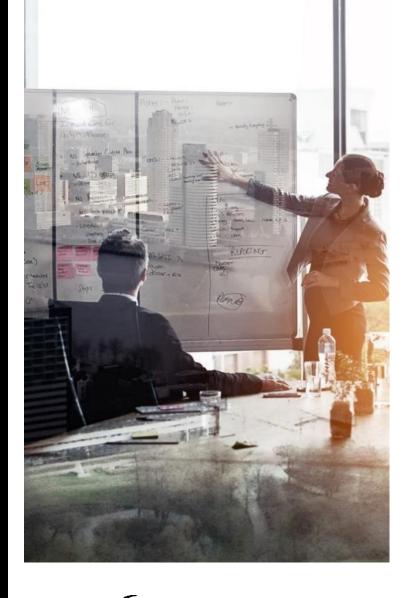
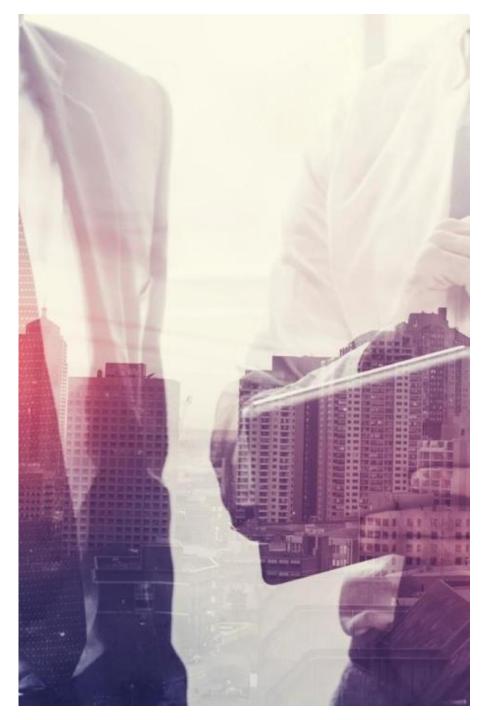
## Presentation to the Board of School Directors

Milwaukee Public Schools May 18, 2023





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## Agenda

- Overview of 2022 audit
  - Reports Issued
  - Opinions received
- Federal & State compliance findings
- Required communications
- Internal control and other recommendations
- Financial highlights
- Questions
- Contact information

## Overview of 2022 audit

### Reports for 2022 audit

#### Reports Issued:

- 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)
- Reporting and insights from 2022 audit
- Report on Federal and State Awards



## Overview of 2022 audit

### Reports for 2022 audit

#### Opinions received:

- Unmodified Opinion on financial statements of the District
- Unmodified Opinion on Early Retirement Supplemental and Benefit Improvement Plan
- Unmodified Opinion on Supplemental Early Retirement Plan for Teachers
- Unmodified opinion on internal control over financial reporting and three material weakness noted
- Unmodified opinion related to internal control over compliance and three significant deficiencies related to internal control over compliance.



## Federal and State Program Compliance Findings

#### Federal:

Medicaid – IEP ratio

#### State:

- Special Education repeat finding
   No Valid License list
- Transportation
  - Repeat finding Ridership support





## 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

Note:



## Required communication

#### Changes in Significant Accounting Policies

 None noted – but consideration given to Implementation of GASB No.87 – Leases

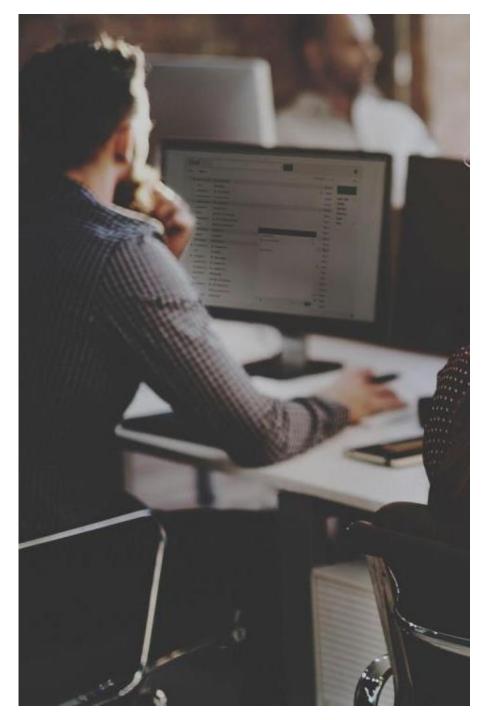
## Management Judgments and Accounting Estimates

- 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 debt, cash, accruals, transfers, pension and reporting items

e: 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 communication

#### **Uncorrected Misstatements**

- Three uncorrected-entries
  - Additional receivable \$947,107
  - Valuation of recorded receivable \$995,181
  - Recognition of revenue \$2,857,910

## Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents

#### Disagreements with Management

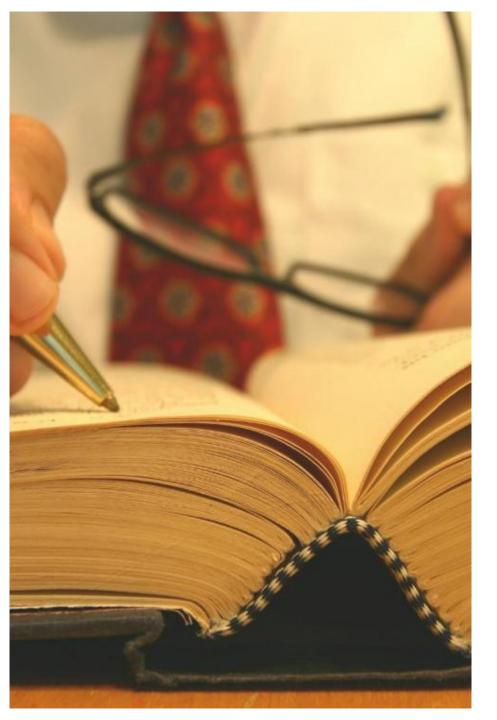
None

## Management's Consultation with Other Accountants

We are not aware of any such consultations

Note:

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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

- Significant Delays
- Unexpected effort to obtain appropriate evidence

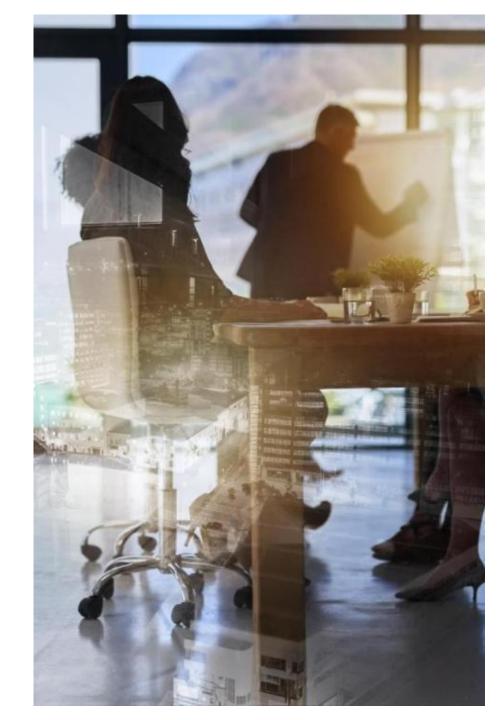
# Internal Control Comments and Other Recommendations

### Current year comments:

- Material Weakness Financial Statement Close Process
- Material Weakness Employee Receivables including MPSU and Liquidated Damages
- Material Weakness Contract Invoicing

### Prior year comments (still open):

- Construction in Progress
- IT Best Practices
- Pension related items

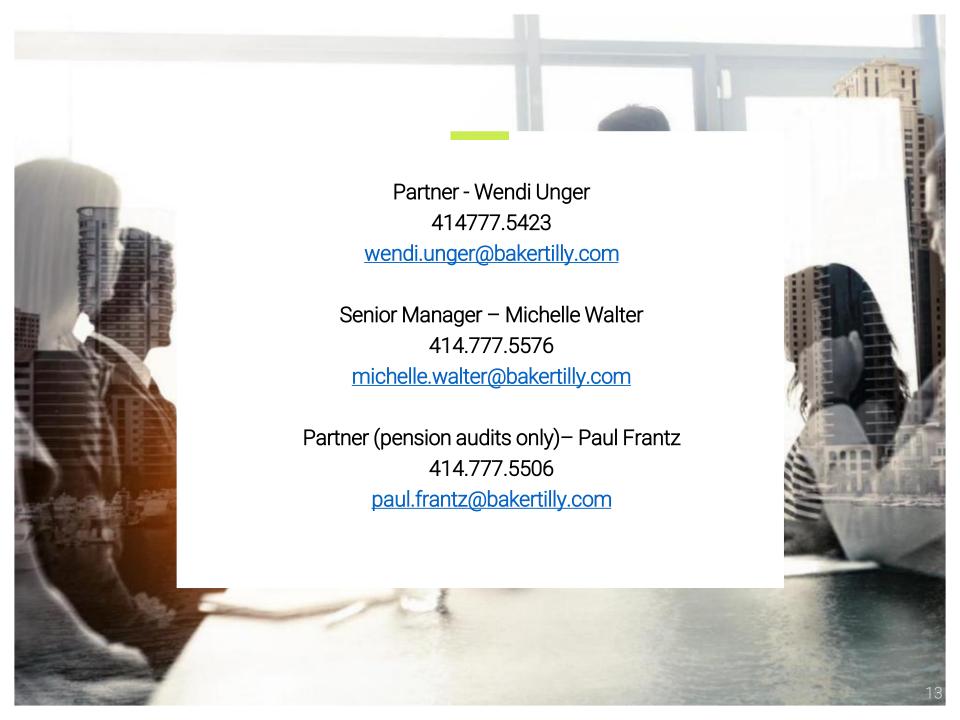




## Financial Highlights

- A. The District's governmental funds ended the 2022 fiscal year with a decrease in total fund balances of \$11.3 million. This decrease reflects a combined decrease in General Fund of \$45.4 million, an increase in the Construction Fund of \$31.8 million and an increase in School Nutrition Services Fund of \$2.3 million.
- B. Total fund balance for the governmental funds was \$116.9 million at June 30, 2022. Of this amount, \$4.3 million was nonspendable for noncurrent receivables, inventories, prepaid expenditures and covering the nutrition deficit, \$64.1 million was restricted for self-insurance, debt service, capital projects, common school funds, trusts and the long term capital improvement fund, \$39.1 million was committed for construction, \$5.6 million is assigned for 2023 budget and \$3.8 million was unassigned.
- C. The District's total long-term obligations at year end were \$1.0 billion and decreased by \$124 million (net) during the 2022 fiscal year. The net decrease relates primarily to the decrease in the net OPEB liability of \$51.8 million (net) and net pension liability of \$52.6 million. The long-term obligations include \$328 million of bonds and notes, \$109 million of net pension obligation and \$580 million of accrued OPEB obligation.







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