

Warren County Board of Education

2025 Client Service Communication

Members of the Audit Committee and Board of Directors
Warren County School District

Dear Members of the Board:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Warren County School District for the year ended June 30, 2025, and have issued our report thereon dated February 24, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated June 1, 2025. Professional standards also require that we communicate to you certain other matters related to our audit.

This report is intended solely for the information and use of the audit & risk management advisory committee, board of directors, and management of Warren County School District and is not intended to be, and should not be used by anyone other than these specified parties.

LBMC, PC

Louisville, Kentucky
February 24, 2026

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Scope of Attest Services,,	<p>LBMC was engaged to perform an audit of the District's 2025 financial statements and to perform certain limited procedures over the required supplementary information (“RSI”) and supplementary information (“SI”) in accordance with auditing standards generally accepted in the United States of America.</p>
The District’s Internal Controls	<p>Management is responsible for the preparation and fair presentation of the financial statements, RSI, SI and maintaining internal controls.</p>
Attest Deliverable	<p>LBMC issued an unmodified opinion on the District’s financial statements and communicated certain matters relating to the audited financial statements.</p>
Other Services	<p>LBMC performed certain nonattest services including drafting financial statements and providing guidance to management on their calculation of compensated absences.</p> <p>We provided management with any and all accounting records that were prepared by LBMC in connection with the nonattest services set forth above. Management is responsible for retaining these accounting records, including supporting schedules as an integral part of the District's accounting records, which include the below:</p> <ul style="list-style-type: none"> • Draft of the financial statements, footnotes, required supplementary information, and other supplementary information.

Area	Detail
Qualitative Aspects of Accounting Practices – Accounting Policies	<p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note B to the financial statements.</p> <p>As discussed in Note 13 to the financial statements, the District adopted Governmental Accounting Standards Board (“GASB”) Statement No. 101, Compensated Absences, and GASB Statement No. 102, Certain Risk Disclosures, during the year.</p> <p>We are not aware of any transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p>
Qualitative Aspects of Accounting Practices - Estimates	<p>Accounting estimates are an integral part of the District’s financial statements and are based on management’s knowledge and experience, as well as certain assumptions. Certain accounting estimates are particularly sensitive due to: (i) their significance to the financial statements; and (ii) uncertainties inherent in the estimation process. The most sensitive estimates affecting the financial statements relate to:</p> <ul style="list-style-type: none"> • Depreciable lives of property and equipment • Liability for compensated absences (vacation pay and sick leave) • Net pension liability • Net other post-employment benefits asset and liabilities <p>We evaluated the key factors and assumptions used to develop each of these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.</p>
Qualitative Aspects of Accounting Practices – Disclosures	<p>Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements relate to:</p> <ul style="list-style-type: none"> • Long-term Liabilities • Retirement Plan • OPEB Plans <p>Financial statement disclosures are neutral, consistent, and clear.</p>

Misstatements identified during the audit that are more than clearly trivial in nature and magnitude have been communicated to management. Management has corrected all such misstatements. The following misstatement detected through our audit procedures and corrected by management is considered to be material:

Description	Error
Retainage Payable	\$ 6,204,979
The District failed to record as a liability the retainage payable related to ongoing construction contracts. The adjustment increases a liability and expenses at the construction fund level and increases nondepreciable assets on the District's Statement of Net Position	

Area	Detail
Difficulties Encountered in Performing the Audit	<p>For purposes of this report, “difficulties” may include matters such as:</p> <ul style="list-style-type: none"> • the unavailability of, or significant delays in management providing information, • an unreasonable time frame within which to complete the audit, • extensive unexpected effort required to obtain audit evidence, or • restrictions imposed on the auditor by management. <p>We encountered no significant difficulties in performing and completing our audit.</p>
Disagreements with Management	<p>For purposes of this report “disagreements with management” include matters that, individually or in the aggregate, could be significant to the District’s financial statements or the auditors’ report, regardless of whether they were satisfactorily resolved. Examples of such matters include, but are not limited to, the application of accounting principles to a specific transaction, the basis for management’s judgments about accounting estimates, and the scope of the audit. We are pleased to report that no such disagreements arose during the course of our audit.</p>
Management Consultations with other Independent Accountants	<p>If management were to consult with other accountants about the application of an accounting principle to the District’s financial statements or the type of auditors’ opinion that may be expressed on those statements, professional standards require the consulting accountant to confer with us to determine that the consultant has all relevant facts. To our knowledge, there were no such consultations with other accountants.</p>
Management Representations	<p>We have requested certain representations from management that are included in the management representation letter dated February 24, 2026.</p>
Independence	<p>We are not aware of any relationships between our firm and the District that, in our professional judgment, may reasonably be thought to bear on our independence that have occurred during the period from July 1, 2024 through the date of this report.</p>
Other Findings or Issues	<p>We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year both prior to, and subsequent to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.</p>
Information Accompanying the Financial Statements	<p>With respect to the required supplementary information and supplementary information accompanying the financial statements we performed certain procedures as described in our auditors’ report in order to determine that such information is appropriate and complete in relation to our audit of the basic financial statements.</p> <p>We were not engaged to report on the other information included in the annual comprehensive financial report, which accompanies the financial statements, but is not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion nor provide any assurance on it.</p>

In planning and performing our audit of the financial statements, 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 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 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 Company's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Company's internal control to be a significant deficiency:

Failure to Record Retainage Payable	While performing procedures over the Construction Fund, the audit team became aware of the District's failure to record retainage payable related to its ongoing construction projects. Management of the District quantified the misstatements, which resulted in a significant adjustment that impacted the fund financial statements of the Constructions Fund by increasing liabilities and expenditures, as well as impacting the District-wide statement of net position by increasing the nondepreciable assets and liabilities.
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The GASB has issued several reporting standards that will become effective for fiscal 2026 and later years' financial statements:

- Statement No. 103, *Financial Reporting Model Improvements*, provides targeted improvements to the financial reporting model that was established for state and local governments in 1999 by GASB Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*.
- Statement No. 104, *Disclosure of Certain Capital Assets*, provides users of government financial statements with essential information concerning two types of capital assets: (1) capital associated with leases and other intangible assets and (2) capital assets held for sale.
- Statement No. 105, *Subsequent Events*, improves the financial reporting requirements for subsequent events thereby enhancing consistency in their application and better meeting the information needs of financial statement users. It also clarifies the subsequent events that constitute recognized and non-recognized events and establishes specific note disclosure requirements for non-recognized events.



Client Service is a Priority

For additional information or if you have questions, please contact the Audit Client Shareholder.

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