



Report to the Board of School Directors

Milwaukee Public Schools

Review of 2023 Audit

Presented by:
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Agenda

- Overview of 2023 audit
 - Reports Issued
 - Opinions received
- Federal & State compliance findings
- Required communications
- Internal control and other recommendations
- Financial highlights
- Questions/contact information



Audit results

- **Audit Objective**

- The objective of our audit was to express an opinion on the various financial statements of Milwaukee Public Schools as of June 30, 2023

- **Our Opinions**

- An unmodified audit opinion has been issued on the financial statements for the fiscal year ending June 30, 2023 as listed below:
 - Milwaukee Board of School Directors Early Retirement Supplement and Benefit Improvement Plan
 - Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers
 - Annual Comprehensive Financial Report (audited financial statements)
- The financial statements are fairly presented in accordance with generally accepted accounting principles
- All appropriate disclosures have been properly reflected in the financial statements and footnotes
- Accounting principles have been consistently applied



Audit results (continued)

- **Federal and State Program Compliance Findings**
 - **Federal:**
 - ESSER - Equipment and Real Property Management
 - Medicaid – IEP Ratio
 - **State:**
 - Achievement GAP Reduction – Unlicensed Teachers



Other Information

- **Reporting and Insights Document**

- Required Communication of Internal Control related matters Identified in the Audit to those Charged with Governance
- Communication of Other Control Deficiencies and Information
- Required Communication by the Auditor with Those Charged with Governance
- Management Representations



Reporting and Insights Document (continued)

- **Required communications**

- Auditor's Responsibilities Under Generally Accepted Auditing Standards**

- To express an opinion on the financial statements
 - To conduct an audit in accordance with auditing standards generally accepted in the United States of America
 - To plan and perform the audit in order to obtain reasonable (rather than absolute) assurance that the financial statements are free of material misstatement
 - To express an opinion on compliance with regulations for federal and state award programs

- Changes in Significant Accounting Policies**

- None noted

- Management Judgments and Accounting Estimates**

- No significant changes in estimates
 - Accrued claims for self-insurance, accrued compensated absences, net OPEB liability, net pension liability of the Pension Plans - Early Retirement Supplement and Benefit Improvement Plan and Supplemental Early Retirement Plan for Teachers
 - WRS/ERS pension assets and liabilities

- Significant Audit Adjustments Identified and Recorded During Audit**

- Various related to accruals, expenditures/payables, revenue/receivables, unearned revenue, contributions



Reporting and Insights Document (continued)

- **Required communications**

- Uncorrected Misstatements**

- Three uncorrected entries
 - Retainage Payable of \$579,607
 - Life Insurance Duplicate Reporting of \$796,446
 - Unavailable Revenue \$441,000

- Other Information in Documents Containing Audited Financial Statements**

- We are not aware of any other documents

- Disagreements with Management**

- None

- Management's Consultation with Other Accountants**

- Assistance provided by CLA related to federal and state awards reporting

- Issues Discussed Prior to Retention**

- We discussed a variety of matters including accounting principles which occurred in the normal course of our professional relationship and were not a condition to our selection or retention as auditors

- Difficulties Encountered in Performing the Audit**

- Significant Delays
 - Unexpected effort to obtain appropriate evidence



Reporting and Insights Document (continued)

- **Internal Control Comments and Recommendations**

- Material Weaknesses**

- Financial statement close process
 - Audit readiness, timely submissions and accurate financial data
 - Journal entry deletions
 - Year-end accounts payable analysis
 - Budget reporting
 - Deficit cash held by the City of Milwaukee

- Significant Deficiencies**

- Equipment and real property management
 - Medicaid IEP ratio calculation
 - Proper licensing

- Other Comments for Consideration**

- Capital asset activity
 - Timeliness of time and effort reporting

- Prior year comments carried over to current year**

- Contract invoicing support
 - Construction in progress
 - Actuarial census file
 - Service organization control 1 report (SOC 1 report) review
 - Financial reporting risks



Financial Highlights

- A. The District's governmental funds ended the 2023 fiscal year with a decrease in total fund balances of \$49.3 million. This decrease reflects a combined decrease in General Fund of \$92.2 million, an increase in the Construction Fund of \$43.6 million and a decrease in School Nutrition Services Fund of \$734,466.
- B. Total fund balance for the governmental funds was \$67.5 million at June 30, 2023. Of this amount, \$140.5 million was restricted/committed for capital projects, and \$89.8 million was deficit fund balance shown as unassigned in the General Fund and the School Nutrition Fund.
- C. The District's issued no new long-term debt and paid down \$21.1 million during 2023 fiscal year.
- D. Increase in pension liability – WRS change from asset to liability for 2023 fiscal year reporting.





Questions?

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