



MIZE & HOUSER
COMPANY P.A.

Mayor and City Commission
City of Lawrence, Kansas

In planning and performing our audit of the financial statements of the City of Lawrence, Kansas, as of and for the year ended December 31, 2014, we considered the City'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 an opinion on internal control.

However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter does not affect our report dated May 5, 2015, on the financial statements of the City of Lawrence, Kansas.

We will review the status of this comment during our next audit engagement. We have already discussed the comment and suggestion with various City personnel, and we will be pleased to discuss this comment in further detail at your convenience, to perform an additional study of this matter, or to assist you in implementing the recommendation. Our comment is summarized as follows:

During the audit, we noted a significant variance between the accounting records and the detailed listing of inventory at the water plant. We recommend that the City complete a reconciliation of inventory records to the accounting system each quarter to ensure proper reporting.

Management Response:

Management is aware of the discrepancy between the subsidiary ledger and the general ledger and is currently in the process of contracting with an outside source to assist with the reconciliation of the systems. Management's goal is to have this issue resolved by the end of the year.

This report is intended for the use of the mayor, city commission and other members of management of Lawrence, Kansas, and should not be used by anyone other than these specified parties.

Certified Public Accountants

Lawrence, Kansas
May 5, 2015