



*Cooperative Educational Service Agency #9*

Presentation to the Board of Directors

January 7, 2015



Financial Statements and  
Additional Information

**WIPFLi**<sup>LLP</sup>  
CPAs and Consultants

For the Year Ended June 30, 2014

# Agenda

- Overview of Audit Results
- Overview of A-133 Audit Results
- Required Communications
- Other Post Employment Benefits
- Financial Highlights



# Overview of Audit Results

- **Scope of Audit Report** - Issued an unmodified opinion on the financial statements of CESA #9 (the “Agency”). Noted that 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 A-133 Audit Results

- **Compliance audit required for year ended June 30, 2014 due to Federal expenditures in excess of \$500,000 threshold. Major programs audited:**
  - Special Education Cluster (\$502,406)
  - Special Education and School Age Parents (\$245,531)
- **Report on Internal Controls over Financial Reporting**
  - Financial Statement Preparation
  - Segregation of Duties
- **Report on Compliance with Requirements Applicable to Each Major Programs**
  - No findings in the current year



# Required Communications

- Auditor's responsibility under auditing standards generally accepted in the United States:
  - To express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States
  - Our procedures are designed to obtain reasonable, rather than absolute, assurance about the financial statements.
- Planned scope and timing of the audit:
  - We performed the audit according to the planned scope and timing in accordance with:
    - Ongoing discussions with Pat Beals and Hilary Cordova.
    - Our engagement letter dated June 19, 2014, signed by Dr. Karen Wendorf-Heldt.
- Significant accounting policies:
  - There were no other initial selections of or changes in significant accounting policies or their application.



# Required Communications

- Significant accounting policies:
  - No new accounting policies were adopted and the application of existing policies was not changed during the period under audit.



# Required Communications

## Qualitative Aspects of Accounting Practices:

- We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus.
- There were no unusual transactions noted during the audit.

## Accounting estimates:

- Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.
- The most sensitive estimates affecting the financial statements were:
  - Other post-employment benefits asset/obligation
  - Accumulated compensated absences
- 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.

## Other information in documents containing audited financial statements:

- We are not aware any documents in which the audited financial statements may be referenced in other documents.



# Required Communications

No difficulties encountered in dealing with management in performing and completing our audit.

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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.

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There were no disagreements with management on financial accounting, reporting matters, and auditing procedures.

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We are not aware of management obtaining opinions or advice from other independent accountants on the application of accounting principles or a determination of the type of auditor's opinion to be expressed on the financial statements.

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We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not, in our judgment, a condition of our retention.

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# Required Communications

- Federal Regulations

- In December 2013, the Office of Management and Budget (“OMB”) released final guidance for grants and other awards entitled *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Also referred to as the “Super Circular.”
  - Changes will likely be required for the Agency’s internal controls and written policies and procedures. We recommend that Agency personnel receive training on the new requirements to ensure compliance. Wipfli has trained over 1,500 people on the new circular and is also able to assist with written policies and procedures.



# Other Post Employment Benefits (OPEB)

## Net OPEB Obligation

Annual required contribution	\$49,622
Interest on net OPEB obligation	(3,341)
<u>Adjustment to annual required contribution</u>	<u>4,347</u>
Annual OPEB cost	50,628
<u>Contributions made</u>	<u>46,380</u>
Increase in net OPEB obligation	4,248
<u>Net OPEB asset - Beginning of year</u>	<u>(66,818)</u>
Net OPEB asset - End of year	(62,570)

- Unfunded actuarial accrued liability was \$211,649 per July 1, 2012 actuarial study
- GASB 45 implemented in 2010 with a beginning liability of \$0
- Need to obtain a new actuarial study triennially or sooner if significant plan changes
- Management responsible for reviewing actuarial assumptions



# Financial Highlights

- Wisconsin Retirement System note balance is \$126,000 (PY \$138,000)
- Capital lease balance is \$87,770 (PY \$95,895)
- Largest liability is compensated absences at \$344,225 (PY \$355,927)
- Net position increased \$238,915 for the year
  - Fund 99 funds', which includes Wisconsin Virtual Schools, net position increased \$196,057.
- \$125,426 of cash provided by operating activities
  - Prior year \$23,015 of cash used by operating activities
- Trust fund balance has increased \$40,715 to \$380,717, all of which was from investments.



**WIPEFLI**<sup>i</sup> LLP

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