



GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16

Presentation of the FYE 2017 Financial Statement Audit

CORDOVA CPAs LLC

BOBBY CORDOVA, CPA
PRINCIPAL

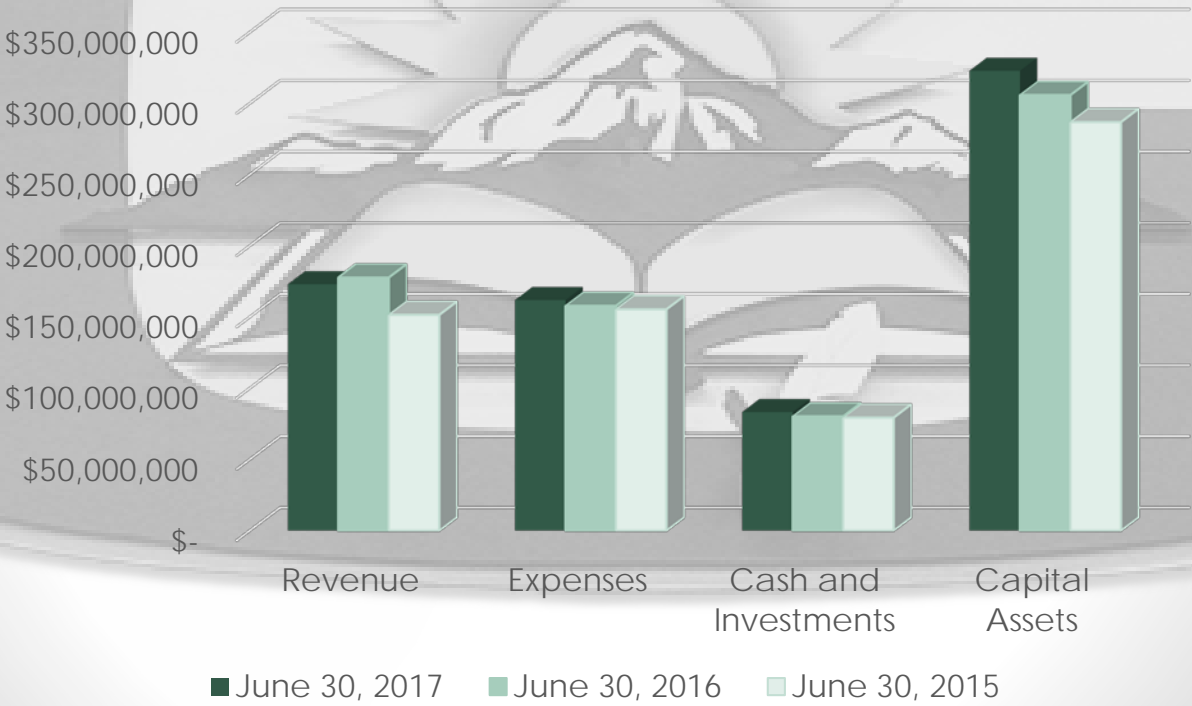
OCTOBER 19, 2017

Agenda

- Financial Highlights
- Communication with those Charged with Governance
- Auditors' Opinion and Reporting

Financial Highlights

GISD Financial Look Back



Our Responsibility Under U.S. & Government Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to form and **express an opinion** about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements **does not relieve you or management of** your responsibilities.

Our audit of financial statements includes **consideration of internal control** over financial reporting as a basis for designing audit procedures **but not for the purpose of expressing an opinion** on the effectiveness of the entity's internal control over financial reporting. Accordingly, we considered the entity's internal control for the purpose of determining our audit procedures and not to provide assurance concerning such internal control.

Our responsibility is to plan and perform the audit in accordance with generally accepted auditing standards issued by the AICPA and the Comptroller General of the United States, and to design the audit to obtain **reasonable, rather than absolute, assurance** about whether the financial statements are free of material misstatement.

We are also responsible for **communicating significant matters related to the financial statement audit** that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, **we** are not required to design procedures for the purpose of identifying other matters to communicate to you.

Communication with Governing Body

U.S. GAAS Requirements

Planned Scope and Timing of the Audit

It is the Auditors' responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence and to communicate with those charged with governance an overview of the planned scope and timing of the audit.

CCPAs Communication

The planned scope and timing of the audit was communicated during our audit entrance meeting and was included in the engagement letter and communications with those charged governance for the year ended June 30, 2017.

Communication with Governing Body

U.S. GAAS Requirements

Significant Accounting Policies and Unusual Transactions

The auditor should determine that the Board of Education are informed about the initial selection of and changes in significant accounting policies or their application. The auditor should also determine that the Board of Education are informed about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

CCPAs Communication

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the Footnotes to the financial statements. Throughout the course of an audit, we review changes, if any, to significant accounting policies or their application, and the initial selection and implementation of new policies.

We believe management has selected and applied significant accounting policies appropriately and consistent with those of the prior year.

Communication with Governing Body

U.S. GAAS Requirements

Management Judgments and Accounting Estimates

The Board should be informed about the process used by management in formulating particularly sensitive accounting estimates and about the basis for the Auditors' conclusions regarding the reasonableness of those estimates. Our views about qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures.

CCPAs Communication

Management's judgments and accounting estimates are based on knowledge and experience about past and current events and assumptions about future events. We apply audit procedures to management's estimates to ascertain whether the estimates are reasonable under the circumstances and do not materially misstate the financial statements.

Significant management estimates impacting the financial statements include the following: **capital assets , excluding land useful lives and accumulated depreciation, and the net pension liability.**

We deemed them to be reasonable.

Communication with Governing Body

U.S. GAAS Requirements

Difficulties Encountered in Performing the Audit

The Board of Education should be informed of any significant difficulties encountered in dealing with management related to the performance of the audit.

CCPAs Communication

No significant difficulties were encountered during our audit.

Communication with Governing Body

U.S. GAAS Requirements

Significant Audit Adjustments

The Board of Education should be informed of all significant audit adjustments arising from the audit. Consideration should be given to whether an adjustment is indicative of a significant deficiency or a material weakness in the District's internal control over financial reporting, or in its process for reporting interim financial information, that could cause future financial statements to be materially misstated.

CCPAs Communication

We noted no misstatements detected as a result of audit procedures.

Communication with Governing Body

U.S. GAAS Requirements

Unadjusted Differences Considered by Management to be Immaterial

The Board of Education should also be informed of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

CCPAs Communication

We noted no uncorrected misstatements which are immaterial to the financial statements.

Communication with Governing Body

U.S. GAAS Requirements

Potential Effect of Any Significant Risks and Exposures

The Board should be adequately informed of the major risks and exposures facing The District.

Disagreements With Management

Disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the District's financial statements, or the Auditors' report.

CCPAs Communication

The District is subject to potential legal proceedings and claims that arise in the ordinary course of business. There was \$13.1 million in deposits not insured by FDIC and not collateralized as of June 30, 2017.

We are pleased to report that there were no disagreements with management.

Auditors' Report on the Financial Statements

Unmodified Opinion

- Financial Statements are presented fairly in accordance with accounting principles generally accepted in the United States of America.

Auditors' Report on the Major Programs

Unmodified Opinion

- Complied, in all material respects, with the program requirements that are direct and material.

Other Auditors' Reports

GAGAS Report on *Internal Control Over Financial Reporting* and on *Compliance and Other Matters*

- 4 Findings - 1 significant deficiency and 3 items that do not rise to the level of a significant deficiency.

Communication with Governing Body

U.S. GAAS Requirements

Deficiencies in Internal Control

Any material weaknesses and significant deficiencies in the design or operation of internal control that came to the Auditors' attention during the audit must be reported to the Board of Education.

CCPAs Communication

Material weakness

None noted

Significant deficiency

FS 2017-001 Deficiencies of IT General Computer Controls

Other Matters (NM required)

NM 2017-001 Capital Assets

NM 2017-002 Inventory

NM 2017-003 Payroll and HR

Communication with Governing Body

U.S. GAAS Requirements

Representations Requested of Management

We requested certain representations from management that are included in the management representation letter.

CCPAs Communication

We will receive these representations in a separate letter from management.

Communication with Governing Body

U.S. GAAS Requirements

Management's Consultation with other Accountants

In some cases, management may decide to consult about auditing and accounting matters. If management has consulted with other accountants about an auditing and accounting matter that involves application of an accounting principle to the District's financial statements or a determination of the type of Auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

CCPAs Communication

We are not aware of any significant accounting or auditing matters for which management consulted with other accountants.

Communication with Governing Body

U.S. GAAS Requirements

Other Material Written Communications

Report to the Board significant written communications between the auditor and client management.

Material Uncertainties Related to Events and Conditions (specifically going concern issues)

Any doubt regarding the entity's ability to continue, as a going concern, should be communicated to the Board of Education.

CCPAs Communication

Other than the engagement letter, management representation letter and communication of those charged with governance, there have been no other significant communications.

No such matters came to our attention.

Communication with Governing Body

U.S. GAAS Requirements

Fraud and Illegal Acts

Fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements should be communicated. We are also required to communicate any illegal acts involving senior management that come to our attention, unless clearly inconsequential.

Auditors' Independence

We are required to communicate in writing, at least annually, all independence-related relationships between our firm and the District and provide confirmation that we are independent accountants with respect to the District.

CCPAs Communication

The District has informed us of one instance of minor fraud or illegal acts that has come to their attention.

We are not aware of any independence-related relationships between our firm and the District and hereby confirm that we are independent accountants with respect to the District under professional standards.

Thank You for the opportunity to serve Gadsden Independent School District!

- Risk-based approach so we will adjust our audit plan to respond to any risks that may arise during this current year.
- GASB Statement No. 75 new for the year ended June 30, 2018.
- Made informal recommendations during our audit that were not necessarily 'findings' to enhance the efficiency of processes and also to strengthen the current internal control structure in place.
- Your team was fantastic to work with and we appreciate their hard work.
- We are available year-round as a resources to help your team.
- We value our relationship and look to continue to build on it.

*Building strong
and genuine,
long-term
relationships
with our clients
and team
members.*

Bobby Cordova, CPA

Principal

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