



Agenda

- Overview of 2020 audit
- Required communications
- Internal control and other recommendations
- Financial highlights

Note: *The following information is intended solely for the information and use of the Accountability/Finance and Personnel Committee and the Board of School Directors of Milwaukee Public Schools and its management.*

Overview of 2020 audit

Reports for 2020 audit

- Unmodified Opinion on basic financial statements of the District
- Unmodified Opinion on Early Retirement Supplemental and Benefit Improvement Plan
- Unmodified Opinion on Supplement Early Retirement Plan for Teachers
- Communication to Those Charged with Governance and Management
 - Material weakness
 - Other current year issues
 - Status of prior year issues



Overview of 2020 audit

(continued)

Single audit –

- Unmodified opinion on internal control over financial reporting and one material weakness noted; Unmodified opinion related to internal control over compliance and ten significant deficiencies related to internal control over compliance; one compliance finding related to a Federal Program and nine related to State Programs.



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Required communication

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

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Required communication

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

- None

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Required communication

Uncorrected Misstatements

- None

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

- We are not aware of any such consultations

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Required communication

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

- We received full cooperation from the District staff

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Internal Control and Other Recommendations

Current year comments:

- Material Weakness – Internal Control over Financial Reporting
- Transportation Reporting Detailed Records
- Infinite Campus Address Corrections
- Trust Accounts
- Food Service Three-Way Match
- Budget Reported in IFAS
- Contract Invoicing Support and Sponsorship Agreements



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Financial Highlights

- A. The District's governmental funds ended the 2020 fiscal year with a decrease in total fund balances of \$24.3 million. This decrease reflects a combined decrease in General Fund of \$1.0 million, a decrease in the Construction Fund of \$16.3 million and a decrease in School Nutrition Services Fund of \$7.0 million.
- B. Total fund balance for the governmental funds was \$94.3 million at June 30, 2020. Of this amount, \$2.4 million was nonspendable for noncurrent receivables, inventories and prepaid expenditures, \$48.9 million was restricted for self-insurance, debt service, capital projects, school nutrition and the long term capital improvement fund, \$2.9 million was committed for construction, \$15.1 million is assigned for 2021 budget and \$25.0 million was unassigned.
- C. The District's total long-term obligations at year end were \$1.3 billion and decreased by \$124.9 million (net) during the 2020 fiscal year. The net decrease relates primarily to the decrease in the net pension liability of \$134.7 million (net). The long-term obligations include \$366 million of bonds and notes, \$187 million of net pension obligation and \$762 million of accrued OPEB obligation.
- D. During the year ended June 30, 2020, the District's final budget showed an anticipated reduction to the General Fund equity by \$75.5 million, however actual results reported a decrease in the General Fund equity by approximately \$1.0 million.



Questions?

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