



Cooperative Educational Service Agency #9

Presentation to the Board of Directors

January 6, 2016



Financial Statements and
Supplementary Information

WIPFLi^{LLP}
CPAs and Consultants

For the Year Ended June 30, 2015

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 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, 2015 due to Federal expenditures in excess of \$500,000 threshold. Major programs audited:**
 - Special Education Cluster (\$617,038)
 - Special Education and School Age Parents (\$256,941)
- **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) No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*.
 - GASB 27 – Pension expense was recognized related to funding
 - GASB 68 – Pension expense recognized as services are provided
 - Net pension asset
 - Deferred outflows related to pension
 - Additional note disclosures



Required Communications

- Accounting estimates
 - The most sensitive estimates affecting the financial statements were:
 - Net other post-employment benefit asset
 - Net pension asset
 - 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.
 - We proposed eleven adjusting journal entries
 - Shared service receivables
 - Revenue reclassifications



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*.
 - Federal agencies had until December 26, 2014, to promulgate regulations to implement this new guidance.
 - Changes were likely to be required for the Agency’s internal controls and written policies and procedures.



Other Post-Employment Benefits (OPEB)

Net OPEB Obligation

Annual required contribution	\$49,622
Interest on net OPEB obligation	(3,129)
<u>Adjustment to annual required contribution</u>	<u>4,071</u>
Annual OPEB cost	50,564
<u>Contributions made</u>	<u>42,495</u>
Decrease in net OPEB obligation	8,069
<u>Net OPEB asset - Beginning of year</u>	<u>(62,570)</u>
<u>Net OPEB asset - End of year</u>	<u>(\$54,501)</u>

- 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



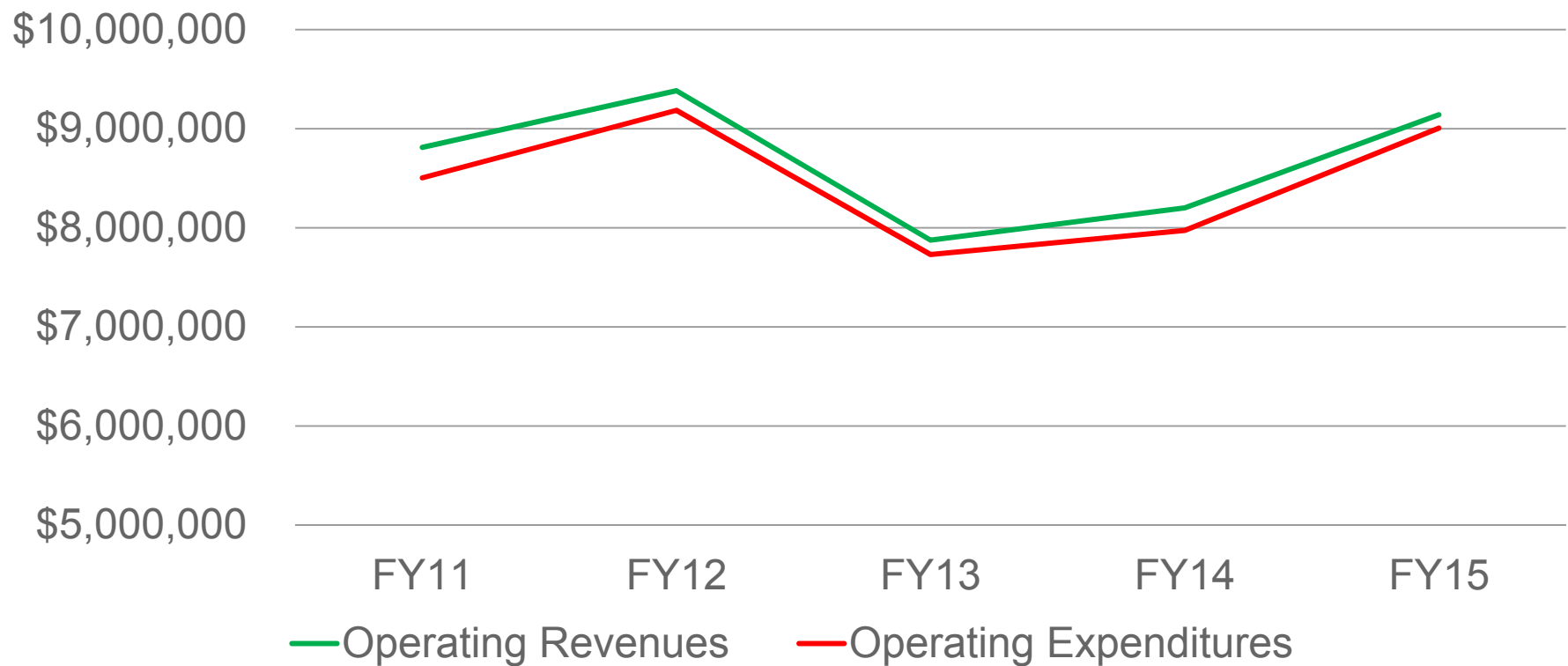
Financial Highlights

- Wisconsin Retirement System note balance is \$113,537 (PY \$126,000)
- Capital lease balance is \$75,023 (PY \$87,770)
- Net position was restated to \$1,642,111 due to a \$610,231 adjustment for the WRS net pension asset
 - Total net position increased \$146,149 for the current year
 - Fund 99 funds', which includes Wisconsin Virtual Schools, net position increased \$115,175.
- \$606,197 of cash provided by operating activities
 - Prior year \$125,426 of cash provided by operating activities
- Trust fund balance has increased \$4,928 to \$385,645, all of which was from investments.



Financial Highlights (Continued)

5 Year Comparison of Operating Revenues and Expenditures



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