

MILWAUKEE PUBLIC SCHOOLS

Milwaukee, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2016

MILWAUKEE PUBLIC SCHOOLS

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REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditors' Report

To the Board of Directors
Milwaukee Public Schools
Milwaukee, Wisconsin

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Milwaukee Public Schools (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


To the Board of Directors
Milwaukee Public Schools

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Brian Tilly Verbeek, CPA".

Milwaukee, Wisconsin
January 27, 2017

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
REQUIRED BY THE UNIFORM GUIDANCE AND THE *STATE SINGLE AUDIT GUIDELINES*

Independent Auditors' Report

To the Board of Directors
Milwaukee Public Schools
Milwaukee, Wisconsin

Report on Compliance for Each Major Federal and Major State Program

We have audited the Milwaukee Public School's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the District's major federal and major state programs for the year ended June 30, 2016. The District's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State Single Audit Guidelines*. Those standards, Uniform Guidance and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and major state program. However, our audit does not provide a legal determination of the District's compliance.

To the Board of Directors
Milwaukee Public Schools

Opinion on Each Major Federal and Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance or the *State Single Audit Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 2016-001, 2016-002, 2016-003, 2016-004 and 2016-005. Our opinion on each major federal and major state program is not modified with respect to these matters.

District's Responses to Findings

The District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To The Board of Directors
Milwaukee Public Schools

Report on Internal Control Over Compliance (continued)

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-003 that we consider to be significant deficiencies.

District's Responses to Findings

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal and State Awards Required by the Uniform Guidance and the *State Single Audit Guidelines*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated January 27, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the Uniform Guidance and the *State Single Audit Guidelines* 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 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 schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Tilly Viechow Kruse, LLP

Milwaukee, Wisconsin
January 27, 2017

MILWAUKEE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Awarding Agency award description	Federal CFDA number	Pass Through Entity Number	Pass Through Entity	Program or award amount	Accrued receivable (deferred revenue) July 1, 2015	Federal Expenditures	Federal Expenditures to Subrecipient	Revenues Grantor reimburse- ments	Local share	Accrued receivable (deferred revenue) June 30, 2016
Federal Programs										
U.S. Department of Agriculture										
Child Nutrition Cluster:										
School Breakfast Program	10 553	A546-00000-403619	WI DPI	0.28-Full Price 1.63-Reduced-Sev 1.32-Reduced-Non-S 1.93-Free-Severe 1.62-Free-Non- Sev	\$ 583,734	-	200,715	583,734	-	2,170,594
		A546-00000-403619	WI DPI	0.29-Full Price 1.69-Reduced-Sev 1.36-Reduced-Non-S 1.98-Free-Severe 1.66-Free-Non- Sev	-	12,894,713	68,621 76,358	10,724,119	-	-
Subtotal 10.553					583,734	12,894,713	345,674	11,307,853	-	2,170,594
National School Lunch Program	10 555	A547-00000-403619	WI DPI	0.36-Full Price 2.66-Reduced 3.06-Free 0.82-Free Snacks	1,381,575	-	-	1,381,575	-	-
		A547-00000-403619	WI DPI	0.37-Full Price 2.75-Reduced 3.15-Free 0.84-Free Snacks	-	30,416,462	389,595 236,507 252,247	25,610,913	-	4,805,549
Subtotal 10.555					1,381,575	33,294,572	878,349	29,870,598	-	4,805,549
Food Distribution (Donated Commodities)	10 555	A001-00000-403619	WI DPI	-	-	2,878,110	-	2,878,110	-	-
		A586-00000-403619	WI DPI	-	227,935	-	-	227,935	-	-
		A586-00000-403619	WI DPI	-	-	1,258,592	9,366	987,689	-	270,903
Subtotal 10.558					227,935	1,258,592	9,366	1,233,389	-	7,247,046
Child and Adult Care Food Program	10 558	A551-00000-403619	WI DPI	0.28-Full Price 2.58-Reduced 2.98-Free	274,513	-	-	274,513	-	-
		A551-00000-403619	WI DPI	0.29-Full Price 2.67-Reduced 3.07-Free	-	2,150,255	52,113	2,070,984	-	79,271
Subtotal 10.558					274,513	2,150,255	52,113	2,345,497	-	79,271
National School Lunch Equipment Assistance	10 579	A531-00000-403619	WI DPI	85,302	44,034	40,692	-	84,726	-	-
Fresh Fruits and Vegetable Program	10 582	A594-00000-403619 A376-00000-403619	WI DPI WI DPI	171,348 1,086,584	-	166,749	-	166,749	-	-
					2	1,084,841	-	1,084,843	-	-
Subtotal 10.582					2	1,251,590	-	1,251,592	-	-

MILWAUKEE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Awarding Agency award description	Federal CFDA number	Pass Through Entity Identifying Number	Pass Through Entity	Program or award amount	Accrued receivable (deferred revenue) July 1, 2015	Federal Expenditures	Federal Expenditures to Subrecipient	Revenues Grantor reimbursements	Local share	Accrued receivable (deferred revenue) June 30, 2016
U.S. Department of Agriculture (Continued)										
Growing Vincent Ag Phase 1 09/01/14-08/31/16	10 226	WISW-2014-03415	NIFA	25,000	220	3,090	-	3,310	-	-
Total - U.S. Department of Agriculture					2,512,013	50,893,504	1,285,502	46,079,200	-	7,326,317
U.S. Department of Transportation										
Safe Routes to School	20 205									
01/01/15-12/31/15 Bike Federation		1009-00-66	WI DOT	187,000	54,649	80,837	80,837	135,466	-	-
01/01/16-12/31/16 Bike Federation		1009-00-66	WI DOT	200,043	-	44,463	44,463	-	44,463	44,463
Total - U.S. Department of Transportation					54,649	125,300	125,300	135,466	-	44,463
National Endowment for the Arts										
Integrated Arts Beyond the Classroom 07/01/14-06/30/15	45 025	FY15-0015 CCP/AIE	WAB	4,680	(88)	-	-	-	-	(88)
Total -- National Endowment for the Arts					(88)	-	-	-	-	(88)
U.S. Department of Education										
Title I:										
Title I -- Grants to Local Education Agencies	84 010									
07/01/14-06/30/15		A141-00000-403619	WI DPI	74,777,162	10,753,932	93,518	-	10,847,450	-	-
07/01/15-06/30/16		A141-00000-403619	WI DPI	68,481,735	-	64,360,883	-	37,895,932	-	26,464,951
Title I -- Supplemental School Improvement	84 010									
07/01/14-06/30/15		A145-00000-403619	WI DPI	3,100,000	902,469	15,254	-	917,723	-	-
07/01/15-06/30/16		A145-00000-403619	WI DPI	2,900,000	-	2,755,557	-	1,592,421	-	1,163,136
Title I - School of Recognition	84 010									
07/01/14-06/30/15		A159-00000-403619	WI DPI	7,500	(2,345)	2,476	-	-	-	131
School of Recognition Spotlight Schools	84 010									
07/01/14-06/30/15		A159-00000-403619	WI DPI	50,000	19,139	1,027	-	20,166	-	-
07/01/15-06/30/16		A159-00000-403619	WI DPI	25,000	-	25,000	-	16,834	-	8,166
Title I -- Part D, Subpart 2	84 010									
07/01/14-06/30/15		A140-00000-403619	WI DPI	140,109	87,572	15,843	-	103,415	-	-
07/01/15-06/30/16		A140-00000-403619	WI DPI	124,919	-	110,442	-	13,297	-	97,145
Subtotal -- 84.010					11,760,767	67,390,000	-	51,407,238	-	27,733,529

MILWAUKEE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Awarding Agency award description	Federal CFDA number	Pass Through Entity Identifying Number	Pass Through Entity	Program or award amount	Accrued receivable (deferred revenue) July 1, 2015	Federal Expenditures	Federal Expenditures to Subrecipient	Revenues Grantor reimburse- ments	Local share	Accrued receivable (deferred revenue) June 30, 2016
U.S. Department of Education (Continued)										
Special Education Cluster (IDEA):										
Special Education-Grants to States										
07/01/13-06/30/14	84.027	A341-00000-403619	WI DPI	23,408,218	2	(2)	-	-	-	-
07/01/14-06/30/15		A341-00000-403619	WI DPI	20,065,846	2,825,794	52,440	-	2,878,234	-	-
07/01/15-06/30/16		A341-00000-403619	WI DPI	18,392,868	-	16,038,900	-	12,752,298	-	3,286,602
Early Intervention Services										
07/01/14-06/30/15	84.027	A341-00000-403619	WI DPI	3,538,811	1,248,407	66	-	1,248,473	-	-
Universal Design for Learning (UDL)										
07/01/14-06/30/15	84.027	15-40-3619-IDEA-40	WI DPI	8,000	7,374	105	-	7,479	-	-
07/01/15-06/30/16		15-40-3619-IDEA-40	WI DPI	8,000	-	8,000	-	3,431	-	4,569
Special Education-Preschool Grants										
(Discretionary)	84.027	A342-00000-403619	WI DPI	183,000	38,064	-	-	38,064	-	-
07/01/14-06/30/15		A342-00000-403619	WI DPI	183,000	-	183,000	-	96,599	-	86,401
07/01/15-06/30/16										
CEIS ENTITLEMENT	84.027a	A341-00000-403619	WI DPI	3,548,081	-	3,548,048	-	2,184,933	-	1,363,115
07/01/2015-06/30/2016										
Subtotal - 84.027					4,119,641	19,830,557	-	19,209,511	-	4,740,687
Special Education-Preschool Grants										
(Entitlement)	84.173	A347-00000-403619	WI DPI	1,096,921	225,772	-	-	225,772	-	-
07/01/14-06/30/15		A347-00000-403619	WI DPI	1,051,758	-	934,532	-	720,907	-	213,625
07/01/15-06/30/16										
Subtotal - Special Education Cluster (IDEA)					4,345,413	20,765,089	-	20,156,190	-	4,954,312
Carl D. Perkins Vocational Education										
Act - Basic Grants to States	84.048	A400-00000-749906	CESA #6	1,709,107	630,137	28,791	-	658,928	-	-
07/01/14-06/30/15		A400-00000-749906	CESA #6	1,761,542	-	1,687,438	-	980,477	-	706,961
07/01/15-06/30/16										
Tech Prep Counselors	84.048	n/a	MATC	12,500	(804)	-	-	-	-	(804)
07/01/09-06/30/11										
Subtotal - 84.048					629,333	1,716,229	-	1,638,405	-	706,157
Indian Education - Formula Grants to										
Local Educational Agencies	84.060	n/a	Direct	223,391	37,419	6,736	-	44,155	-	-
07/01/14-06/30/15		n/a	Direct	217,465	-	204,595	-	153,582	-	51,013
07/01/15-06/30/16										
Subtotal - 84.060					37,419	211,331	-	197,737	-	51,013
Resilient Kids/Project Prevent										
10/01/14-09/30/15	84.184M	n/a	Direct	459,586	100,710	217,706	-	318,416	-	-
10/01/15-09/30/16		n/a	Direct	755,335	-	491,399	-	391,167	-	100,232
Safe and Supportive Schools	84.184	14-3619-40/SSS3	WI DPI	685,913	212,678	41,671	-	254,349	-	-
07/01/14-06/30/15										
Subtotal - 84.184					313,388	750,776	-	963,932	-	100,232

MILWAUKEE PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2016

Awarding Agency award description	Federal CFDA number	Pass Through Entity Identifying Number	Pass Through Entity	Program or award amount	Accrued receivable (deferred revenue) July 1, 2015	Federal Expenditures	Federal Expenditures to Subrecipient	Revenues Grantor reimbursements	Local share	Accrued receivable (deferred revenue) June 30, 2016
U.S. Department of Education (Continued)										
Education for Homeless Children & Youth 07/01/14-06/30/15	84 196	A335-00000-403619	WI DPI	112,000	21,633	-	-	21,633	-	-
07/01/15-06/30/16		A335-00000-403619	WI DPI	112,000	-	112,000	-	80,205	-	31,795
Scaling Up Smart Spaces for Under Represented Gifted 08/01/2015-07/31/2016	84 206	669K760	UW	43,700	-	27,725	-	-	-	27,725
PE Health Activities Project 08/01/12-07/31/15	84 215F	n/a	Direct	1,823,076	162,287	48,065	-	210,352	-	-
Focus on Literacy Foundations 10/01/14-09/30/15	84 215G	n/a	Direct	437,849	85,148	210,517	-	295,665	-	-
10/01/15-09/30/16		n/a	Direct	307,438	-	138,490	-	88,585	-	49,905
Subtotal - 84.215					247,435	397,072	-	594,602	-	49,905
ESEA V.B Charter Schools Non-Instrumentality Aid 07/01/15-06/30/16	84 282	A370-00000-403619	WI DPI	336,910	-	336,910	-	336,910	-	-
21st Century Community Learning Ctrs 07/01/14-06/30/15	84 287	A367-00000-403619	WI DPI	400,808	12,957	-	-	12,957	-	-
07/01/15-06/30/16		A367-00000-403619	WI DPI	409,293	-	406,882	-	360,733	-	46,149
21st Century Community Learning Ctrs 07/01/14-06/30/15	84 287	A367-00000-403619	WI DPI	201,703	92,516	378	-	92,894	-	-
07/01/15-06/30/16		A367-00000-403619	WI DPI	214,138	-	192,555	-	100,329	-	92,226
21st Century Community Learning Ctrs 07/01/14-06/30/15	84 287	A367-00000-403619	WI DPI	200,108	5,783	-	-	5,783	-	-
07/01/15-06/30/16		A367-00000-403619	WI DPI	200,000	-	199,601	-	186,006	-	13,595
21st Century Community Learning Ctrs 07/01/14-06/30/15	84 287	A367-00000-403619	WI DPI	250,731	19,980	-	-	19,980	-	-
07/01/15-06/30/16		A367-00000-403619	WI DPI	250,731	-	247,547	-	209,253	-	38,294
21st Century Community Learning Ctrs 07/01/14-06/30/15	84 287	A367-00000-403619	WI DPI	800,000	83,400	-	-	83,400	-	-
07/01/15-06/30/16		A367-00000-403619	WI DPI	750,000	-	750,000	-	680,836	-	69,164
21st Century Community Learning Ctrs 07/01/14-06/30/15	84 287	A367-00000-403619	WI DPI	350,000	22,423	-	-	22,423	-	-
07/01/15-06/30/16		A367-00000-403619	WI DPI	350,000	-	350,000	-	318,349	-	31,651
21st Century Community Learning Ctrs 07/01/14-06/30/15	84 287	A367-00000-403619	WI DPI	502,705	230,948	18,411	-	249,359	-	-
07/01/15-06/30/16		A367-00000-403619	WI DPI	204,456	121,735	-	-	121,735	-	-
21st Century Community Learning Ctrs 07/01/14-06/30/15	84 287	A367-00000-403619	WI DPI	208,436	-	192,038	-	69,728	-	122,310
07/01/15-06/30/16		A367-00000-403619	WI DPI							

MILWAUKEE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Awarding Agency award description	Federal CFDA number	Pass Through Entity Identifying Number	Pass Through Entity	Program or award amount	Accrued receivable (deferred revenue) July 1, 2015	Federal Expenditures	Federal Expenditures to Subrecipient	Revenues Grantor reimbursements	Local share	Accrued receivable (deferred revenue) June 30, 2016
U.S. Department of Education (Continued)										
21st Century Community Learning Ctrs 07/01/15-06/30/16	84.287	A367-00000-403619	WI DPI	75,000	-	67,121	-	46,436	-	20,685
21st Century Community Learning Ctrs 07/01/14-06/30/15	84.287	A367-00000-403619	WI DPI	180,000	70,209	-	-	70,209	-	-
07/01/15-06/30/16		A367-00000-403619	WI DPI	180,000	-	180,000	-	96,527	-	83,473
21st Century Community Learning Ctrs 07/01/14-06/30/15	84.287	A367-00000-403619	WI DPI	50,000	732	-	-	732	-	-
07/01/15-06/30/16		A367-00000-403619	WI DPI	50,000	-	50,000	-	41,937	-	8,063
Subtotal - 84.287					660,663	2,654,533	-	2,789,606	-	525,610
Gear UP 09/28/11-09/25/16	84.334A	n/a	Direct	11,381,859	701,457	2,584,607	-	2,862,105	-	423,959
Arts in Education - Project Create 10/07/11-09/30/15	84.351C	n/a	Direct	1,344,810	77,523	76,340	-	153,863	-	-
DREAM-Design, Research, Exhibit, Analyze, Muesum 10/01/14-09/30/15	84.351C	n/a	Direct	315,998	91,534	58,295	-	149,829	-	-
10/01/15-09/30/16		n/a	Direct	350,000	-	216,274	-	94,318	-	121,956
Subtotal - 84.351					169,057	350,909	-	398,010	-	121,956
Foreign Language Acquisition Grant Title III - Bilingual/ESL No One Left Behind 07/01/14-06/30/15	84.365	A391-00000-403619	WI DPI	1,401,174	309,530	23,258	-	332,788	-	-
07/01/15-06/30/16		A391-00000-403619	WI DPI	1,630,841	-	1,359,761	-	501,720	-	858,041
Subtotal - 84.365					309,530	1,383,019	-	834,508	-	858,041
Improving Teacher Quality State Grants 07/01/14-06/30/15	84.367	A365-00000-403619	WI DPI	10,229,207	2,112,165	42,668	-	2,154,833	-	-
07/01/15-06/30/16		A365-00000-403619	WI DPI	9,547,580	-	8,335,033	-	6,130,376	-	2,204,657
Subtotal - 84.367					2,112,165	8,377,701	-	8,285,209	-	2,204,657
Title I- Supplemental School Improvement Grant 07/01/14-06/30/15	84.377A	A151-00000-403619	WI DPI	900,000	259,837	33,184	-	293,021	-	-
07/01/15-06/30/16		A151-00000-403619	WI DPI	863,254	-	854,844	-	621,783	-	233,061
Subtotal - 84.377A					259,837	888,028	-	914,804	-	233,061
Total - U. S. Department of Education					21,568,117	107,935,929	-	91,482,094	-	38,021,952
U.S. Department of Health and Human Services HIV/STD/Teen Pregnancy Prevention 08/01/15-07/31/16	93.079	n/a	Direct	9,841	-	9,082	-	1,533	-	7,549

MILWAUKEE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Awarding Agency award description	Federal CFDA number	Pass Through Entity Identifying Number	Pass Through Entity	Program or award amount	Accrued receivable (deferred revenue) July 1, 2015	Federal Expenditures	Federal Expenditures to Subrecipient	Revenues Grantor reimbursements	Local share	Accrued receivable (deferred revenue) June 30, 2016
U.S. Department of Health and Human Services (continued)										
Substance Abuse and Mental Health Administration Project Aware	93.243	n/a	Direct	50,000	32,909	17,064	-	49,973	-	-
09/30/14-09/29/15		n/a	Direct	50,000	-	29,084	-	10,596	-	18,488
09/30/15-09/29/16					32,909	46,148	-	60,569	-	18,488
Subtotal - 93.243					32,909	46,148	-	60,569	-	18,488
In School Pregnant/Parenting Interventions	93.500	A591-00000-403619	WI DPI	317,058	136,234	662	-	136,896	-	-
07/01/14-06/30/15		A591-00000-403619	WI DPI	198,506	-	195,852	-	123,845	-	72,007
07/01/15-06/30/16					136,234	196,514	-	260,741	-	72,007
Subtotal - 93.500					136,234	196,514	-	260,741	-	72,007
Refuge Impact Grant	93.576	A538-00000-403619	WI DPI	17,659	-	17,658	-	-	-	17,658
08/15/15-08/14/16					-	17,658	-	-	-	17,658
Head Start										
Administration For Children, Youth and Families	93.600	n/a	Direct	1,820,560	(4,340)	-	-	-	-	(4,340)
07/01/13-10/31/13		n/a	Direct	8,364,488	953,251	2,365,177	-	3,317,649	-	779
11/01/14-10/31/15		n/a	Direct	6,208,389	-	6,032,197	-	5,090,738	-	961,459
11/01/15-05/31/16		n/a	Direct	8,364,488	-	544,108	-	-	-	544,108
06/01/16-05/31/17					-	544,108	-	-	-	544,108
Subtotal - 93.600					948,911	8,961,482	-	8,408,387	-	1,502,006
Medicaid										
07/01/14-06/30/15	93.778	n/a	WI DHS	10,381,478	232,935	-	-	232,935	-	-
07/01/15-06/30/16		n/a	WI DHS	6,205,826	-	6,205,826	-	6,205,826	-	-
HIVSTD/Teen Pregnancy Prevention	93.938	n/a	Direct	20,064	9,353	2,775	-	12,128	-	-
08/01/14-07/31/15					9,353	2,775	-	12,128	-	-
Milwaukee AHEC-Forest Home	93 xxx	n/a	RM	1,250	(1,250)	-	-	-	-	(1,250)
12/01/10-11/30/11					(1,250)	-	-	-	-	(1,250)
Total - U.S. Department of Health and Human Services					1,359,092	15,439,485	-	15,182,119	-	1,616,458
Total Federal Awards					\$ 25,493,783	174,394,218	1,410,802	152,878,899	-	47,009,102

See notes to Schedules of Federal and State Awards

MILWAUKEE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2016

Awarding agency pass-through agency award description	State ID number	Program or award amount	Accrued receivable (deferred revenue) July 1, 2015	State Expenditures	Revenues Grantor reimburse- ments	Local share	Accrued receivable (deferred revenue) June 30, 2016
State Programs:							
Cost Reimbursement Programs							
Wisconsin Department of Workforce Development							
Youth Apprenticeship Grant	445.107						
07/01/14-06/30/15		16,016	\$ 3,840	-	3,840	-	-
07/01/15-06/30/16		27,170	-	27,170	-	-	27,170
			3,840	27,170	3,840	-	27,170
Total – Wisconsin Department of Workforce Development							
Wisconsin Department of Public Instruction							
Peer Review and Mentoring	255.301						
07/01/14-06/30/15		25,000	25,000	-	25,000	-	-
Alcohol and Other Drug Abuse (Chapter 331)	255.306						
07/01/14-06/30/15		45,000	7,959	19	8,123	-	(145)
07/01/15-06/30/16		45,000	-	44,674	35,429	-	9,245
AODA Mini-Grant & Wisconsin AOD Education Network	255.306						
07/01/14-06/30/15		7,668	3,805	-	3,805	-	-
07/01/15-06/30/16		4,021	-	4,021	472	-	3,549
AODA Student Mini-Grant Program	255.321						
07/01/14-06/30/15		4,007	1,980	-	1,980	-	-
07/01/15-06/30/16		6,134	-	5,500	2,320	-	3,180
Head Start Supplement	255.327						
07/01/14-06/30/15		415,800	181,833	2,082	183,915	-	-
07/01/15-06/30/16		421,575	-	375,849	214,666	-	161,183
Wisconsin Movin' Schools	255.345						
07/01/15-06/30/16		700	-	-	700	-	(700)
Gifted and Talented Students	255.350						
07/01/14-06/30/15		21,000	2,092	276	2,368	-	-
07/01/15-06/30/16		28,000	-	24,449	7,358	-	17,091
American Indian Language	255.364						
07/01/15-06/30/16		28,000	-	7,114	3,960	-	3,154

MILWAUKEE PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 For the Year Ended June 30, 2016

Awarding agency pass-through agency award description	State ID number	Program or award amount	Accrued receivable (deferred revenue) July 1, 2015	State Expenditures	Revenues Grantor reimburse- ments	Local share	Accrued receivable (deferred revenue) June 30, 2016
Wisconsin Department of Public Instruction (continued)							
Student Achievement Guarantee in Education – 07/01/15-06/30/16	255.504	24,088,225	-	24,088,225	24,088,225	-	-
Science, Technology, Engineering & Mathematics 07/01/14-06/30/15	255.929	19,222	987	848	1,835	-	-
WI Partnership Childhood Fitness 07/01/15-06/30/16	255.938	4,000	(268)	268	-	-	-
Educator Effectiveness 07/01/14-06/30/15	255.940	454,800	454,800	-	454,800	-	-
07/01/15-06/30/16		454,800	-	330,350	-	-	330,350
Career and Technical Education	255.950	31,266	-	31,266	31,266	-	-
Total – Wisconsin Department of Public Instruction			678,188	24,914,941	25,066,222	-	526,907
University of Wisconsin Madison							
Things Fall Apart in Wisconsin 07/1/09-06/30/10	xxx.xxx	500	(386)	-	-	-	(386)
Total State Financial Awards Cost Reimbursement Programs			681,642	24,942,111	25,070,062	-	553,691

MILWAUKEE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2016

Awarding agency pass-through agency award description	State ID number	Program or award amount	Accrued receivable (deferred revenue) July 1, 2015	State Expenditures	Revenues Grantor reimbursements	Local share	Accrued receivable (deferred revenue) June 30, 2016
State Programs:							
Entitlement Programs							
Wisconsin Department of Public Instruction							
Direct Program:							
Special Education and School Age Parents	255.101	(a)	-	-	50,423,437	-	-
State School Lunch Aid	255.102	(a)	-	-	452,725	-	-
Common School Fund Library Aid	255.103	(a)	-	-	5,029,760	-	-
Transportation Aid	255.107	(a)	-	-	1,997,200	-	-
Equalization Aid-General	255.201	(a)	8,866,899	-	477,613,023	-	8,960,236
Integration Transfer Aid-Non-Resident	255.204	(a)	-	-	1,779,514	-	-
Integration Transfer Aid-Resident	255.205	(a)	-	-	29,913,303	-	-
Bilingual/Bicultural Education	255.106	(a)	-	-	1,718,555	-	-
State School Breakfast Aid (SSBA)	255.344	(a)	-	-	505,258	-	-
High Cost Special Ed	255.210	(a)	-	-	41,033	-	-
Per Pupil Adjustment Aid	255.945	(a)	-	-	-	-	12,005,100
High Poverty Aid	255.926	(a)	-	-	5,322,304	-	-
Tuition Payments by State LEA Fund 10	255.401	(a)	-	-	676,206	-	-
Total – Wisconsin Department of Public Instruction			8,866,899	-	575,472,318	-	20,965,336
Wisconsin Department of Revenue							
Computer Aid	xxx.xxx	(a)	5,962,891	-	5,962,891	-	6,596,354
Total – Wisconsin Department of Revenue			5,962,891	-	5,962,891	-	6,596,354
Total State Awards – Entitlement Programs			14,829,790	-	581,435,209	-	27,561,690
Total State Awards			15,511,432	24,942,111	606,505,271	-	28,115,381
Total Federal and State Awards			\$ 41,005,215	199,336,329	759,384,170	-	75,124,483

(a) Allocation of funding is in accordance with a distribution formula prescribed by law or administrative regulation. See notes to Schedules of Federal and State Awards.

MILWAUKEE PUBLIC SCHOOLS

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended June 30, 2016

(1) Basis of Presentation

Milwaukee Public Schools (the District) was established on February 3, 1846, and operates under Chapter 119 of the Wisconsin Statutes. All significant operations of the District are included in the scope of the *Single Audit* in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State of Wisconsin State Single Audit Guidelines*.

All financial assistance programs of the District which involve awards from the federal government or federal awards passed through the State of Wisconsin and certain state assistance programs, as required by the State Single Audit Guidelines, are included in the Schedules of Expenditures of Federal and State Awards. The Schedules of Expenditures of Federal and State Awards present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

Programs subject to the Single Audit – all federal and state program awards received by the District have been included in the Schedules of Expenditures of Federal and State Awards. Federal and state programs are defined as major through a risk-based approach.

(2) Significant Accounting Policies

(a) Revenues and Expenditures

Revenues and expenditures in the Schedules of Expenditures of Federal and State Awards are presented in accordance with the modified accrual basis of accounting, and have been reconciled to the District's fiscal 2016 basic financial statements. Grantor reimbursements reflect amounts received from the various funding agencies during the year. Receivables at year-end consist of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while deferred revenues represent advances for federal and state programs that exceed recorded District expenditures.

(b) Subgrantees

Certain program funds are passed through the District to subgrantee organizations. The Schedules of Expenditures of Federal and State Awards do not contain separate schedules disclosing how the subgrantees outside of the District's control utilized the funds.

(c) Indirect Cost

Indirect costs are allocated to certain grant programs based upon rates established by the Wisconsin Department of Public Instruction. The District has not elected to use the 10% de minimis indirect cost rate of the Uniform Guidance.

(3) Contingency

All federal and state award programs are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agencies for costs disallowed under the terms of the programs. It is the opinion of management that all costs charged against those federal and state programs are allowable under the regulations of those programs.

MILWAUKEE PUBLIC SCHOOLS

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended June 30, 2016

(4) Program Disclosures

The Schedules of Expenditures of Federal and State Awards are organized by awarding agency.

(5) Cognizant Agencies

The U.S. Department of Education and the Wisconsin Department of Public Instruction have been designated as federal and state cognizant agencies, respectively, for the District.

(6) Special Education Costs

Eligible costs for special education under project 011 were \$180,347,495 for the year ended June 30, 2016.

(7) Pass-Through Entities

The District received federal awards from the following pass-through entities:

WI DPI	Wisconsin Department of Public Instruction
WI DHS	Wisconsin Department of Health Services
WI DOT	Wisconsin Department of Transportation
NIFA	National Institute of Food and Agriculture
WAB	Wisconsin Arts Board
CESA #6	Cooperative Educational Service Agency #6
MATC	Milwaukee Area Technical College
UW	University of Wisconsin System
RM	Rosalie Manor

Pass through entity identifying numbers are presented where available.

MILWAUKEE PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

SECTION I: SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____	yes	_____ X _____ no
Significant deficiency(ies) identified?	_____	yes	_____ X _____ none reported
Noncompliance material to the financial statements noted?	_____	yes	_____ X _____ no

Federal and State Awards

Internal control over federal and state award programs:			
Material weakness(es) identified?	_____	yes	_____ X _____ no
Significant deficiency(ies) identified?	_____ X _____	yes	_____ _____ none reported

Type of auditor's report issued on compliance of federal or state award programs:

Federal	Unmodified
State	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 of the Uniform Guidance?	_____ X _____	yes	_____ _____ no
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Any audit findings disclosed that are required in accordance with State Single Audit Guidelines?	_____ X _____	yes	_____ _____ no
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Dollar threshold used to distinguish between Type A and Type B programs

Federal	\$3,000,000
State	\$250,000

Auditee qualified as low-risk auditee for Federal and State?	_____ X _____	yes	_____ _____ no
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Identification of major federal programs:

CFDA NUMBERS

84.010
84.027 / 84.173
84.287

Name of Federal Program or Cluster

Title I - Grants to Local Educational Agencies
Special Education Cluster (IDEA)
21st Century Community Learning Centers

MILWAUKEE PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

SECTION I: SUMMARY OF AUDITORS' RESULTS (CONTINUED)

Identification of major state programs:

State Identification Numbers

Name of State Program

255.101	Special Education and School Age Parents
255.102	State School Lunch Aid
255.103	Common School Fund Library Aid
255.201	Equalization Aid - General
255.204	Integration Transfer Aid - Nonresident
255.205	Integration Transfer Aid - Resident
255.344	State School Breakfast Aid (SSBA)
255.401	Tuition Payments by State LEA Fund 10

MILWAUKEE PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2016

SECTION II: FINANCIAL STATEMENT FINDINGS

There were no findings required to be reported in accordance with Generally Accepted Government Auditing Standards.

MILWAUKEE PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2016

SECTION III: FEDERAL AND STATE AWARD FINDINGS

FINDING 2016-001

Federal CFDA Number, Program Name, Federal Agency, Pass Through Entity and Pass Through Entity Identifying Number

- | | |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 84.010 | Title I – Grants to Local Educational Agencies, U.S. Department of Education, Passed Through Wisconsin Department of Public Instruction, A14-00000-403619, A145-00000-403619, A159-00000-403619, A140-00000-403619
Special Education Cluster (IDEA) |
| 84.027 | Special Education – Grants to States, U.S. Department of Education, Passed Through Wisconsin Department of Public Instruction, A341-00000-103619, A342-00000-403619 |
| 84.173 | Special Education – Preschool Grants, U.S. Department of Education, Passed Through Wisconsin Department of Public Instruction, A347-00000-403619 |
| 84.287 | 21 st Century Community Learning Centers, U.S. Department of Education, Passed Through Wisconsin Department of Public Instruction, A367-00000-403619 |

Criteria

Internal controls should be in place that will provide reasonable assurance that the District complies with the guidance provided in 2 CFR part 200.318 as it relates to Procurement, Suspension and Debarment. Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended and debarred. The non-Federal entity must verify that the contracted party is not suspended or debarred, or otherwise excluded from participating in transactions with the entity.

Condition

For three of the forty contracts selected for procurement, suspension and debarment testing, there was no documentation of any procedures performed by the District to determine whether these contracted entities were suspended, debarred, or otherwise excluded from participating in these transactions.

Cause

The procedures to determine if the contracted entities were suspended or debarred were not performed or the supporting documentation could not be provided.

Questioned Cost

Could not be determined.

Context

This appears to be a systematic problem as the supporting documents could not be provided. The sample was not a statistically valid sample.

Effect

The District may be awarding contracts to entities which are suspended, debarred, or otherwise excluded from participating in these transactions.

Recommendation

We recommend management implement controls to properly ensure that appropriate documentation is maintained that supports the verification that contracted entities are not suspended or debarred.

MILWAUKEE PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2016

SECTION III: FEDERAL AND STATE AWARD FINDINGS (CONTINUED)

FINDING 2016-001 (continued)

Management's Response

The District acknowledges that the contracted schools contracts tested did not contain any language regarding suspension or debarment or a certification that the organization is not debarred or suspended.

The District will revise its standard contracted schools templates to include language regarding suspension and debarment. That language will read:

Concurrently with signing this Agreement, Charter School will provide MPS with a certification which certifies that neither Charter School nor its principals and its subcontractors nor their principals are listed as debarred or suspended in the System for Award Management (SAM), the government wide exclusion list maintained by the federal government. Provision of this certification is a material term of this Agreement and condition precedent to any payment of compensation.

This language is consistent with certifications required in other District contracts relating to suspension and debarment.

MILWAUKEE PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2016

SECTION III: FEDERAL AND STATE AWARD FINDINGS (CONTINUED)

FINDING 2016-002

State ID Number, Program Name and State Agency

255.103 Common School Fund Library Aid, Wisconsin Department of Public Instruction

Criteria

According to the criteria described in the State of Wisconsin Statutes section 120.18 regarding the Common School Fund Library Aid, school districts are to submit school census data as of June 30 to the Wisconsin Department of Public Instruction (DPI) via the School Finance Reporting Portal, Non-Financial Data Home no later than September 1 each year. The District is required to maintain the signature/certification page and supporting documentation of submission of the school census data on file at the District.

Condition

The District submitted the school census data on September 28, 2016 which was after the September 1 due date. In addition, based on the signature/certification page provided, it was noted that there was no evidence of review of the census data submitted to DPI other than by the preparer as the administrator and clerk's signatures were not present on the signature/certification page.

Cause

The school census data was submitted late and the required signatures were not obtained on the signature/certification page.

Questioned Costs

Could not be determined.

Context

The census data is required to be submitted annually.

Effect

The District's school census data was not submitted in a timely manner. In addition, the District's census data could contain errors and the signature/certification page lacked the required signatures.

Recommendation

We recommend management review and revise as necessary, existing processes and procedures to properly ensure that the school census data is submitted timely and that the signature/certification page is completed to document review and certification of the census data.

Management's Response

In response to the audit report, the School Census/Common School Fund Report FY 2015-16 was submitted to the Department of Public Instruction website on September 28th, 2016 at 11:36 a.m. Per DPI requirement, the report must be submitted online and the copy of the Certification page verifies the successful submission. All efforts will be made to submit the reports in the future by the DPI due date.

MILWAUKEE PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2016

SECTION III: FEDERAL AND STATE AWARD FINDINGS (CONTINUED)

FINDING 2016-002 (continued)

Management's Response (continued)

Due to the absence of required signatures from the Offices of the Superintendent and Board Governance on the School Census/Common School Fund Report FY 2015-16, the Office of Innovation and Information will initiate the following procedures to prevent future omissions:

- 1) The research manager will sign the School Census/Common School Fund Report.
- 2) The document will be placed in a signature folder and delivered to the Office of the Superintendent.
- 3) Once a signature is obtained from the Office of the Superintendent the document will be retrieved by the Office of Innovation and Information and delivered to the Office of Board Governance.
- 4) After obtaining a signature from the Office of Board Governance the Office of Innovation and Information will retrieve the document and keep it on file pursuant to Wisconsin Statute §121.05.

Additionally, the Office of Innovation and Information will follow up to both offices in a timely manner in the event the School Census/Common School Fund Report has not returned with signatures.

MILWAUKEE PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2016

SECTION III: FEDERAL AND STATE AWARD FINDINGS (CONTINUED)

FINDING 2016-003

State ID Number, Program Name and State Agency

255.401 Tuition Payments by State LEA Fund 10, Wisconsin Department of Public Instruction

Criteria

According to the criteria described in the State Tuition compliance supplement included in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, which is based on the guidance provided in the State of Wisconsin Statutes section 121.79, "a State Tuition claim may only be submitted for a given student if they reside in an eligible facility, and only for the time during which they reside there and are enrolled for instruction by the district".

Condition

For three out of the twenty District students selected for the state tuition payment testing, no supporting documents were provided. There were no documents verifying the student's enrollment in an eligible facility. Therefore, the days claimed could not be verified.

Cause

The supporting documents were not available.

Questioned Costs

Total questioned costs are \$5,574. This amount was calculated using the worksheet for calculating a questioned cost included in the State Tuition compliance supplement.

Context

This appears to be a systematic problem as the supporting documents could not be provided. The sample was not a statistically valid sample.

Effect

The District may be submitting a State Tuition claim for days that are not eligible for reimbursement.

Recommendation

We recommend management review and revise as necessary, existing processes and procedures to properly ensure that appropriate documentation is maintained to support the verification of student enrollment in an eligible facility.

Management's Response

In response to the audit request for students in out of home placements, Milwaukee Public Schools (MPS) found a lack of coordination between the Division of Milwaukee Child Protective Services along with a lack of documentation being communicated between the two agencies and within Milwaukee Public Schools departments.

To address the communication and coordination issues within Milwaukee Public Schools, standard operating procedures were created defining the process and responsibilities of all parties. These are being communicated to central office personnel, school secretaries, and school social workers that are involved in the "Student in Out of Home Placement" process.

MILWAUKEE PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2016

SECTION III: FEDERAL AND STATE AWARD FINDINGS (CONTINUED)

FINDING 2016-003 (continued)

Management's Response (continued)

Until this year, the Milwaukee Public Schools requested that all agencies communicate "out of home student placements" using a foster parent notification (fprn) form. This form was MPS specific and was not used by the larger statewide community. Milwaukee Public Schools is now requesting/using the state's Education Passport, the documentation required for the notification of a "Student in Out of Home Placement. This new process was communicated by Milwaukee Public Schools Director of School Social Work to the outside agencies in early January 2017.

These new processes will provide the Milwaukee Public Schools a singular standard operating procedure that details staff responsibilities, how to process and communicate Education Passports, how to internally flag a student so they are identified correctly within the student information system, and who processes transportation adjustments if they are needed. The process also includes the communication needed in end dating the "out of home placement", ensuring an accurate count of the number of days spent in the "out of home placement".

MILWAUKEE PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2016

SECTION III: FEDERAL AND STATE AWARD FINDINGS (CONTINUED)

FINDING 2016-004

State ID Number, Program Name and State Agency

255.101 Special Education and School Age Parents Grant, Wisconsin Department of Public Instruction

Criteria

According to the guidance provided in the State of Wisconsin Statutes section 115.88, "staff must be appropriately licensed for a special education work assignment listed in state statute in order for their salary and benefits to be eligible for aid".

Condition / Context

The No Valid License (NVL) Report created and provided by the Wisconsin Department of Public Instruction (DPI) included 201 individuals for which no valid license was found. Salary and benefits totaled \$7,249,278 for these 201 individuals. The District reviewed the NVL report and the following was noted:

- Two (2) individuals were listed twice on the report. Salary and benefits \$183,144.
- Three (3) individuals on the report were charged to Fund 10, not Fund 27. Salary and benefits \$50,516.
- Eleven (11) individuals on the report were not located in the District's database as they were not District staff. Salary and benefits \$0.
- One hundred thirty-five (135) individuals on the report were re-coded by the District from Project 011 to Project 019. Salary and benefits \$4,682,595.
- Fifty (50) individuals on the report remain coded to Project 011 as the District believes they were appropriately licensed and the salary and benefits are eligible for aid. Salary and benefits \$2,333,023.

Accordingly, the information noted above was communicated to DPI on the No Valid License / Questioned Cost Worksheet for ultimate resolution between the District and DPI.

Cause

Factors that would cause a staff to be listed on the NVL report include; the license has expired and has not been renewed; there was a delay in issuing the license; there was a timing difference between when the NVL report was prepared and when the license was issued / renewed; and there may have been a name change and / or a misspelling of a name.

Questioned Costs

Could not be determined.

Effect

Salary and benefit amounts for the individuals with a licensure mismatch may have been improperly reported in Project 011 and if so, improperly included in the aid calculation.

Recommendation

We recommend management review and revise as necessary, existing processes and procedures to monitor the licensing status of special education teachers to ensure that they are appropriately licensed.

MILWAUKEE PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2016

SECTION III: FEDERAL AND STATE AWARD FINDINGS (CONTINUED)

FINDING 2016-004 (continued)

Management's Response

MPS has existing processes and procedures to ensure staff are appropriately licensed before being hired, to remind staff to renew their licenses, and to take action when staff fail to renew their licenses. Special education staff are screened during the hiring process to ensure they hold the appropriate licensure for the position they are assigned. In the case the special education teacher is not properly licensed for their assignment, an emergency license is requested on their behalf. In order to be proactive with staff whose licenses are set to expire, beginning in the spring, a reminder is posted in our weekly district email that includes teachers, paraprofessionals, and children's handicapped assistants whose licenses are set to expire. This communication serves as a reminder to staff with soon-to-be expired licenses to renew. In the event that staff fail to renew their license, teachers with expired licenses are demoted to substitute teacher positions and special education paraprofessionals and children's handicapped assistants whose licenses have expired are issued 10-day notices to renew their licenses, otherwise they are terminated. Improving upon our existing processes and procedures for monitoring the licensing status of special education staff remains a priority for MPS.

MILWAUKEE PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2016

SECTION III: FEDERAL AND STATE AWARD FINDINGS (CONTINUED)

FINDING 2016-005

State ID Number, Program Name and State Agency

255.103 Common School Fund Library Aid, Wisconsin Department of Public Instruction

Criteria

According to the criteria described in the Common School Fund (School Library) Aid compliance supplement included in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, "the total of eligible objects (expenditures) reported under Function 222 000 must be at least equal to Common School Fund revenue, Source 613, Library Aid".

Condition / Context

During our audit procedures, we noted that the Common School Fund Library Aid Program had unspent revenue from a previous year as well from the current year.

Cause

The District did not spend all of the library aid available during the year.

Questioned Costs

Total questioned costs are \$2,290,364; this amount consists of \$1,396,979 from a previous year and \$893,385 which originated in the current year.

Effect

The District may have received excess aid.

Recommendation

We recommend management review the amount of common school fund revenue received periodically throughout the year to ensure that the funds are expended before year-end.

Management's Response

The district reports to DPI annually on the PI-1505 Common School Fund Addenda:

- The amount of spent and unspent library aid and
- Acknowledges that the district is required to spend all of its Common School Fund allocation by June 30th of the year of the allocation.

The district has updated its timeline that will be fully implemented beginning July 1, 2017. The timeline will be included in the Financial Tools document for school leaders as well as school leader communications and online resource tools. Additionally, a mid-year review will involve sending remaining CSF balances to all school leaders and library media specialists to enhance meeting the requirement of spending all Common School Funds by June 30th.

MILWAUKEE PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2016

SECTION III: FEDERAL AND STATE AWARD FINDINGS (CONTINUED)

The Milwaukee Public Schools contact official for findings 2016-001 through 2016-005 is as follows:

Ms. Sherry Pearson
Manager of Financial Reporting
414-475-8485
pearsosx@milwaukee.k12.wi.us

SECTION IV: OTHER ISSUES

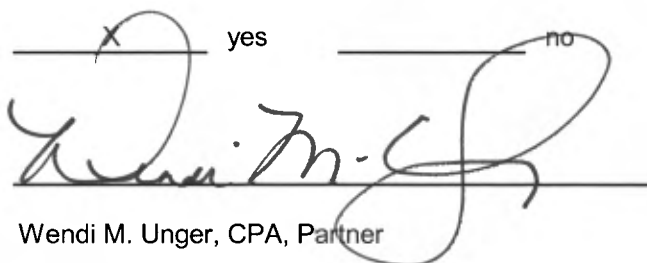
1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? _____ yes _____ X no

2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Public Instruction	<u>X</u>	yes	_____	no
Department of Workforce Development	_____	yes	<u>X</u>	no
Department of Revenue	_____	yes	<u>X</u>	no

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? _____ X yes _____ no

Name and signature of partner


Wendi M. Unger, CPA, Partner

Date of report

January 27, 2017

MILWAUKEE PUBLIC SCHOOLS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS For the Year Ended June 30, 2016

The following summary schedule of prior audit findings has been prepared by management of Milwaukee Public Schools.

FINDING 2015-001: CONTRACT POLICY COMPLIANCE AND RELATED CONTROLS EVALUATION

Follow-up on Prior Year's Management Response

Current Status

During the performance of the FY16 financial statement audit it was noted that there has been significant and recognizable improvement in the controls surrounding contract policy compliance. Accordingly, corrective action has been taken and this is no longer a finding.

FINDING 2015-002: PROCUREMENT, SUSPENSION AND DEBARMENT

Federal CFDA Number and Program Name

84.287 21st Century Community Learning Centers

Follow-up on Prior Year's Management's Response

Current Status

Corrective action has been taken and this is no longer a finding.

FINDING 2015-003: ALLOWABLE EXPENDITURES

State ID Number and Program Name

255.106 Bilingual/Bicultural Education

Follow-up on Prior Year's Management's Response

Current Status

Corrective action has been taken and this is no longer a finding.

The Milwaukee Public Schools contact official for the above responses is as follows:

Ms Sherry Pearson
Manager of Financial Reporting
414-475-8485
pearsosx@milwaukee.k12.wi.us