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SESA
SPECIAL EDUCATION SERVICE AGENCY

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SESA provides consultation and training to support the unique educational needs of individuals and the Alaskan communities that serve them.

BOARD OF DIRECTORS MEETING

In-person/Zoom
December 15, 2022
9:00 AM – 9:45 AM

WORK SESSION NOTES

The Board reserves the right to enter into Executive Session for matters allowed by law.

The following Board Members participated in the Work Session on Thursday, December 15, 2022: Jeanne Gerhardt-Cyrus, Donald Enoch, Heather Wheeler, Elizabeth Joseph, Richard Saville, Anna Attla, and Clayton Holland.

The following staff members participated: Olivia Yancey (SESA Executive Director), Katie Groller (SESA Executive Assistant), Genevieve Hollins (Finance Manager, AKEBS), and Christine Collier (Senior Program Assistant).

1)SESA Independent Public Auditors Report

Katie Stachow, CPA, Senior Audit Manager from Altman, Rogers & Co

Katie Stachow, CPA, Senior Audit Manager from Altman, Rogers & Co. presented the findings of the FY22 Audit. (See attached documents.) Katie stated that during the audit no errors were identified. Katie explained that SESA did not qualify as a low-risk auditee on the federal level because the agency has never done a federal single audit before. SESA does qualify as a low-risk auditee on the state level because the agency has completed a state audit before. Katie also explained a change to Governmental Accounting Standards Board 87 which will effect the FY23 financial statements. The change effects and leased assets that are leased for greater than one fiscal year (e.g., copy machines, building lease, ect.) There will need to be an associated asset and liability recognized for each lease that meets those requirements, which will be amortized over the life of the lease. This will only effect the government wide financial statements and the general fund and are non-cash transactions for SESA.

2) SESA Relocation One-Time Expenses Update

Genevieve Hollins, AKEBS/Olivia Yancey, SESA Executive Director

Genevieve Hollins and Olivia Yancey presented the one-time expense report. (See attached document.) The one-time expenses have increased by $6,854.42 since the report given at the SESA Fall Board Meeting. Part of those expenses were due to the purchase of additional acoustic panels for the media rooms to increase sound- proofing. Olivia and Genevieve reported that $119, 536.31 had been paid toward one-time expenses to date and they were waiting on some additional final invoices.

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3) SESA's The Anne Freitag Library Annual Report

Claire Agni, SESA Librarian

SESA Librarian Claire Agni provided an overview of the library. (See attached document.) Claire went through the library goals, how to use the library, how to register for a library card, and shared some data on how the library is being used. Heather Wheeler challenged all of the board members to register as patrons of the library. Richard Saville asked for a more detailed explanation of what constitutes a reference question. Claire explained that it is a question that requires some research on her part to answer.

4) FY24 Agency Calendar Review

Katie Groller, SESA Executive Assistant

Katie Groller, SESA Executive Assistant, presented the FY24 Calendar. (See attached document.) Katie went over the start and end dates for all of the SESA positions. She also highlighted break dates. Tentative board meeting dates for FY24 of October 4th, December 15th, March 6th, and May 29th, were presented. Katie let the board know a survey to confirm the dates would be going out before they are finalized.

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SPECIAL EDUCATION SERVICE AGENCY

Letter to the Governing Board

Year Ended June 30, 2022

Altman, Rogers & Co. CERTIFIED PUBLIC ACCOUNTANTS

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SPECIAL EDUCATION SERVICE AGENCY

Letter to the Governing Board

Year Ended June 30, 2022

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Altman, Rogers & Co. CERTIFIED PUBLIC ACCOUNTANTS

October 31, 2022

The Board of Directors
Special Education Service Agency
Anchorage, Alaska

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Special Education Service Agency (Agency) for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 17, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies and Transactions

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Special Education Service Agency are described in the Notes to the Financial Statements. No new accounting policies that had a material effect on the financial statements were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

All Opinion Units:

Management's estimate of the collectability of accounts receivable is based on historical collections. We evaluated the key factors and assumptions used to develop the collectability of accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Government-Wide Opinion Unit:

Management's estimate of the useful lives and depreciation is based upon the expected life of an asset. We evaluated the key factors and assumptions used to develop the useful lives and depreciation expense in determining that it is reasonable in relation to the financial statements as a whole.

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Management's estimates of the Agency's proportionate share of the collective net pension/OPEB liability/asset and related deferred outflows and inflows of resources are based on information furnished by the State of Alaska and actuarial reports generated during the audit of the Public Employees' Retirement System and Teachers' Retirement System. The amortization of these deferrals is based on guidance provided by the Governmental Accounting Standards Board. We evaluated the key factors and assumptions used to develop the estimates of the Agency's proportionate share of the collective net pension liability and deferred outflows and inflows of resources and related amortization in determining that it is reasonable in relation to the financial statements as a whole.

Financial Statement Disclosure

The Financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements identified that were material, either individually, or in the aggregate, to each opinion unit's financial statements taken as a whole and there were no proposed adjustments.

Disagreements with Management

For the purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 31, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency'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. To our knowledge, there were no such consultations with other accountants.

Internal Control Matters

See the June 30, 2022 audited financial statements Compliance Reports for definition and descriptions of deficiencies, significant deficiencies, material weaknesses and any reported findings.

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Supplementary Information

We applied certain limited procedures to Schedule of Revenues, Expenditures, and Changes in Fund Balance – Original and Final Budget and Actual: General Fund, Alaska Autism Resource Center Special Revenue Fund, Census Surveys (Indicators) Special Revenue Fund, Discretionary Personnel Special Revenue Fund, Alaska Deaf-Blind Special Revenue Fund, Schedules of the Agency's Proportionate Share of the Net Pension/OPEB Liabilities/Assets and Contributions for the Public Employees' Retirement System and the Teachers' Retirement System and Management's Discussion and Analysis (MD&A), which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Major Governmental Funds: Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, Other Governmental Funds: Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (where applicable) – Special Revenue Funds, and Schedule of State Financial Assistance known as "Additional Supplementary Information" which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Audit Findings or Issues

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

Accounting Assistance

As part of our engagement we drafted the basic financial statements of the Agency from the Agency's accounting records; however, management of the Agency was involved in the drafting process and retains responsibility for the basic financial statements.

Restriction of Use

This information is intended solely for the use of the Board of Directors and management of Special Education Service Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Altman, Rogers & Co.

Anchorage, Alaska

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SPECIAL EDUCATION SERVICE AGENCY

Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, Additional Supplementary Information and Compliance Reports

Year Ended June 30, 2022

Altman, Rogers & Co. CERTIFIED PUBLIC ACCOUNTANTS

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SPECIAL EDUCATION SERVICE AGENCY

Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, Additional Supplementary Information and Compliance Reports

Year Ended June 30, 2022

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SPECIAL EDUCATION SERVICE AGENCY

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Altman, Rogers & Co. CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

The Board of Directors
Special Education Service Agency
Anchorage, Alaska

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Special Education Service Agency (Agency) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities each major fund, and the aggregate remaining fund information of the Agency, as of June 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule the agency's proportionate share of the net pension and OPEB Liabilities and assets and contributions for the public employers' retirement system, and teachers' retirement system, and budgetary comparison information and related notes to required supplementary information on pages 4-10 and 44-58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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The Board of Directors
Special Education Service Agency

Additional Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The information listed in the table of contents as "Additional Supplementary Information", which includes Major Governmental Funds: Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, Other Governmental Funds: Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances; Schedule of Revenues, Expenditures and Changes Fund Balance - Budget and Actual (where applicable) – Nonmajor Special Revenue Funds; Schedule of Expenditures of Federal Awards and related notes to schedules, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200,* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and Schedule of State Financial Assistance and related notes to schedule which is presented as required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits are presented for purposes additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Agency's internal control over financial reporting and compliance.

Altman, Rogers & Co.

Anchorage, Alaska
October 31, 2022