



Agenda

Overview of 2016 Audit

Required Communications

Communication to Those Charged with Governance & Management

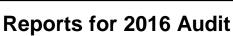
Financial Highlights











Overview of 2016 Audit

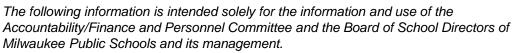
- Unmodified opinion for state report (PI-1506AC)
- Unmodified opinion on basic financial statements of the District
- Unmodified opinion on Early Retirement Supplemental and Benefit Improvement Plan
- Unmodified opinion on Supplement Early Retirement Plan for Teachers
- Communication to Those charged with Governance and Management
 A) other current year issues and B) status of prior year issues
- Single Audit Unmodified opinion on internal control over compliance; two significant deficiencies noted related to internal control over compliance; total of five compliance findings one compliance finding related to a Federal Program and four related to State Programs.















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
- 2. Changes in Significant Accounting Policies
 - GASB 72 for fair value measurement for investments



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.





Required Communications, Continued

3. Management Judgments and Accounting Estimates

- No significant changes in estimates
- Accrued claims for self-insurance, accrued compensated absences, unfunded status of OPEB obligation as of July 1, 2015 (date of most recent study), unfunded status of the Pension Plans - Early Retirement Supplement and Benefit Improvement Plan and Supplemental Early Retirement Plan for Teachers
- WRS/ERS pension assets and liabilities

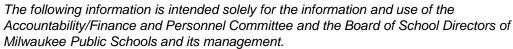


 The audit did NOT result in any significant adjustments to the District's financial statements.











Required Communications, Continued

- Uncorrected Misstatements None.
- 6. Other Information in Documents Containing Audited Financial Statements
 We are not aware of any other documents.
- 7. Disagreements with Management None.
- 8. Management's Consultation with Other Accountants
 We are not aware of any such consultations.



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.







9. 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.

10. Difficulties Encountered in Performing the AuditWe received full cooperation from the District staff.









Communication to Those Charged with Governance & Management

Current Year Comments:

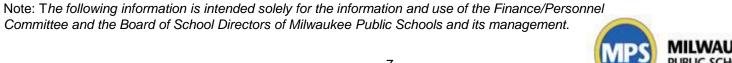
√ Cash Reconciliations

Progress made on Prior Years Comments:

- √ Accounts receivable writeoffs (FY15) was addressed
- ✓ Addressed handling on old comments carried over for many years
- √ Some Contract Compliance findings were addressed









Financial Highlights

- A. The District's governmental funds ended the 2016 fiscal year with a decrease in total fund balances of \$480,000. This decrease reflects a combined increase in General Fund of \$662,000, a decrease in the Construction Fund of \$5.48 million and an increase in School Nutrition Services Fund of \$4.34 million.
- B. Total fund balance for the governmental funds was \$129.4 million at June 30, 2016. Of this amount, \$12 million was nonspendable for noncurrent receivables, inventories and prepaid expenditures, \$54.8 million was restricted for self-insurance, debt service, capital projects, school nutrition and flex spending, \$21 million was committed for construction, \$975,000 is assigned for 2017 budget and \$40.6 million was unassigned.







Financial Highlights, Continued

- C. The District's total long-term obligations at year end were \$1.09 billion and increased by \$88 million (net) during the 2016 fiscal year. The net increase relates primarily to the increase in the Net Pension Liability of \$89.5 million. The long-term obligations include \$359 million of bonds and notes and \$516 million of accrued OPEB obligation.
- D. During the year ended June 30, 2016, the District's final budget showed an anticipated reduction to the General Fund equity by \$41.2 million, however actual results reported an increase in the General Fund equity by approximately \$662,000.



