Actions:* Management will work on removing equipment from MUNIS general ledger.

**ACTIVITY FUNDS**

Kentucky Administrative Regulations (702 KAR 3:130) requires school activity funds to adhere to its "Accounting Procedures for Kentucky School Activity Funds", commonly referred to as the "Redbook". We noted various instances where activity fund records and accounting procedures were not maintained in accordance with the "Redbook" requirements. These items are noted in the remainder of this report.

Audit testing of school activity funds indicated three areas with opportunities for strengthening internal controls or operating efficiency which, at times, were present at more than one location.

**McNabb Elementary School, Morgan Elementary School & Paducah Tilghman High School:**

*Criteria:* Accounting Procedures for Kentucky School Activity Funds ("Redbook") states that each receipt should be accompanied by a deposit slip and a copy of the multiple receipt form (F-SA-6).

*Condition:* At McNabb Elementary School, we noted two instances where receipt documentation did not have the deposit slip or multiple receipt form. At Morgan Elementary School, we noted one instance where receipt documentation did not have the multiple receipt form. At Paducah Tilghman High School, we noted one instance where receipt documentation did not have the deposit slip.

*Cause:* Lack of implementation of Redbook policy for the instances noted.

*Context:* Of eighty (80) disbursements tested, we noted four (4) instances where receipts did not have receipt package.

*Effect:* The school was not compliant with procedures for Kentucky School Activity Funds ("Redbook").

*Recommendations:* We recommend all deposits include proper support in accordance with Redbook procedures.

*Views of Responsible Officials and Planned Corrective Actions:* The importance of this process of internal controls will be reviewed again with all principals and bookkeepers as part of annual "Redbook" training.

**McNabb Elementary School:**

*Criteria:* Accounting Procedures for Kentucky School Activity Funds (“Redbook”) states that each receipt should be accompanied by a deposit slip and a copy of the multiple receipt form (F-SA-6).

*Condition:* We noted nine instances where the Multiple Receipt Form was not signed by the treasurer.

*Cause:* Lack of implementation of Redbook policy for the instances noted.

*Context:* Of eighty (80) disbursements tested, we noted nine (9) instances where receipts did not have proper signatures.

*Effect:* The school was not compliant with procedures for Kentucky School Activity Funds (“Redbook”).

*Recommendations:* We recommend all deposits include proper support in accordance with Redbook procedures.

*Views of Responsible Officials and Planned Corrective Actions:* The importance of this process of internal controls will be reviewed again with all principals and bookkeepers as part of annual “Redbook” training.

**McNabb Elementary School & Morgan Elementary School:**

*Criteria:* Accounting Procedures for Kentucky School Activity Funds (“Redbook”) states that the treasurer should prepare the deposit and an employee other than the treasurer should review and verify the deposit before the deposit is made.

*Condition:* We noted thirteen instances (10 at MNES, 3 at MES) where the deposit slip was not reviewed and initialed by someone other than the treasurer.

*Cause:* Lack of implementation of Redbook policy for the instances noted.

*Context:* Of eighty (80) disbursements tested, we noted thirteen (13) instances where disbursement did not have invoice package.

*Effect:* The school was not compliant with procedures for Kentucky School Activity Funds (“Redbook”).

*Recommendations:* We recommend all deposits include proper support in accordance with Redbook procedures.

*Views of Responsible Officials and Planned Corrective Actions:* The importance of this process of internal controls will be reviewed again with all principals and bookkeepers as part of annual “Redbook” training.

**McNabb Elementary School:**

*Criteria:* Accounting Procedures for Kentucky School Activity Funds (“Redbook”) states that each disbursement shall be documented by a completed purchase order and an original vendor invoice. If a vendor invoice, is not available, the disbursement shall be supported by a Standard Invoice (Form F-SA-8), which must be signed by the payee.

*Condition:* We noted one instance where disbursement did not have invoice package.

*Cause:* Lack of implementation of Redbook policy for the instances noted.

*Context:* Of eighty (80) disbursements tested, we noted one (1) instance where disbursement did not have invoice package.

*Effect:* Lack of proper support for purchases increases the risk of misappropriation of assets.

*Recommendations:* We recommend all disbursements include proper support in accordance with Redbook procedures.

*Views of Responsible Officials and Planned Corrective Actions:* The importance of this process of internal controls will be reviewed again with all principals and bookkeepers as part of annual “Redbook” training.

**McNabb Elementary School:**

*Criteria:* Accounting Procedures for Kentucky School Activity Funds (“Redbook”) states that each disbursement shall be documented by a completed purchase order and an original vendor invoice.

*Condition:* We noted two instances where disbursement did not have a purchase order.

*Cause:* Lack of implementation of Redbook policy for the instances noted.

*Context:* Of eighty (80) disbursements tested, we noted two (2) instances where disbursement did not have a purchase order.

*Effect:* Lack of proper support for purchases increases the risk of misappropriation of assets.

*Recommendations:* We recommend all disbursements include proper support in accordance with Redbook procedures.

*Views of Responsible Officials and Planned Corrective Actions:* The importance of this process of internal controls will be reviewed again with all principals and bookkeepers as part of annual “Redbook” training.

**Morgan Elementary School:**

*Criteria:* Accounting Procedures for Kentucky School Activity Funds (“Redbook”) requires the transfer form (F-SA-10) to be completed and signed by both the principal and sponsor.

*Condition:* We noted 14 instances where the F-SA-10 form was not signed by the principal and sponsor.

*Cause:* Lack of understanding/implementation of Redbook policy for the instances noted.

*Context:* Of eighty (80) transfers tested, we noted fourteen (14) instances where the transfer form was not authorized.

*Effect:* Lack of proper authorization for transfers increases the risk of inappropriate transfers.

*Recommendations:* We recommend the principal and sponsor complete, review, and sign all transfer forms before making the transfer.

*Views of Responsible Officials and Planned Corrective Actions:* “Redbook” training will continue to be provided annually and this will be reviewed with principals and bookkeepers again.

**Morgan Elementary School:**

*Criteria:* Accounting Procedures for Kentucky School Activity Funds (“Redbook”) states that to properly cancel each disbursement it should be marked paid by noting the check number and date paid on the invoice, or the invoice shall be stapled to the purchase order and check stub.

*Condition:* We noted two instances where the invoice was not properly cancelled.

*Cause:* Lack of implementation of Redbook policy for the instances noted.

*Context:* Of eighty (80) disbursements tested, we noted two (2) instances where disbursement did not have invoice package.

*Effect:* Lack of proper support for disbursements increases the risk of misappropriation of amounts paid.

*Recommendations:* We recommend either attaching the check stub to the invoice and purchase order or writing “PAID” along with the check number and check date on the invoice per the Redbook policy.

*Views of Responsible Officials and Planned Corrective Actions:* The importance of this process of internal controls will be reviewed again with all principals and bookkeepers as part of annual “Redbook” training.

**Clark Elementary School:**

*Criteria:* Accounting Procedures for Kentucky School Activity Funds (“Redbook”) requires activities should not have deficit balances in the Annual Financial Report.

*Condition:* We noted two instances where the activities had deficit balances at the end of the year.

*Cause:* Lack of implementation of Redbook policy for the two instances noted.

*Context:* We noted the Fourth Grade and FRYSC-Related each had a deficit balance at year-end at Clark Elementary School.

*Effect:* The school was not compliant with procedures for Kentucky School Activity Funds (“Redbook”).

*Recommendations:* We recommend the school improve monitoring of student activities and correct the deficit balances in these activities.

*Views of Responsible Officials and Planned Corrective Actions:* Bookkeepers and principals receive annual training in Redbook procedures. In each instance, the negative balances were anticipated to be resolved with revenues received after June 30<sup>th</sup>. This issue has been discussed with the bookkeepers and principals to explain that general funds may cover negative balances at the end of the fiscal year until all revenues are received.

**Clark Elementary School:**

*Criteria:* Accounting Procedures for Kentucky School Activity Funds (“Redbook”) states that each receipt should be accompanied by a deposit slip and a copy of the multiple receipt form (F-SA-6).

*Condition:* We noted one instance where receipt documentation did not have proper signatures on the multiple receipt form.

*Cause:* Lack of implementation of Redbook policy for the instances noted.

*Context:* Of eighty (80) disbursements tested, we noted one (1) instance where receipts did not have receipt package.

*Effect:* The school was not compliant with procedures for Kentucky School Activity Funds (“Redbook”).

*Recommendations:* We recommend all deposits include proper support in accordance with Redbook procedures.

*Views of Responsible Officials and Planned Corrective Actions:* The importance of this process of internal controls will be reviewed again with all principals and bookkeepers as part of annual “Redbook” training.

**Paducah Middle School:**

*Criteria:* Per Accounting Procedures for Kentucky School Activity Funds (“Redbook”), outstanding checks shall not be carried longer than 12 months.

*Condition:* We noted 12 outstanding checks greater than one year old.

*Cause:* Lack of implementation of Redbook policy.

*Context:* During the bank reconciliation review, we noted twelve (12) outstanding checks greater than one year old.

*Effect:* The school was not compliant with procedures for Kentucky School Activity Funds (“Redbook”).

*Recommendations:* We recommend reviewing and voiding outstanding items that are greater than one year old.

*Views of Responsible Officials and Planned Corrective Actions:* Bookkeepers and principals receive annual training in Redbook procedures. This issue has been discussed with the bookkeepers and principals.

**Paducah Middle School:**

*Criteria:* Accounting Procedures for Kentucky School Activity Funds (“Redbook”) states the schools are exempt from the payment of sales tax.

*Condition:* We noted one instance where sales tax was paid on school expenses.

*Cause:* Lack of implementation of Redbook policy for the instance noted.

*Context:* Of eighty (80) disbursements tested, we noted one (1) instance where sales tax was paid on school expenses.

*Effect:* Payment of sales tax on items purchased results in less funding available for students’ activities.

*Recommendations:* Authorized personnel making purchases on behalf of the school should utilize the school’s tax exemption certificate. Likewise, before reimbursements are made, receipts should be reviewed to ensure sales tax is not included in the reimbursement.

*Views of Responsible Officials and Planned Corrective Actions:* Principals and bookkeepers receive annual training of Redbook best procedure and practices. This item has been reviewed and discussed to ensure staff understand that a tax exempt form should be used for school expenses. If taxes are charged the staff will need to get them refunded or reimburse the District for the amount of tax charged.

**Paducah Tilghman High School:**

*Criteria:* Accounting Procedures for Kentucky School Activity Funds (“Redbook”) states that each disbursement shall be documented by a completed purchase order and an original vendor invoice. If a vendor invoice, is not available, the disbursement shall be supported by a Standard Invoice (Form F-SA-8), which must be signed by the payee.

*Condition:* We noted one instance where the purchase order was not signed by the principal.

*Cause:* Lack of implementation of Redbook policy for the instance noted.

*Context:* Of eighty (80) disbursements tested, we noted one (1) instance where disbursement did not have invoice package.

*Effect:* Lack of proper support for purchases increases the risk of misappropriation of assets.

*Recommendations:* We recommend all disbursements include proper support in accordance with Redbook procedures.

*Views of Responsible Officials and Planned Corrective Actions:* The importance of this process of internal controls will be reviewed again with all principals and bookkeepers as part of annual “Redbook” training.

**Paducah Tilghman High School:**

*Criteria:* Accounting Procedures for Kentucky School Activity Funds (“Redbook”) states that each disbursement shall be documented by a completed purchase order and an original vendor invoice. If a vendor invoice, is not available, the disbursement shall be supported by a Standard Invoice (Form F-SA-8), which must be signed by the payee.

*Condition:* We noted one instance where disbursement was not properly supported by vendor invoice or Standard Invoice Form F-SA-8.

*Cause:* Lack of implementation of Redbook policy for the instances noted.

*Context:* Of eighty (80) disbursements tested, we noted one (1) instance where disbursement was not properly supported by vendor invoice or Standard Invoice Form F-SA-8.

*Effect:* Lack of proper support for purchases increases the risk of misappropriation of assets.

*Recommendations:* We recommend all disbursements include proper support in accordance with Redbook procedures.

*Views of Responsible Officials and Planned Corrective Actions:* The importance of this process of internal controls will be reviewed again with all principals and bookkeepers as part of annual “Redbook” training.

**Paducah Tilghman High School:**

*Criteria:* Accounting Procedures for Kentucky School Activity Funds (“Redbook”) requires all school level checks to contain the signatures of an authorized school administrator and the school treasurer.

*Condition:* We noted one instance where dual signature was not present on the check.

*Cause:* Failure to follow Redbook policies.

*Context:* Of eighty (80) disbursements tested, we noted one (1) instance in which check was not properly signed by both signers.

*Effect:* The school was not compliant with procedures for Kentucky School Activity Funds (“Redbook”).

*Recommendations:* We recommend all checks be signed by both the authorized school administrator and the school treasurer.

*Views of Responsible Officials and Planned Corrective Actions:* The importance of this process of internal controls will be reviewed again with all principals and bookkeepers as part of annual “Redbook” training.

**Paducah Tilghman High School:**

*Criteria:* Accounting Procedures for Kentucky School Activity Funds (“Redbook”) requires monthly bank reconciliations.

*Condition:* We noted two instances the bank reconciliation was missing.

*Cause:* Failure to follow Redbook policies.

*Context:* Of twelve (12) months, we noted two (2) instances in which the bank reconciliation could not be found.

*Effect:* The school was not compliant with procedures for Kentucky School Activity Funds (“Redbook”).

*Recommendations:* We recommend all bank reconciliations be stored in an accessible place.

*Views of Responsible Officials and Planned Corrective Actions:* The importance of this process of internal controls will be reviewed again with all principals and bookkeepers as part of annual “Redbook” training.

**Status of Prior Year Comments:**

**Paducah Tilghman High School**

*Condition:* We noted six instances at Paducah Tilghman where the F-SA-10 form was not authorized by the teacher/sponsor for transfers.

*Status:* Item present at MES during current year testing.

**McNabb Elementary School & Paducah Tilghman High School**

*Condition:* We noted three instances at McNabb Elementary where disbursement was not properly supported by vendor invoice or Standard Invoice Form F-SA-8. We noted one instance at Paducah Tilghman where disbursement was not properly supported by vendor invoice or Standard Invoice Form F-SA-8.

*Status:* Item still present at MNES and PTHS during current year testing.

**Paducah Tilghman High School**

*Condition:* We noted two instances where activities had deficit balances at the end of the year in the Annual Financial Report.

*Status:* Not present at PTHS during current year testing, but present at CES.

**Paducah Middle School**

*Condition:* We noted six of the bank statements were not signed and reviewed by the principal before the treasurer had access to it.

*Status:* Item still present during current year testing at MNES, MES, PTHS.

**Paducah Middle School**

*Condition:* We noted one instance that deposit was not made timely according to Redbook.

*Status:* Not present during current year testing.

**Paducah Tilghman High School**

*Condition:* We noted 11 outstanding checks over one year old at PTHS.

*Status:* Not present at PTHS during current year testing, but present at PMS.