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**FELIX & GLOEKLER, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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March 1, 2012

Warren County School District  
589 Hospital Drive  
Warren, PA 16365-4885

We are pleased to confirm our understanding of the services we are to provide the Warren County School District. We will audit the schedules for Project Accounting Based on final costs (J02 and J03) and the Financial Report (J04) for Project #2906 for Warren Elementary School.

The objective of our audit is the expression of an opinion as to whether the aforementioned schedules are fairly presented, in all material respects, in conformity with the cash basis of accounting. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and will include tests of the accounting records and other procedures we consider necessary to enable us to express such an opinion and to render the required reports. If our opinion on the schedules is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their applications and will assist in the preparation of your schedules, but the responsibility for the schedules remains with you. As part of our engagement, we may propose standard, adjusting, or correcting journal entries to your schedules. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the schedules. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting and compliance, the selection and application of accounting principles, and the safeguarding of assets. Management is responsible for adjusting the schedules to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the schedules taken as a whole.



You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the schedules. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedules; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the schedules are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributed to the entity or to acts by management or employees acting on behalf of the entity. Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that a material misstatement may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the schedules. However, we will inform you of any material errors that come to our attention and we will inform you of any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Identifying and ensuring that Warren County School District complies with laws, regulations, contracts, and grant agreements is the responsibility of management. As part of obtaining reasonable assurance about whether the schedules are free of material misstatement, we will perform tests of Warren County School District's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.



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In planning and performing our audit, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinion on the aforementioned schedules.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will inform the governing body or audit committee of any matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the aforementioned schedules.

Our fee for these services will be billed at our standard hourly rates. Our invoices for our fees are payable on presentation.

We appreciate the opportunity to be of service to the Warren County School District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very Truly Yours,

*Felix and Gloekler, P.C.*

Felix and Gloekler, P.C.

RESPONSE:

This letter correctly sets forth the understanding of the Warren County School District.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_