



Cooperative Educational Service Agency #9

Presentation to the Board of Directors

February 1, 2017



Financial Statements and
Supplementary Information

For the Year Ended June 30, 2016

WIPFLi^{LLP}
CPAs and Consultants

Overview of Audit Results

- **Scope of Audit Report** - Issued an unmodified opinion on the financial statements of CESA #9 (the “Agency”). Noted Management’s Discussion and Analysis is not presented.
- **Internal Accounting Control** – Internal controls were reviewed to the extent necessary to plan our audit procedures in order to render an opinion on the financial statements.
- **Independence** – There are no relationships between Wipfli LLP and the Agency that, in our professional judgment, would reasonably be thought to impair our independence.



Overview of Uniform Guidance Audit Results

- **Compliance audit required for year ended June 30, 2016 due to Federal expenditures in excess of \$750,000 threshold. Major programs audited:**
 - Federal - Special Education Cluster (\$773,055)
 - Federal - Carl Perkins Vocational Education (\$119,077)
 - State - Special Education and School Age Parents (\$210,595)
- **Report on Internal Controls over Financial Reporting**
 - Financial Statement Preparation
 - Segregation of Duties
- **Report on Compliance with Requirements Applicable to Each Major Program**
 - No findings in the current year



Required Communications

- Significant accounting policies
 - The Agency adopted the Statement of Governmental Accounting Standards (GASB Statement), *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*.
 - GASB 45 – OPEB asset/liability was recognized related to over/under funding ARC
 - GASB 75 – OPEB expense recognized as services are provided
 - Net OPEB asset
 - Deferred outflows related to OPEB
 - Additional note disclosures
 - Remaining policies consistent with prior year



Other Post-Employment Benefits (OPEB)

Net OPEB Asset

Service cost	\$21,389
Interest	16,045
<u>Benefit payments</u>	<u>(50,592)</u>
Net change in total OPEB liability	(13,158)
<u>Total OPEB liability – Beginning of year</u>	<u>371,161</u>
<u>Total OPEB liability – End of year</u>	<u>358,003</u>
<u>Fiduciary net position – End of year</u>	<u>385,645</u>
<u>Net OPEB asset – End of year</u>	<u>(\$27,642)</u>

- Implemented GASB 74 and 75 in the current year
- Net affect was to reduce beginning net position by \$3,152
- Need to obtain a new actuarial study biennially or sooner if significant plan changes
- Management responsible for reviewing actuarial assumptions



Required Communications

- Accounting estimates
 - The most sensitive estimates affecting the financial statements were:
 - Net other post-employment benefit asset
 - Net pension liability
 - Went from \$327,131 asset to a \$222,430 liability
 - Increased financial statement expense \$124,287
 - Wipfli evaluated the key factors and assumptions used to develop the estimates and found the estimates to be reasonable in relation to the financial statements.
- Journal entries
 - Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.
 - We proposed no adjustments that were significant, either individually or in the aggregate, to the financial statements taken as a whole.



Financial Highlights

- Wisconsin Retirement System note balance is \$63,102 (PY \$ 113,537)
- Capital lease balance is \$66,141 (PY \$ 75,023)
- Total net position increased \$137,551 for the current year
 - Fund 99 funds', which includes Wisconsin Virtual Schools, net position increased \$143,473.
- \$331,784 of cash used by operating activities
 - Prior year \$606,197 of cash provided by operating activities
- Trust fund balance has increased \$11,820 to \$397,465, all of which was from investments.



Financial Highlights (Continued)

5 Year Comparison of Net Position

