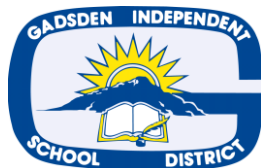


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Gadsden Independent School District  
June 30, 2015 Audit Report  
Submission of Report to GISD Board of Education

The Gadsden ISD Annual Financial Statements for the year ended June 30, 2015 is presented to the Board of Education as required by the NM Audit Rule – 2015.

The annual audit was completed on October 5, 2015 and was accepted by the State Auditor on October 27, 2015. The audit report became a public record 5 days after the release letter from the NM State Auditor which was dated October 27, 2015.

The report is presented to the GISD Board of Education with the following items noted:

1. The audit report issued on the financial statements of the District by Accounting & Consulting Group, LLP is an Unmodified report.
2. The audit report issued on compliance for major programs of the District by Accounting & Consulting Group, LLP is an Unmodified report.
3. There are 5 findings listed in the report as required by the NM State Auditor and governmental auditing standards. The findings are recapped below and are reflected in the last section of the annual financial report being presented:
  - A. Capital Assets (Significant Deficiency) – Accumulated Depreciation was not rolled forward properly from the prior year in the software system used to maintain the fixed asset records of the District for financial reporting purposes.

The Finance Department is implementing additional training and procedures to address this issue.

- B. Activity Funds (Significant Deficiency) – 24 hour depositing rule and Purchases made prior to the issuance of a purchase order. School sites continue to violate these two requirements and as such continues to result in audit findings.

The Finance Department is implementing additional monthly reviews and training to address the issue with each school site found to not be in compliance with this requirement.

- C. Procurement Cards (Required to be reported by the NM Audit Rule – 2015) – The procurement card was used to purchase a personal item with a cost of \$1.99. This non-compliance with the procurement card procedures resulted in an audit finding.

The Finance Department is also implementing additional monthly reviews of procurement card usage and will also provide additional procedure guidelines for the users of the procurement cards.

- D. Exceeded Budget Authority – (Required to be reported by the NM Audit Rule -2015) – For the Education Technology Debt Service Fund the account that records the ad valorem tax collection fee assessed by the Counties that collect the ad valorem tax for the District was over expended due to the receipt of additional tax revenues at the end of June 2015 after the deadline to obtain board and PED approval of the required budget adjustment.

The Finance Department has implemented additional procedures to monitor the budget activity and will submit the appropriate budget adjustments prior to the state deadlines.

- E. Annual Report Card, High School Graduation Rate for Title I (Noncompliance) – Out of 25 records tested 2 did not reflect approval by the school administrator as required for the removal of a student from their cohort.

District administration has implemented additional review procedures to ensure compliance with all required approvals.

- 4. The June 30, 2015 financial statements and related audit reports were submitted before the November 15, 2015 deadline for school districts as required by the NM State Auditor.