

# **Milwaukee Public Schools**

Report on Federal and State Awards

June 30, 2023

# 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 Milwaukee Board of School Directors of  
Milwaukee Public Schools

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Milwaukee Public Schools (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2024.

**Report on 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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-003, 2023-004, 2023-005, 2023-006, 2023-007, and 2023-008, that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 financial statements. 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*.

## **The District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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.

*Baker Tilly US, LLP*

Milwaukee, Wisconsin  
December 20, 2024

**Report on Compliance  
for Each Major Federal and Major State Program;  
Report on Internal Control Over Compliance; and  
Report on the Schedules of Expenditures of Federal and State Awards  
Required by the Uniform Guidance and the *State Single Audit Guidelines***

**Independent Auditors' Report**

To the Milwaukee Board of School Directors of  
Milwaukee Public Schools

**Report on Compliance for Each Major Federal and Major State Program**

***Opinion on Each Major Federal and Major State Program***

We have audited Milwaukee Public Schools's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State Single Audit Guidelines* (the *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, 2023. 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.

In our opinion, the District complied, in all material respects, with the 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, 2023.

***Basis for Opinion on Each Major Federal and Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 *Guidelines*. Our responsibilities under those standards, the Uniform Guidance, and the *Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *Guidelines*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and the *Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 2023-009, 2023-010, and 2023-011. Our opinion on each major federal and major state program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## ***Report on Internal Control Over Compliance***

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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, as discussed below, we did identify certain deficiencies in internal control that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-009, 2023-010, and 2023-011, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 *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 *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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 20, 2024, 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 *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 basic 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.



Milwaukee, Wisconsin  
January 17, 2025

# Milwaukee Public Schools

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal Awarding Agency Cluster Name/Program Name Award Description	Assistance Listing Number	Pass Through Entity or Direct Award Identifying Number	Pass Through Agency	Accrued Receivable (Deferred Revenue) July 1, 2022	Federal Expenditures	Revenues Grantor Reimburse- ments	Accrued Receivable (Deferred Revenue) June 30, 2023	2023 Subrecipient Expenditures
<b>Federal Programs</b>								
<b>U.S. Department of Agriculture</b>								
Local Food for Schools Cooperative Agreement Program 07/1/22-06/30/23	10.185	USDA-AMS-10185-CPLFS000-22-0001+295	DIRECT	\$ -	\$ 250,000	\$ -	\$ 250,000	\$ -
Subtotal 10.185				-	250,000	-	250,000	-
Secondary Education, Two-Year Postsecondary Education, and Agriculture in the K-12 Classroom 07/01/21-06/30/22	10.226	2020-384143-1953	DIRECT	-	274	-	274	-
07/01/22-06/30/23		2020-384143-1953	DIRECT	-	9,050	-	9,050	-
Subtotal 10.226				-	9,324	-	9,324	-
Child Nutrition Cluster:								
School Breakfast Program 07/01/21-06/30/22	10.553	2022-403619-DPI-SB-546	WI DPI	410,113	-	410,053	60	-
07/01/22-06/30/23		2023-403619-DPI-SB-546	WI DPI	-	11,833,255	11,348,397	484,858	494,719
Subtotal 10.553				410,113	11,833,255	11,758,450	484,918	494,719
National School Lunch Program 07/01/21-06/30/22	10.555A	2022-403619-DPI-NSL-547	WI DPI	1,050,495	-	1,050,495	-	-
07/01/22-06/30/23		2023-403619-DPI-NSL-547	WI DPI	-	32,507,500	31,361,462	1,146,038	1,420,311
National School Lunch Programs-Commodities 07/01/22-06/30/23	10.555B	2022-403619-DPI-NSL-547	WI DPI	-	4,587,580	4,587,580	-	-
Subtotal 10.555				1,050,495	37,095,080	36,999,537	1,146,038	1,420,311
Summer Food Service Program for Children 07/01/17-06/30/18	10.559	2018-403619-SFSP-586	WI DPI	300	-	300	-	-
07/01/19-06/30/20		2020-403619-DPI-SFSP-586	WI DPI	435	-	435	-	-
07/01/21-06/30/22		2022-403619-DPI-SFSP-586	WI DPI	58,138	-	58,138	-	-
07/01/22-06/30/23		2023-403619-DPI-SFSP-586	WI DPI	-	664,945	455,032	209,913	26,838
COVID 19-07/01/21-06/30/22		2022-403619-DPI-SFSP-586	WI DPI	71,157	-	71,157	-	-
Subtotal 10.559				130,030	664,945	585,062	209,913	26,838
Fresh Fruit and Vegetable Program 07/01/22-09/30/22	10.582	2023-403619-DPI-FFV/PJUL-594	WI DPI	-	227,852	227,852	-	-
10/01/21-06/30/22		2022-403619-DPI-FFV/P-Oct-376	WI DPI	70,548	-	70,548	-	-
10/01/22-06/30/23		2023-403619-DPI-FFV/POCT/PUB-376	WI DPI	-	1,675,993	1,647,241	28,752	-
Subtotal 10.582				70,548	1,903,845	1,945,641	28,752	-
Subtotal – Child Nutrition Cluster				1,661,186	51,497,125	51,288,690	1,869,621	1,941,868
Child and Adult Care Food Program 07/01/21-06/30/22	10.558	2022-403619-DPI-CCI-551	WI DPI	19,330	-	19,330	-	-
07/01/22-06/30/23		2023-403619-DPI-CCI-551	WI DPI	-	845,911	781,294	64,617	46,877
Subtotal 10.558				19,330	845,911	800,624	64,617	46,877

See notes to schedules of expenditures of federal and state awards



# **Milwaukee Public Schools**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal Awarding Agency Cluster Name/Program Name Award Description	Assistance Listing Number	Pass Through Entity or Direct Award Identifying Number	Pass Through Agency	Accrued Receivable (Deferred Revenue) July 1, 2022	Federal Expenditures	Revenues Grantor Reimburse- ments	Accrued Receivable (Deferred Revenue) June 30, 2023	2023 Subrecipient Expenditures
<b>U.S. Department of Agriculture (continued)</b>								
Team Nutrition Grants 02/01/19-05/31/19	10.574	2019-403619-17-TN Let's Plant Grant-552	WI DPI	\$ 657	\$ -	\$ -	\$ 657	\$ -
Subtotal 10.574				657	-	-	657	-
Farm to School Grant Program 07/01/21-06/30/22 07/01/22-06/30/23	10.575	218WI700L3203 218WI700L3203	DIRECT DIRECT	2,815 -	10,000 3,315	- -	12,815 3,315	- -
Subtotal 10.575				2,815	13,315	-	16,130	-
Soil and Water Conservation 09/01/22-08/31/23	10.902	NR225F48XXXG007-539	DIRECT	-	293	293	-	-
Subtotal 10.902				-	293	293	-	-
Urban Agriculture and Innovative Production 10/01/22-09/30/23	10.935	NR223A750001G049-574	DIRECT	-	104,399	-	104,399	-
Subtotal 10.935				-	104,399	-	104,399	-
Total - U.S. Department of Agriculture				1,683,988	52,720,367	52,089,607	2,314,748	1,988,745
<b>U.S. Department of the Interior</b>								
Great Lakes Restoration 07/01/20-06/30/21 07/01/21-06/30/22 07/01/22-06/30/23	15.662	0501.18.060058 0501.18.060058 0501.18.060058	NFWF NFWF NFWF	12,500 198,420 -	- 399,410 2,170	12,500 590,000 -	- 7,830 2,170	- - -
Total - U.S. Department of the Interior				210,920	401,580	602,500	10,000	-
<b>U.S. Department of Justice</b>								
Public Safety Partnership and Community Policing Grants 9/1/22-8/31/2023	16.710	2020SVWX0047-508	WI DOJ	-	627,425	-	627,425	-
Total - U.S. Department of Justice				-	627,425	-	627,425	-
<b>U.S. Department of Transportation</b>								
Highway Planning and Construction 01/01/18-12/31/18 07/01/19-06/30/20 07/01/20-06/30/21 07/01/21-06/30/22 07/01/22-06/30/23	20.205	1009-00-66 1009-00-99 1009-00-99 1009-00-99 1009-00-99	WI DOT WI DOT WI DOT WI DOT WI DOT	(12,818) 5,882 126,013 85,315 -	- - - 7,859 177,515	- - 67,552 68,485 111,940	(12,818) 5,882 58,461 24,689 65,575	- - - - -
Total - U.S. Department of Transportation				204,392	185,374	247,977	141,789	-

See notes to schedules of expenditures of federal and state awards

**Milwaukee Public Schools**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal Awarding Agency Cluster Name/Program Name Award Description		Assistance Listing Number	Pass Through Entity or Direct Award Identifying Number	Pass Through Agency	Accrued Receivable (Deferred Revenue) July 1, 2022	Federal Expenditures	Revenues Grantor Reimburse- ments	Accrued Receivable (Deferred Revenue) June 30, 2023	2023 Subrecipient Expenditures
<b>U.S. Environmental Protection Agency</b>									
Geographic Programs - Great Lakes Restoration Initiative		66.469							
02/24/20-02/23/22			00E02816	DIRECT	\$ 120,000	\$ 440,552	\$ -	\$ 560,552	\$ -
05/13/22-12/31/23			00E03132	DIRECT	-	39,448	-	39,448	-
Subtotal 66.469					120,000	480,000	-	600,000	-
Protection of Children from Environmental Health Risks		66.609							
02/24/20-02/23/22			00E02816	DIRECT	-	25,697	-	25,697	-
Subtotal 66.609					-	25,697	-	25,697	-
Total - U.S. Environmental Protection Agency					120,000	505,697	-	625,697	-
<b>U.S. Department of Education</b>									
Title I - Grants to Local Educational Agencies									
Title I A - Grants to Local Educational Agencies		84.010A							
07/01/21-06/30/22			2022-403619-DPI-TIA-141	WI DPI	23,330,233	-	23,330,233	-	-
07/01/22-06/30/23			2023-403619-DPI-TIA-141	WI DPI	-	77,087,988	18,103,171	58,984,817	-
Title I D - Grants to Local Educational Agencies		84.010							
07/01/18-06/30/19			2019-403619-DPI-TI-D Delinquent-144	WI DPI	1,792	-	-	1,792	-
07/01/20-06/30/21			2021-403619-DPI-TI-D N&D-144	WI DPI	1	-	-	1	-
07/01/21-06/30/22			2022-403619-DPI-TID-144	WI DPI	41,212	29,507	70,719	-	-
07/01/22-06/30/23			2023-403619-DPI-TID-144	WI DPI	-	102,490	-	102,490	-
Title I - Comprehensive and Additional Targeted Support and Improvement Grants to Local Educational Agencies		84.010							
07/01/21-06/30/22			2022-403619-DPI-CSI-148	WI DPI	3,074,080	3,391,191	6,465,271	-	-
07/01/22-06/30/23			2023-403619-DPI-CSI-148	WI DPI	-	6,138,679	-	6,138,679	-
Title I - Instructional Materials & Professional Learning Grants to Local Educational Agencies		84.010A							
08/15/22-08/31/23			2023-403619-DPI-1003-IMPL-155	WI DPI	-	8,436,739	-	8,436,739	-
Subtotal 84.010					26,447,318	95,186,594	47,969,394	73,664,518	-
Special Education Cluster (IDEA)									
Special Education Grants to States		84.027A							
07/01/21-06/30/22			2022-403619-DPI-FLOW-341	WI DPI	9,082,460	94,925	9,177,385	-	-
07/01/22-06/30/23			2023-403619-DPI-FLOW-341	WI DPI	-	19,981,738	5,217,099	14,764,639	-
Special Education Grants to States CCEIS		84.027A							
07/01/21-06/30/22			2022-403619-DPI-FLOW-341	WI DPI	1,005,082	23,212	1,028,294	-	-
07/01/22-06/30/23			2023-403619-DPI-FLOW-341	WI DPI	-	3,719,532	-	3,719,532	-
Subtotal 84.027					10,087,542	23,819,407	15,422,778	18,484,171	-
Special Education Preschool Grants		84.173A							
07/01/21-06/30/22			2022-403619-DPI-PRESCH-347	WI DPI	81,263	-	80,820	443	-
07/01/22-06/30/23			2023-403619-DPI-PRESCH-347	WI DPI	-	1,122,641	633,544	489,097	-

See notes to schedules of expenditures of federal and state awards

# Milwaukee Public Schools

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal Awarding Agency Cluster Name/Program Name Award Description	Assistance Listing Number	Pass Through Entity or Direct Award Identifying Number	Pass Through Agency	Accrued Receivable (Deferred Revenue) July 1, 2022	Federal Expenditures	Revenues Grantor Reimburse- ments	Accrued Receivable (Deferred Revenue) June 30, 2023	2023 Subrecipient Expenditures
<b>U.S. Department of Education (continued)</b>								
Special Education Preschool Grants	84.173A							
07/01/21-06/30/22		2022-403619-DPI-ECSEPSL-348	WI DPI	\$ 16,233	\$ -	\$ 16,233	\$ -	\$ -
07/01/22-06/30/23		2023-403619-DPI-ELTAI-348	WI DPI	-	147,450	38,648	108,802	-
Subtotal 84.173				97,496	1,270,091	769,245	598,342	-
Subtotal - Special Education Cluster (IDEA)				10,185,038	25,089,498	16,192,023	19,082,513	-
Career and Technical Education - Basic Grants to States	84.048							
07/01/19-06/30/20		2020-403619-DPI-CTE-400	WI DPI	1,718	-	-	1,718	-
07/01/21-06/30/22		2022-403619-DPI-CTE-400	WI DPI	619,624	84,603	775,767	(71,540)	-
07/01/22-06/30/23		2023-403619-DPI-CTE-400	WI DPI	-	1,977,247	-	1,977,247	-
Subtotal 84.048				621,342	2,061,850	775,767	1,907,425	-
Indian Education - Grants Local Educational Agencies	84.060							
07/01/21-06/30/22		S060A222149-520	DIRECT	11,056	30,242	41,298	-	-
07/01/22-06/30/23		S060A222149-520	DIRECT	-	68,736	25,522	43,214	-
Subtotal 84.060				11,056	98,978	66,820	43,214	-
School Safety National Activities	84.184H							
10/01/21-09/30/22		2022-403619-DPI-LMH for Pro - 386	WI DPI	-	120,000	120,000	-	-
10/01/22-09/30/23		2023-403619-DPI-SBMHP-386	WI DPI	-	48,850	-	48,850	-
School Safety National Activities	84.184M							
10/01/20-09/30/21		S184M140043	DIRECT	698	-	-	698	-
Subtotal 84.184				698	168,850	120,000	49,548	-
Education for Homeless Children and Youth	84.196A							
07/01/18-06/30/19		2019-403619-DPI-EHCY-335	WI DPI	312	-	-	312	-
07/01/20-06/30/21		2021-403619-DPI-EHCY-335	WI DPI	2	-	-	2	-
07/01/21-06/30/22		2022-403619-DPI-EHCY-335	WI DPI	77,712	1,939	79,651	-	-
07/01/22-06/30/23		2023-403619-DPI-EHCY-335	WI DPI	-	172,119	-	172,119	-
Subtotal 84.196				78,026	174,058	79,651	172,433	-
Javits Gifted and Talented Students Education	84.206A							
09/01/2022-08/31/2023		S206A220010-592	DIRECT-GAPS	-	11,136	-	11,136	-
Javits Gifted and Talented Students Education (SURGE)	84.206A							
08/30/2020-07/29/2021		S206A190009-507	DIRECT-GAPS	2	-	-	2	-
7/30/2021-8/29/2022		S206A190009-507	DIRECT-GAPS	107,109	206,963	314,070	2	-
8/30/2022-8/29/2023		S206A190009-507	DIRECT-GAPS	-	570,547	285,589	284,958	-
Javits Gifted and Talented Students Education (SEE US)	84.206A							
10/01/21-09/30/22		S206A170011-501	DIRECT-GAPS	105,509	218,995	286,121	38,383	-
10/01/22-09/30/23		S206A170011-501	DIRECT-GAPS	-	162,250	47,507	114,743	-
Subtotal 84.206				212,620	1,169,891	933,287	449,224	-

See notes to schedules of expenditures of federal and state awards

# Milwaukee Public Schools

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Awarding Agency Cluster Name/Program Name Award Description	Assistance Listing Number	Pass Through Entity or Direct Award Identifying Number	Pass Through Agency	Accrued Receivable (Deferred Revenue) July 1, 2022	Federal Expenditures	Revenues Grantor Reimburse- ments	Accrued Receivable (Deferred Revenue) June 30, 2023	2023 Subrecipient Expenditures
<b>U.S. Department of Education (continued)</b>								
Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects	84.215K							
10/01/2022-07/01/2024		S215K220168-535	DIRECT	\$ -	\$ 120,623	\$ -	\$ 120,623	\$ -
Subtotal 84.215				-	120,623	-	120,623	-
Charter Schools	84.282A							
07/01/2021-06/30/2022		2022-403619-DPI-WCSP3-360	WI DPI	75,797	820	76,617	-	-
07/01/2022-06/30/2023		2023-403619-DPI-WCSP3-360	WI DPI	-	189,348	-	189,348	-
Charter Schools	84.282A							
07/01/2021-06/30/2022		2022-403619-DPI-WCSP2-360	WI DPI	78,366	12,833	91,199	-	-
07/01/2022-06/30/2023		2023-403619-DPI-WCSP2-360	WI DPI	-	94,922	-	94,922	-
Subtotal 84.282				154,163	297,923	167,816	284,270	-
Twenty-First Century Community Learning Centers	84.287							
07/01/18-06/30/19		2019-403619-21st Century CLC-367	WI DPI	2,000	-	-	2,000	-
07/01/21-06/30/22		2022-403619-DPI-TIVB-367	WI DPI	3,555,810	472,797	4,028,607	-	-
07/01/22-06/30/23		2023-403619-DPI-TIVB-367	WI DPI	-	5,247,147	-	5,247,147	-
Subtotal 84.287				3,557,810	5,719,944	4,028,607	5,249,147	-
Indian Education - Special Programs For Indian Children	84.299A							
10/01/20-09/30/21		S299A2000049-521	DIRECT	1	-	-	1	-
10/01/21-09/30/22		S299A2000049-521	DIRECT	(106,050)	36,348	-	(69,702)	-
10/01/22-09/30/23		S299A2000049-521	DIRECT	-	447,343	276,610	170,733	-
Indian Education - Special Programs For Indian Children	84.299A							
10/01/20-09/30/21		S299A170028-525	DIRECT	3,125	(3,020)	-	105	-
10/01/21-09/30/22		S299A170028-525	DIRECT	205,786	50,974	256,257	503	-
Subtotal 84.299				102,862	531,645	532,867	101,640	-
Arts in Education	84.351D							
10/01/20-09/30/21		U351D180036 - 21 -516	DIRECT	(2)	-	-	(2)	-
10/01/21-09/30/22		U351D180036 - 21 -516	DIRECT	151,580	(69,705)	303,815	(221,940)	-
10/01/22-09/30/23		U351D180036 - 21 -516	DIRECT	-	318,147	96,206	221,941	-
Subtotal 84.351				151,578	248,442	400,021	(1)	-
English Language Acquisition State Grants	84.365A							
07/01/21-06/30/22		2022-403619-DPI-TIIIA-391	WI DPI	384,281	113,741	497,806	216	-
07/01/22-06/30/23		2023-403619-DPI-TIIIA-391	WI DPI	-	2,315,616	380,743	1,934,873	-
English Language Acquisition State Grants	84.365A							
07/01/22-06/30/23		2023-403619-DPI-TIIIA-371	WI DPI	-	12,741	-	12,741	-
				384,281	2,442,098	878,549	1,947,830	-

See notes to schedules of expenditures of federal and state awards

**Milwaukee Public Schools**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal Awarding Agency Cluster Name/Program Name Award Description		Assistance Listing Number	Pass Through Entity or Direct Award Identifying Number	Pass Through Agency	Accrued Receivable (Deferred Revenue) July 1, 2022	Federal Expenditures	Revenues Grantor Reimburse- ments	Accrued Receivable (Deferred Revenue) June 30, 2023	2023 Subrecipient Expenditures
<b>U.S. Department of Education (continued)</b>									
Supporting Effective Instruction State Grants		84.367A	2022-403619-DPI-TIA-365 2023-403619-DPI-TIA-365	WI DPI WI DPI	\$ 2,858,512 -	\$ (2,425,225) 6,685,301	\$ 433,282 4,223,085	\$ 5 2,462,216	- -
Subtotal 84.367					2,858,512	4,260,076	4,656,367	2,462,221	-
School Improvement Grants		84.377A	2022-403619-DPI-SIG-CSI-151	WI DPI	1,693,177	1,081,764	2,774,941	-	-
Subtotal 84.377					1,693,177	1,081,764	2,774,941	-	-
Student Support and Academic Enrichment Program		84.424A	2021-403619-DPI-TIVA-381 2022-403619-DPI-TIVA-381 2023-403619-DPI-TIVA-381	WI DPI WI DPI WI DPI	(186) 1,299,278 23,588	186 (552,623) 6,774,881	- 747,220 -	- (565) 6,798,469	- -
Subtotal 84.424					1,322,680	6,222,444	747,220	6,797,904	-
COVID-19 Education Stabilization Fund									
Governor's Emergency Education Relief Fund		84.425C	2021-403619-DPI-GEERF-162 2021-403619-DPI-GEERF-162	WI DPI WI DPI	- 3,146,726	(3,581) 651,925	- 2,975,938	(3,581) 822,713	- -
Elementary and Secondary School Emergency Relief		84.425D	2021-403619-DPI-ESSERF-160 2021-403619-DPI-ESSERF-160 2021-403619-DPI-ESSERF-160	WI DPI WI DPI WI DPI	- - 2,983,649	(220,006) 220,035 2,337,294	(220,006) 220,035 3,529,776	- - 1,791,167	- -
Elementary and Secondary School Emergency Relief		84.425D	2022-403619-DPI-ESSERFII-163 2022-403619-DPI-ESSERFII-163 2022-403619-DPI-ESSERFII-163	WI DPI WI DPI WI DPI	1,392,700 40,876,395 -	(1,037) 21,663,440 96,513,121	1,385,405 14,923,106 -	6,258 47,616,729 96,513,121	- -
American Rescue Plan - Elementary and Secondary School Emergency Relief		84.425U	2022-403619-DPI-ESSERFIII-165 2022-403619-DPI-ESSERFIII-165 2023-403619-DPI-LETRS-165	WI DPI WI DPI WI DPI	52,390,379 - -	9,897,139 83,890,064 204,017	- - -	62,287,518 83,890,064 204,017	- -
American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth		84.425W	2022-403619-DPI-ARPHCYI-168 2022-403619-DPI-ARPHCYI-168	WI DPI WI DPI	5,249 -	- 43,127	5,249 -	- 43,127	- -
Subtotal 84.425					100,795,098	215,195,538	22,819,503	293,171,133	-
Total - U.S. Department of Education					148,576,259	360,070,216	103,142,833	405,503,642	-

See notes to schedules of expenditures of federal and state awards

# Milwaukee Public Schools

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Awarding Agency Cluster Name/Program Name Award Description	Assistance Listing Number	Pass Through Entity or Direct Award Identifying Number	Pass Through Agency	Accrued Receivable (Deferred Revenue) July 1, 2022	Federal Expenditures	Revenues Grantor Reimburse- ments	Accrued Receivable (Deferred Revenue) June 30, 2023	2023 Subrecipient Expenditures
<b>U.S. Department of Health and Human Services</b>								
Cooperative Agreements to Promote Adolescent Health through School Based HIV/STD Prevention and School- Based Surveillance	93.079							
08/01/15-07/31/16		n/a	WI DPI	\$ 629	\$ -	\$ -	\$ 629	\$ -
08/01/16-07/31/17		n/a	WI DPI	(449)	-	-	(449)	-
Subtotal 93.079				180	-	-	180	-
Pregnancy Assistance Fund Program	93.500							
07/01/19-06/30/20		2020-403619-DPI-Inspir-591	WI DPI	3,620	-	-	3,620	-
07/01/20-06/30/21		2021-403619-DPI-Inspir-591	WI DPI	45,677	-	-	45,677	-
Subtotal 93.500				49,297	-	-	49,297	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566							
03/01/19-09/30/19		2019-403619-Refugee-533	WI DCF	14,880	-	-	14,880	-
01/01/20-09/30/20		2020-403619-Refugee-533	WI DCF	(1,264)	-	-	(1,264)	-
10/01/20-09/30/21		2021-403619-Refugee-533	WI DCF	29,758	-	-	29,758	-
10/01/21-09/30/22		2022-403619-Refugee-533	WI DCF	1,455	30,868	-	32,323	-
10/01/22-09/30/23		2023-403619-Refugee-533	WI DCF	-	9,002	-	9,002	-
Subtotal 93.566				44,829	39,870	-	84,699	-
Head Start Cluster								
Head Start	93.600							
06/01/18-05/31/19		05CH010537-526	DIRECT	17,116	-	-	17,116	-
06/01/21-05/31/22		05CH010537-526	DIRECT	2,036,700	17,824	2,052,483	2,041	-
06/01/22-05/31/23		05CH010537-526	DIRECT	694,358	9,586,463	6,992,775	3,288,046	-
06/01/23-05/31/24		05CH010537-526	DIRECT	-	1,077,600	-	1,077,600	-
COVID-19 - Head Start	93.600							
04/01/21-03/31/22		05HE000453-523	DIRECT	97,871	2,266	97,921	2,216	-
04/01/22-03/31/23		05HE000453-523	DIRECT	18,400	829,712	473,610	374,502	-
04/01/23-03/31/24		05HE000453-523	DIRECT	-	14,670	-	14,670	-
Subtotal 93.600				2,864,445	11,528,535	9,616,789	4,776,191	-
Subtotal - Head Start Cluster				2,864,445	11,528,535	9,616,789	4,776,191	-
Medicaid Cluster								
Medical Assistance Program	93.778							
07/01/21-06/30/22		n/a	WI DHS	296,870	-	296,870	-	-
07/01/22-06/30/23		n/a	WI DHS	-	9,416,295	9,217,583	198,712	-
Subtotal 93.778				296,870	9,416,295	9,514,453	198,712	-
Subtotal - Medicaid Cluster				296,870	9,416,295	9,514,453	198,712	-
Total - U.S. Department of Health and Human Services				3,255,621	20,984,700	19,131,242	5,109,079	-

See notes to schedules of expenditures of federal and state awards

**Milwaukee Public Schools**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal Awarding Agency Cluster Name/Program Name Award Description	Assistance Listing Number	Pass Through Entity or Direct Award Identifying Number	Pass Through Agency	Accrued Receivable (Deferred Revenue) July 1, 2022	Federal Expenditures	Revenues Grantor Reimburse- ments	Accrued Receivable (Deferred Revenue) June 30, 2023	2023 Subrecipient Expenditures
Research and Development Cluster <b>National Science Foundation</b> Computer and Information Science and Engineering 10/01/19-09/30/20	47.070	001925-00002-01-01	MU	\$ 82,759	\$ -	\$ -	\$ 82,759	\$ -
Total - National Science Foundation				82,759	-	-	82,759	-
<b>U.S. Department of Education</b> Education Innovation and Research 10/01/2019-9/30/22 10/01/2019-9/30/23	84.411C	U411C190254-596 U411C190254-596	SHU SHU	40,092 -	- 155,971	55,451 50,422	(15,359) 105,549	- -
Subtotal 84.411				40,092	155,971	105,873	90,190	-
Total - U.S. Department of Education				40,092	155,971	105,873	90,190	-
Total - Research and Development Cluster				122,851	155,971	105,873	172,949	-
Total federal awards				<b>\$ 154,174,031</b>	<b>\$ 435,651,330</b>	<b>\$ 175,320,032</b>	<b>\$ 414,505,329</b>	<b>\$ 1,968,745</b>

See notes to schedules of expenditures of federal and state awards

# Milwaukee Public Schools

Schedule of Expenditures of State Awards  
Year Ended June 30, 2023

State Awarding Agency Cluster Name/Program name Award Description	State Identification Number	Accrued Receivable (Deferred Revenue) July 1, 2022	State Expenditures	Revenues Grantor Reimburse- ments	Accrued Receivable (Deferred Revenue) June 30, 2023
<b>State Programs</b>					
<b>Cost Reimbursement Programs</b>					
<b>Wisconsin Department of Natural Resources</b>					
Greener Healthier Schoolyards	370.TH1				
02/21/20-02/20/21		\$ 6,522	-	\$ -	6,522
02/21/21-02/20/22		93,478	-	-	93,478
<b>Total - Wisconsin Department of Natural Resources</b>		100,000	-	-	100,000
<b>Wisconsin Department of Workforce Development</b>					
Youth Apprenticeship Grant	445.107				
07/01/20-06/30/21		(7)	-	-	(7)
07/01/21-06/30/22		9,085	5,970	15,055	-
07/01/22-06/30/23		-	72,229	-	72,229
<b>Subtotal 445.107</b>		9,078	78,199	15,055	72,222
Wisconsin Fast Forward Teacher Training and Development	445.109				
07/01/18-06/30/19		3,193	-	-	3,193
07/01/19-06/30/20		241,783	-	-	241,783
<b>Subtotal 445.109</b>		244,976	-	-	244,976
<b>Total - Wisconsin Department of Workforce Development</b>		254,054	78,199	15,055	317,198
<b>Wisconsin Department of Public Instruction</b>					
Peer to Peer Suicide Prevention	255.246				
07/01/20-06/30/21		614	-	-	614
07/01/21-06/30/22		1,321	885	2,206	-
07/01/22-06/30/23		-	1,960	-	1,960
<b>Subtotal 255.246</b>		1,935	2,845	2,206	2,574

See notes to schedules of expenditures of federal and state awards



# Milwaukee Public Schools

Schedule of Expenditures of State Awards  
Year Ended June 30, 2023

State Awarding Agency Cluster Name/Program name Award Description	State Identification Number	Accrued Receivable (Deferred Revenue) July 1, 2022	State Expenditures	Revenues Grantor Reimburse- ments	Accrued Receivable (Deferred Revenue) June 30, 2023
<b>Wisconsin Department of Public Instruction (continued)</b>					
Special Education Transition Readiness Grant 07/01/20-06/30/21	255.257	\$ 30,063	\$ -	\$ -	\$ 30,063
Subtotal 255.257		30,063	-	-	30,063
Summer School Program Grants 07/01/22-06/30/23	255.281	-	1,351,012	1,400,000	(48,988)
Subtotal 255.281		-	1,351,012	1,400,000	(48,988)
School Based Mental Health Services 07/01/19-06/30/20	255.297	12,877	-	-	12,877
07/01/21-06/30/22		14,297	43,475	57,772	-
07/01/22-06/30/23		-	51,161	-	51,161
Subtotal 255.297		27,174	94,636	57,772	64,038
Peer Review and Mentoring 07/01/19-06/30/20	255.301	2,105	-	-	2,105
07/01/20-06/30/21		(1)	-	-	(1)
Subtotal 255.301		2,104	-	-	2,104
Alcohol and Other Drug Abuse (AODA - Chapter 331) 07/01/20-06/30/21	255.306	2	-	-	2
07/01/21-06/30/22		38,454	1,655	40,110	(1)
07/01/22-06/30/23		-	31,123	-	31,123
Subtotal 255.306		38,456	32,778	40,110	31,124

See notes to schedules of expenditures of federal and state awards

# Milwaukee Public Schools

Schedule of Expenditures of State Awards  
Year Ended June 30, 2023

State Awarding Agency Cluster Name/Program name Award Description	State Identification Number	Accrued Receivable (Deferred Revenue) July 1, 2022	State Expenditures	Revenues Grantor Reimburse- ments	Accrued Receivable (Deferred Revenue) June 30, 2023
<b>Wisconsin Department of Public Instruction (continued)</b>					
AODA Program Grants	255.321				
07/01/21-06/30/22		\$ 4,846	\$ 1,469	\$ 6,317	\$ (2)
07/01/22-06/30/23		-	8,304	-	8,304
Subtotal 255.321		4,846	9,773	6,317	8,302
Head Start State Supplement	255.327				
07/01/21-06/30/22		6,178	(107,976)	6,178	(107,976)
07/01/22-06/30/23		-	516,814	406,347	110,467
Subtotal 255.327		6,178	408,838	412,525	2,491
Wisconsin Movin' Schools	255.345				
07/01/15-06/30/16		(700)	-	-	(700)
Subtotal 255.345		(700)	-	-	(700)
WI Grants to Support Gifted and Talented	255.350				
07/01/21-06/30/22		9,896	4,699	14,594	1
07/01/22-06/30/23		-	52,865	-	52,865
Subtotal 255.350		9,896	57,564	14,594	52,866
Achievement Gap Reduction	255.504				
07/01/22-06/30/23		-	23,335,932	23,335,932	-
Subtotal 255.504		-	23,335,932	23,335,932	-

See notes to schedules of expenditures of federal and state awards

# Milwaukee Public Schools

Schedule of Expenditures of State Awards  
Year Ended June 30, 2023

State Awarding Agency Cluster Name/Program name Award Description	State Identification Number	Accrued Receivable (Deferred Revenue) July 1, 2022	State Expenditures	Revenues Grantor Reimburse- ments	Accrued Receivable (Deferred Revenue) June 30, 2023
<b>Wisconsin Department of Public Instruction (continued)</b>					
Educator Effectiveness	255.940				
07/01/19-06/30/20		\$ 33,902	\$ -	\$ -	\$ 33,902
07/01/20-06/30/21		1	-	-	1
07/01/21-06/30/22		403,255	51,189	451,040	3,404
07/01/22-06/30/23		-	454,424	-	454,424
Subtotal 255.940		437,158	505,613	451,040	491,731
Career and Technical Education Incentive Grants	255.950				
07/01/19-06/30/20		1,800	-	-	1,800
07/01/20-06/30/21		4,087	-	-	4,087
07/01/21-06/30/22		(102,253)	(1,937)	62,451	(166,641)
07/01/22-06/30/23		-	20,013	61,373	(41,360)
Financial Literacy Grant	255.950				
07/01/21-06/30/22		(1,942)	1,942	-	-
Subtotal 255.950		(98,308)	20,018	123,824	(202,114)
Robotics League Participation Grant	255.959				
07/01/18-06/30/19		(2,430)	-	-	(2,430)
07/01/19-06/30/20		18	-	-	18
07/01/21-06/30/22		15,928	3,778	15,895	3,811
07/01/22-06/30/23		-	9,918	-	9,918
Subtotal 255.959		13,516	13,696	15,895	11,317
<b>Total - Wisconsin Department of Public Instruction</b>		<b>472,318</b>	<b>25,832,705</b>	<b>25,860,215</b>	<b>444,808</b>

See notes to schedules of expenditures of federal and state awards

## Milwaukee Public Schools

Schedule of Expenditures of State Awards  
Year Ended June 30, 2023

State Awarding Agency Cluster Name/Program name Award Description	State Identification Number	Accrued Receivable (Deferred Revenue) July 1, 2022	State Expenditures	Revenues Grantor Reimburse- ments	Accrued Receivable (Deferred Revenue) June 30, 2023
Financial Empowerment and Equity Initiative 07/1/22-06/30/23	xxx.xxx	\$ (3,458)	\$ 3,458	\$ -	\$ -
Things Fall Apart in Wisconsin 07/1/09-06/30/10	xxx.xxx	(386)	-	-	(386)
<b>Total State Awards – Cost Reimbursement Programs</b>		<b>822,528</b>	<b>25,914,362</b>	<b>25,875,270</b>	<b>861,620</b>
<b>Entitlement Programs</b>					
<b>Wisconsin Department of Public Instruction</b>					
<b>Direct Program:</b>					
Special Education and School Age Parents	255.101	-	59,927,733	59,927,733	-
State School Lunch Aid Match	255.102	-	292,909	292,909	-
Common School Fund Aid	255.103	-	6,802,088	6,802,088	-
Bilingual Bicultural Aid	255.106	-	1,303,938	1,303,938	-
Pupil Transportation Aid	255.107	-	2,277,028	2,277,028	-
Equalization Aid	255.201	-	551,187,310	551,187,310	-
Integration Transfer Non-Resident	255.204	-	222,055	222,055	-
Integration Transfer Resident	255.205	-	31,235,483	31,235,483	-
Aid for School Mental Health Programs	255.227	5,041,554	-	5,041,554	-
State School Breakfast Aid SSBA	255.344	-	214,928	214,928	-
State Tuition Payments	255.401	-	204,438	204,438	-
Early College Credit Program	255.445	-	12,469	12,469	-
Aid for High Poverty School District	255.926	-	3,929,164	3,929,164	-
Per Pupil Aid	255.945	-	51,638,006	51,638,006	-
Special Education Transition Incentive Grant	255.960	-	388,852	388,852	-
Assessments of Reading Readiness	255.956	-	171,747	171,747	-
<b>Total – Wisconsin Department of Public Instruction</b>		<b>5,041,554</b>	<b>709,808,148</b>	<b>714,849,702</b>	<b>-</b>
<b>Total State Awards – Entitlement Programs</b>		<b>5,041,554</b>	<b>709,808,148</b>	<b>714,849,702</b>	<b>-</b>
Total state awards		<b>\$ 5,864,082</b>	<b>\$ 735,722,510</b>	<b>\$ 740,724,972</b>	<b>\$ 861,620</b>

See notes to schedules of expenditures of federal and state awards

# Milwaukee Public Schools

## Notes to Schedules of Expenditures of Federal and State Awards

June 30, 2023

### 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 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 Uniform Guidance and 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 or changes in net position of the District.

Programs subject to the Single Audit - 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. Summary of Significant Accounting Policies

#### 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 2023 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.

#### Subrecipients

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

#### 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 permitted under 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  
June 30, 2023

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### 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 \$184,237,247 for the year ended June 30, 2023.

### 7. Pass-Through Entities

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

MU	Marquette University
NFWF	National Fish and Wildlife Foundation
SHU	Sacred Heart University
WI DCF	Wisconsin Department of Children and Families
WI DHS	Wisconsin Department of Health Services
WI DOJ	Wisconsin Department of Justice
WI DPI	Wisconsin Department of Public Instruction
WI DOT	Wisconsin Department of Transportation

Pass-through entity identifying numbers are presented when available.

### 8. Subsequent Event - Suspension of Head Start (ALN 93.600)

On April 29, 2024, the District was notified by the U.S. Department of Health and Human Services, Administration for Children and Families, Office of Head Start (OHS) of the suspension of federal funding for the Head Start program, effective May 21, 2024, due to noncompliance identified during OHS's monitoring review conducted in January 2023, March 2023 and July 2023. The noncompliance issues identified during those monitoring reviews include (1) failure to maintain the required classroom teacher/child ratio, which resulted in the inability of the program staff to address the basic health and safety needs of children; (2) lack of supervision and child maltreatment; and (3) multiple safety incidents related to lack of supervision, respectively. Additional safety incidents occurred in the program between November 2023 and February 2024.

**Milwaukee Public Schools**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023

**Section I - Summary of Auditors' Results****Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

  X   yes

       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 major federal and state award programs:

Material weakness(es) identified?

       yes

  X   no

       yes

  X   no

Significant deficiency(ies) identified that are not considered to be material weakness(es)?

  X   yes

       none reported

  X   yes

       none reported

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

Unmodified

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance or the *State Single Audit Guidelines*?

  X   yes

       no

  X   yes

       no

Auditee qualified as low-risk auditee for Federal and State?

       yes

  X   no

       yes

  X   no

Dollar threshold used to distinguish between type A and type B programs

\$3,000,000

\$250,000

Identification of major federal programs:

**Assistance Listing Numbers**

10.553, 10.555, 10.559, and 10.582  
84.424  
84.425C, D, U, and W  
93.600  
93.778

**Name of Federal Program or Cluster**

Child Nutrition Cluster  
Student Support and Academic Enrichment Program  
COVID-19 Education Stabilization Fund  
Head Start Cluster  
Medicaid Cluster

Identification of major state programs:

**State Identification Numbers**

255.201, 255.204, 255.205, and 255.926  
255.102  
255.103  
255.327  
255.344  
255.504  
255.940  
255.945

**Name of State Program**

General Aids Cluster  
State School Lunch Aid Match  
Common School Fund Aid  
Head Start Supplement  
State School Breakfast Aid SSBA  
Achievement Gap Reduction  
Educator Effectiveness  
Per Pupil Aid

**Section II - Financial Statement Findings Required to be Reported in Accordance With  
Government Auditing Standards**

**2023-001 - Material Weakness - Internal Controls over the Financial Statement Close Process**

This is a repeat finding of 2022-001.

*Criteria:* Properly designed systems of internal control provide the District with the ability to process and record accurate monthly and year-end transactions and annual financial reports in timely fashion.

*Condition:* Our audit includes a review and evaluation of the internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

- There is adequate staffing to prepare financial reports throughout the year and at year-end.
- Material misstatements are identified and corrected during the normal course of duties.
- Complete and accurate financial statements, including footnotes, are prepared.
- Financial reports are independently reviewed for completeness and accuracy.
- Account reconciliations and financial reports are agreed to District system-generated trial balances.

Our evaluation of the internal controls over financial reporting has identified control deficiencies that are considered material weakness surrounding the preparation of financial statements and footnotes, multiple material adjusting journal entries identified by the auditors, and an independent review of financial reports. This resulted in significant delays in providing account reconciliations and supporting documentation that agreed to the District's system-generated trial balances. In addition, a complete and accurate set of financial statements, footnotes and supporting schedules prepared in accordance with generally accepted accounting principles was not provided until November of 2024.

*Cause:* There was significant turnover within the finance department during 2023 and into 2024, with individuals in management positions that did not possess the appropriate skills, knowledge and experience to assist in ensuring complete and accurate information is available for the preparation of the financial statements.

*Effect:* The draft of the financial statements provided to the auditors was not prepared in accordance with generally accepted accounting principles in all material respects. In addition, material misstatements in the general ledger were identified during the financial audit and subsequently corrected upon being questioned as part of the audit process. Lastly, this created significant delays in the completion of the financial statement and federal and state awards audits.

*Views of Responsible Official:* Management concurs with the finding.



**2023-002 - Material Weakness - Audit Readiness, Timely Submissions and Accurate Financial Data**

*Criteria:* Internal control is a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the operations, reporting and compliance objectives of an entity will be achieved. Management is responsible for an effective internal control system. As part of this responsibility, management sets the entity's objectives, implements controls and evaluates the internal control system. Properly designed systems of internal control provide the District with the ability to process and record accurate monthly and year-end transactions and annual financial reports. Timely processing and reconciling of monthly and year-end transactions is critical to producing reliable financial reporting.

The District is required to submit their annual audited financial statements to the Wisconsin Department of Public Instruction by December 15 based on Section 1.8 of the *Wisconsin School District Audit Manual*. Additionally, the District is required to submit the Single Audit Reporting Package to the Federal Audit Clearinghouse within 9 months of their year-end.

*Condition:* The District had significant delays in providing the requested data needed to assist in ensuring that materially accurate financial statements were prepared. These delays were a result of many factors but mainly due to the lack of knowledge and experience at the management level within the finance department over the course of 2023 and into 2024. This resulted in improper recording of transactions and inaccurate reconciliations. The use of, and reconciliation of workpapers and subsidiary ledgers to, trial balances was not occurring, which includes the reconciliation of federal and state revenues and expenditures. It was discovered upon audit that the applicable source documents (i.e., reconciliations, claim forms and trial balances) were not used to prepare the reconciliation of federal and state revenue, expenditures, receivables and unearned revenue. As a result of ongoing delays and continued issues, the District brought in the appropriate individuals within the finance department, including utilizing a third-party service provider, to assist with audit preparation and ensure complete and accurate information was provided to the auditors.

*Cause:* There was significant turnover within the finance department during 2023 and into 2024, with individuals in management positions that did not possess the appropriate skills, knowledge and experience to oversee the day-to-day functions, leading to significant delays and inaccurate financial data.

*Effect:* Due to the *Condition* described above, there were numerous delays, and therefore, missed deadlines related to the completion of the fiscal year 2023 (FY23) audit, including:

- the filing of final claim forms with Wisconsin Department of Public Instruction (DPI),
- FY23 Auditor Aid Certification and Fund Balance Report,
- FY23 Annual Report filing to DPI by the District,
- FY23 audited financial statements to DPI,
- inability to meet the Annual Comprehensive Financial Reporting (ACFR) deadlines and therefore, certificate of achievement not able to be obtained for the FY23 report,
- District aid certification, and
- filing related for the continued disclosure requirement related to District outstanding debt.

*Views of Responsible Official:* Management concurs with the finding.

**2023-003 - Material Weakness - Journal Entry Processing**

*Criteria:* Internal control is a process effected by an entity's oversight body, management and other personnel that provides reasonable assurance that the operations, reporting and compliance objectives of an entity will be achieved. Management is responsible for an effective internal control system. As part of this responsibility, management sets the entity's objectives, implements controls and evaluates the internal control system. Proper internal controls would include a system that will not allow a journal entry to be deleted but instead require a reversal of the inaccurate journal entry and the creation of a new journal entry.

*Condition:* As part of the audit, we test journal entries to evaluate whether proper internal controls exist over the journal entry process to ensure that journal entries, including manual entries, are not entered or modified by one person without the review or approval by someone independent of the transaction. During our testing, we noted that line items that were previously included in the general ledger detail had been removed from a subsequent listing obtained. We inquired of management in place at that time and it was noted that journal entries were deleted from the system. When management was asked for the policy and/or procedures surrounding this there was nothing they could provide.

*Cause:* The District does not have a documented process or established procedure for journal entry deletions. Further, the financial accounting system is configured to allow for a journal entry to be deleted after posting and can be done without review or approval by someone other than the preparer.

*Effect:* The ability to delete a previously posted journal entry creates the potential for fraud or errors to occur within the financial reporting process without being prevented, or detected and corrected, on a timely basis.

*Views of Responsible Official:* Management concurs with the finding.

**2023-004 - Material Weakness - Year-End Accounts Payable Analysis**

*Criteria:* Internal control is a process effected by an entity's oversight body, management and other personnel that provides reasonable assurance that the operations, reporting and compliance objectives of an entity will be achieved. Management is responsible for an effective internal control system. As part of this responsibility, management sets the entity's objectives, implements controls and evaluates the internal control system. This includes designing and implementing controls over the year-end accounts payable process to ensure expenses are accrued into the correct fiscal year that corresponds to the receipt of the good or service in accordance with generally accepted accounting principles.

*Condition:* During our review of the schedule of expenditures of federal and state awards, there were instances noted where certain grants did not reconcile between what was listed in the general ledger and what was claimed for reimbursement. Upon further review, the District determined there was a flaw in the design of their process which led to \$8,952,079 of invoices that were not accrued into fiscal year 2023, as required.

*Cause:* The District's process for accruing invoices into the correct fiscal year requires individual departments to tag invoices into the correct fiscal-year within the accounting system as they are approving the invoice for payment. At year-end, the finance department pulled queries from the system based on these tags to evaluate the accrual needed for fiscal year 2023. The finance department evaluated all items tagged with fiscal year 2023 and fiscal year 2024. However, there was no review of invoices that did not have a fiscal year tagged.

*Effect:* Without a well designed and implemented year-end accounts payable process, accounts payable and expenditures could be reported inaccurately in the financial statements.

*Views of Responsible Official:* Management concurs with the finding.

## **2023-005 - Material Weakness - Budget Reporting**

*Criteria:* The District's budget policy states that during the year, budgets can be amended by approval of a majority of the members of the board. As a management practice, the superintendent, or his or her designee, may transfer funds between functions at the department, school or program level subject to the following criteria:

- The transaction does not exceed \$100,000
- Is not initiated by a Board member
- Will not effectuate a change in policy
- Will not create a new area of activity for the District
- Does not increase authorized staffing levels
- Does not move monies between statutory funds

*Condition:* Budget data is used throughout the year (i) to evaluate progress made towards year-end goals, (ii) to monitor revenue generation and spending to ensure compliance with Milwaukee Board of School Directors approved and amended budgets and (iii) to meet expectations related to resources that may be needed to cover any budget shortfalls. As part of the year-end financial reporting process, budget to actual comparison schedules are included in the District's Annual Comprehensive Financial Report. During the reconciliation of those schedules to the data that was included in the accounting system and to the board approved budget, significant variances were noted and the District was unable to determine the proper budget amounts.

*Cause:* There appeared to be a lack of knowledge regarding what should be included in the budget to actual comparison schedules and the accounting system. There was no one that could initially explain the difference between the system balances and the actual Milwaukee Board of School Directors adopted and revised (amended) budgets.

*Effect:* Internal reports that utilize the budget information were not accurate based on the budgets and amendments approved by the Board.

*Views of Responsible Official:* Management concurs with the finding.

## **2023-006 - Material Weakness - Cash Reconciliation**

*Criteria:* In a well-designed system of internal controls, all cash accounts must be reconciled promptly after the end of each month to ensure accurate financial reporting and to detect and prevent errors or fraud.

*Condition:* Cash balances are tested and confirmed as part of the annual audit process. During the audit, it was noted that cash account reconciliations for cash accounts held by the City of Milwaukee on behalf of the District were not reconciled timely. At June 30, 2023, two of the three accounts held at the City on behalf of the District had a deficit balance of approximately \$141 million.

*Cause:* The deficit was a result of untimely reconciliations that could have assisted the District in identifying the deficit and allow them to better manage the cash flow. Upon further review, management asserted that the deficit was created by untimely claims for reimbursement and subsequent payment of Elementary and Secondary School Emergency Relief (ESSER) funds by the Wisconsin Department of Public Instruction.

*Effect:* Untimely cash reconciliations can lead to inaccurate financial reporting, increased risk of undetected errors or fraud and potential non-compliance with regulatory requirements.

*Views of Responsible Official:* Management concurs with the finding.

**2023-007 - Material Weakness - Contract Invoicing Support**

This is a repeat finding of 2022-003.

*Criteria:* Internal control is a process effected by an entity's oversight body, management and other personnel that provides reasonable assurance that the operations, reporting and compliance objectives of an entity will be achieved. Management is responsible for an effective internal control system. As part of this responsibility, management sets the entity's objectives, implements controls and evaluates the internal control system.

*Condition:* During our review of invoices and related supporting documentation on third-party contracts that provide services to the District, we noted the following issues:

- Invoices were provided to and ultimately paid by the District that included an hourly or overtime rate that did not match the agreed upon rates specified in the signed contract.
- The process for reviewing and approving the supporting documentation for the hours worked by contracted individuals that were billed to the District was not consistently applied or verified.
- Invoices when sent to the District by the third-party for payment were not agreed to supporting documentation because supporting documentation, in some cases, was not provided by the contracted staff to the individual responsible for approval.
- Final reviewed contracts by the City Attorney were not being timely obtained and contracts were not posted to the Office of Accountability and Efficiency's website.
- Monthly payment to a consultant was made based off a prorated contract budget and not based on actual hours worked.
- Documentation of the authorized rates to be paid on invoices is not readily available for departments to verify the proper hourly rates are charged.
- Verbal negotiation of rates was done on some contracts that was not documented.
- There was a lack of monitoring of spending over blanket contracts.
- The Department of Facilities and Maintenance Services (DFMS) has an encumbrance and expenditure authorization list that does not match the Department Expenditure Authorization Form on file in the finance department. DFMS invoices are being approved for payment by individuals that are not authorized by the finance department and in some cases, who are not on the DFMS authorization listing.

*Cause:* While the district has a policy that requires individuals to obtain and review supporting documentation for invoices requested for payment, the policy was not consistently followed.

*Effect:* Contracts and invoices submitted for approval and subsequent payment may be erroneous and result in payments made to incorrect individuals and/or at incorrect amounts.

*Views of Responsible Official:* Management concurs with the finding.

**2023-008 - Material Weakness - Internal Controls over the Preparation of the Schedule of Expenditures of Federal and State Awards**

*Criteria:* Non-federal entities in receipt of federal funds must comply with the requirements of 2 CFR 200.303(a), which require an entity to establish and maintain effective internal control over the federal award to ensure compliance with federal statutes, regulations and the terms and conditions of the federal award. This includes properly identifying all federal awards subject to the Uniform Guidance and fairly presenting the required information in the schedule of expenditures of federal awards (SEFA).

In accordance with the *State Single Audit Guidelines*, the auditee shall maintain internal control over state and federal pass-through awards that provides reasonable assurance that the auditee is managing state and federal pass-through awards in compliance with statutes, regulations and the terms and conditions of the awards that could have a material effect on each of its state and federal pass-through programs.

*Condition:* The District did not have employees or consultants that had appropriate skills, knowledge or experience to prepare a complete and accurate Schedule of Expenditures of Federal and State Awards (SEFSA). This resulted in the inability of the District to provide a complete and accurate SEFSA to the auditors during fieldwork. It was not until the latter half of 2024 when the District obtained new finance staff and hired a third-party consulting firm that the District was able to provide the SEFSA and related reconciliations.

*Cause:* Employee turnover had left the District with few qualified staff with the appropriate skills, knowledge or experience to account for grants appropriately.

*Effect:* The District was not able to produce a complete and accurate SEFSA when initially requested by the auditors.

*Views of Responsible Official:* Management concurs with the finding.

**Section III - Federal and State Awards Findings and Questioned Costs**

**Finding 2023-009 - Significant Deficiency - Equipment and Real Property Management**

*Federal Assistance Listing Number:* 84.425D and 84.425U  
*Federal Program Name:* COVID-19 - Education Stabilization Fund  
*Federal Agency:* U.S. Department of Education  
*Pass-Through Name:* Wisconsin Department of Public Instruction  
*Pass-Through Identification Number:* 2022 - 403619 - DPI - ESSERFII - 163 and 2022 - 403619 - DPI - ESSERFIII - 165

*Criteria:* In accordance with 2 CFR 200.313(d)(1), property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property and any ultimate disposition data including the date of disposal and sale price of the property.

*Condition/Context:* The District maintains a list of capitalized equipment in BusinessPlus using the Fixed Asset module. However, of the three pieces of equipment sampled, one was put into service in January 2023 but was not entered into BusinessPlus until the subsequent fiscal year. Additionally, the other two pieces of equipment sampled did not contain all the required information in BusinessPlus.

The following pieces of information were missing from the listing:

- the source of funding for the property (including the FAIN),
- who holds title, and
- the sales price of the property, if disposed.

This was not a statistically valid sample.

*Cause:* The Department of Facilities and Maintenance services had staff changes, and it was not discovered until well after the new staff were in place that the former staff member had missed entering the record. Additionally, the District was unaware of the property records requirement as equipment is not frequently purchased with federal funds.

*Effect:* When the funding source for fixed assets is not tracked, if an asset is disposed of via a sale, the federal program may not receive the proceeds of the sale at the appropriate proportional rate.

*Questioned Costs:* None noted.

*Recommendation:* We recommend that the District enter fixed assets into BusinessPlus in a timely manner and record all the information required by the Uniform Guidance.

*Views of Responsible Officials:* Management concurs with the finding.

**Finding 2023-010 - Significant Deficiency - IEP Ratio**

*Federal Assistance Listing Number:* 93.778  
*Federal Program Name:* Medicaid Cluster  
*Federal Agency:* U.S. Department of Health and Human Services  
*Pass-Through Name:* Wisconsin Department of Health Services  
*Pass-Through Identification Number (Year):* 2023

*Repeat Finding:* This is a repeat finding of 2022-004.

*Criteria:* According to the Wisconsin School-Based Services Medicaid Cost Report and Cost Settlement Training Guide, the IEP ratio is reported within the General and Statistical Information section of the online annual cost report and is used to apportion Medicaid allowable costs versus total special education costs for direct medical services. The IEP ratio is made up of the Number of Unique Medicaid Eligible with a prescribed Medical Service in the IEP (numerator) and the Number of Unique SPED Students with a prescribed Medical Service in the IEP.

*Condition:* The numerator of the IEP ratio reported in the FY22 annual cost report was not supported by the list of Medicaid-eligible students and was overstated by 57 students. The ratio reported in the annual cost report was 32.29% and the ratio calculated based on the number of Medicaid-eligible students should have been 31.59%. The District was able to resubmit the FY22 IEP ratio and did so once it was brought to their attention.

*Context:* The numerator and denominator of the IEP ratio were compared to the student listing. No sampling occurred for this test.

*Cause:* The numerator was based on a calculation rather than a list of Medicaid-eligible students.

*Effect:* Since the IEP Ratio is used to apportion Medicaid allowable costs versus total special education costs for direct medical services, the Medicaid apportionment could be incorrect.

*Questioned Costs:* Could not be determined.

*Recommendation:* We recommend the IEP ratio be supported by a list of Medicaid-eligible students and a list of the total number of IEP students that receive a medical service.

*Views of Responsible Officials:* Management concurs with the finding.



**Finding 2023-011 - Significant Deficiency - Unlicensed Teachers**

*State Identification Number:* 255.504

*State Program Name:* Achievement Gap Reduction

*State Agency:* Wisconsin Department of Public Instruction

*Criteria:* Wisconsin Statute 118.44(4)(a) provides three strategies that can be used in meeting the requirements for this program. Additionally, teachers charged to the program should be properly licensed.

*Condition/Context:* Four of the 60 teachers sampled did not have valid licenses during the audit period. One of the four had a valid license beginning on January 1, 2023 even though the individual's salary and fringe benefits were charged to the program beginning with the pay period ending September 2, 2022. This resulted in charging \$42,093 in salary and \$22,435 in related fringe benefits, for a total of \$64,528 of unallowable costs for an unlicensed teacher. This was not a statistically valid sample.

*Cause:* The school leaders did not confirm that the teachers had valid licenses prior to placement of their assigned classrooms.

*Effect:* Charges for unlicensed individuals could be charged to the program.

*Questioned Costs:* We consider the \$64,528 of unallowable costs described above to be known questioned costs.

There are likely questioned costs totaling \$337,104, calculated as follows:

- Known questioned costs: \$64,528;
- Divided by the salaries and fringe benefits of the sampled individuals: \$2,915,350;
- Multiplied by the total salaries and fringe benefits charged to the program: \$21,773,173

*Recommendation:* We recommend that a review of individuals charged to the program occurs periodically to ensure that they have an active license.

*Views of Responsible Officials:* Management concurs with the finding.



## Milwaukee Public Schools

### Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

#### Section IV - Other Issues

Does the auditor's report on the notes to the financial statements include disclosure with regard to substantial doubt as of to the auditor's ability to continue as a going concern?

\_\_\_\_\_ yes                        X   no

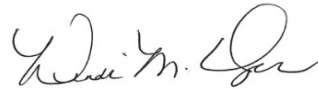
Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance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

Department of Public Instruction	<u>  X  </u>	yes	_____	no
Department of Health Services	<u>  X  </u>	yes	_____	no
Department of Natural Resources	_____	yes	<u>  X  </u>	no
Department of Workforce Development	_____	yes	<u>  X  </u>	no
Department of Justice	_____	yes	<u>  X  </u>	no
Department of Transportation	_____	yes	<u>  X  </u>	no
Department of Children and Families	_____	yes	<u>  X  </u>	no

Was a Management Letter or other document conveying audit comments issued as a result of this audit?

  X   yes                      \_\_\_\_\_ no

Name and signature of principal



Wendi M. Unger, CPA, Principal

Date of report

January 17, 2025



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year-Ended June 30, 2023**

***Finding 2022-001 Financial Close and Reporting***

**Criteria:** Properly designed systems of internal control provide your organization with the ability to process and record accurate monthly and year-end transactions and annual financial reports.

**Condition:** Our audit includes a review and evaluation of the internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

- There is adequate staffing to prepare financial reports throughout the year and at year-end.
- Material misstatements are identified and corrected during the normal course of duties.
- Complete and accurate financial statements, including footnotes, are prepared.
- Complete and accurate schedule of expenditures of federal and state awards is prepared.
- Financial reports are independently reviewed for completeness and accuracy.

Our evaluation of the internal controls over financial reporting has identified control deficiencies that are considered material weakness surrounding the preparation of financial statements and footnotes including the schedule of expenditures of federal and state awards, adjusting journal entries identified by the auditors, and an independent review of financial reports.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles or the schedule of expenditures of federal and state awards that is in conformance with the applicable federal or state requirements. In addition, material misstatements in the general ledger were identified during the financial audit and subsequently corrected upon being questioned as part of the audit process.

**Current Status:**

**Adequate Staffing**

- The District's Management expects this finding to be a non-recurring situation related to significant changes in key financial leadership. The Chief Financial Officer, Comptroller, Financial Reporting Manager and Grant Accounting Manager positions all had personnel changes even currently in FY 2024-2025. We are in the process of restaffing the department but in the interim, outside accounting support services were still utilized in the interim to assist in the preparation of the year-end financial statements as well as the schedule of expenditures of federal and state awards.

***Start. Stay. Succeed.***  
***Comienza. Quédate. Triunfa.***

- The District has engaged and still utilizes a handful of contractors to backfill open positions and support the following departments: Financial Reporting, Grants Accounting, Financial Planning and Budget Services, State and Federal Programs, Facilities and Maintenance Services, Payroll, and Technology.
- The District has secured the services of staffing agencies, like Robert Half, that are able to provide relief in the short term. Some have been hired on as permanent employees in the last two to three years.
- Key tasks related to financial reporting are being and will be documented within a close checklist and assigned a preparer / reviewer and due date. Management will continue to assess workloads and re-allocate tasks as needed throughout the financial close process to ensure timely completion of all tasks.

### **Material Misstatements are Identified / Complete and Accurate Financial Statements**

- Management will be exploring the implementation of a Financial Reporting Checklist to track key tasks, analytics, and journal entries required for the financial reporting process.
  - The checklist will include: Responsible Department, Task Description, Preparer, Reviewer, Due Date, Status, Completion Date, Notes, JE Required, and Applicable Fund(s).
- Management has started to implement frequent communication with department heads to ensure timely completion of audit checklist items on a weekly basis, or more frequently.
- Regular evaluations of the effectiveness of a Financial Reporting Checklist prior to each close period will take place to identify any new or changes in activities and/or changes in owners and due dates.
- Management is working on eliminating the use of D funds for FY24, making it easier for accounting to identify and complete journal entries without the added task of creating new keys and tax units at the end of the year, which delays the process. Instead, periods 13<sup>th</sup> and 14<sup>th</sup> will be used.
- By law, the City of Milwaukee controls the District's treasury, which makes the reconciliation process longer than it would in an organization that controls their own revenue accounts. MPS finance staff and management will work proactively with the City to resolve any issues if information is not received timely.
- The Financial Services Department is being reevaluated with the advent of the new Chief Financial Officer to fit the needs of having more timely and accurate financial reporting.
- Management is changing the processes to account for Fund 27 in real time, which should also provide more accurate and timely information for financial reporting purposes.
- The District's end-of-year accrual and encumbrance processes are being reviewed to improve the accuracy, efficiency, and control over the information contained in its financial statements.

### **Schedule of Expenditures of Federal and State Awards**

- Management has created an Excel spreadsheet to facilitate the traceability of the information reported in the Schedule of Expenditures of Federal and State Awards. This spreadsheet is designed to minimize the need for manual data entry and employs various techniques and formulas. The data is sourced from multiple places, including Business Plus, the AIDS Register, the DPI website, and Grant Supporting Documents.
- Management has implemented various checks within the 'Schedule of State and Federal Awards' report to ensure the completeness of data used within the report.

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- Management will be implementing controls that involve internal review procedures through keeping preparers and reviewers accountable to meeting deadlines.
- Management is evaluating and will be preparing standard operating procedures to ensure that the entire process can be easily reproduced. This will mitigate potential issues stemming from the risk of personnel turnover.

## **Financial Reports**

- All financial reports will have separate preparers and separate reviews independently by the preparer's supervisor.
- Assigned preparers and reviewers will be documented within the Financial Reporting Checklist discussed above.
- As tasks are completed and reviewed, there will be proper internal controls with the preparer and reviewer sign-off next to the task within the checklist and indicate the date completed / reviewed.
- A standard operating procedure will be documented and implemented to outline the process for independent review related to all financial reports. The manager and then the Comptroller will provide final review of financial reports.
- Each department will have their own standard operating procedures outlining the independent review process for their key financial reports.

## ***Finding 2022-002 Employee Receivables including Milwaukee Public Schools University (MPSU) and Liquidated Damages***

**Criteria:** Generally accepted auditing standards AU-C section 265 requires the communication of material weaknesses in the year-end financial reporting process.

**Condition:** The District has several situations in which an employee would owe money to the District. One of the programs is MPSU. This program provides discounted costs to employees for courses. Employee's costs were being accounted and paid for through payroll deductions. If an employee failed to complete the courses and graduate, the employee is required to reimburse the District based on sponsorship agreements in place. The District is unable to provide an accurate current listing of participants, status of courses and potential amounts owed to the District. There are no specific policies or procedures documented regarding monitoring outstanding amounts owed, compliance with sponsorship agreements, how amounts owed should be collected and determination of when amounts owed should be forgiven.

### **Current Status:**

MPSU started formally documenting a comprehensive set of SOPs in May 2023, including procedures around program admissions, program withdrawals, billing, monitoring outstanding amounts owed, compliance with sponsorship agreements, how amounts owed should be collected, and determination of when amounts owed should be forgiven. Note that MPSU no longer forgives debt effective Fall 2022. These SOPs are housed in a MPSU SOP Manual comprised of the following sections:

- General – MPSU roles and responsibilities, dashboard procedures, reporting requirements, process for updating the website and newsletter, and the complaint process
- Facilities & Maintenance – the process for requesting a building permits and MPSU classroom space

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- Education Preparation Provider (EPP) & University Partnership Programs – eligibility and admission requirements, enrollment and billing, process of verifying candidates have completed all EPP requirements, tuition cost information, record maintenance, process for verifying partnership student invoices, and program withdrawals
- Tutoring – expectations for MPSU tutors/tutees and the process for accessing tutoring services

### **MPSU Student Records**

- Effective Fall 2022, Human Resources hired an Accountant II whose sole responsibility is to maintain MPSU program records in compliance with DPI requirements.
- MPSU meets with their assigned DPI liaison on a monthly basis and participates in a required annual program review to ensure adherence and compliance to all related PI34 requirements and state statutes. The DPI representative shared no concerns related to compliance for the recent review that took place in September 2023.
- All current employees participating in a Montessori credentialing program, an MPSU EPP program, or an MPS partnership program are documented and tracked on the MPSU dashboard. The dashboard is a historical running log of all enrolled licensure candidates that are overseen by the MPSU department. Candidates permanently remain visible on the data sheet, regardless of completion, withdrawal, or resignation. Their enrollment status reflects ‘Active/Inactive’ and the correlating reason. The Dashboard procedures are documented within “SOP 1.2 MPSU-General-Dashboard”.

### **MPSU Billing**

- Effective Spring 2023, payroll deductions and potential amounts owed to the district are calculated and tracked through an “Enrollment/Cost Spreadsheet” of all accepted students enrolled in various MPSU programs and University Partnership programs. The spreadsheet includes the total cost of the program, the bi-weekly payment for the program, and the length of the payroll deductions term as outlined in “SOP 3.2 MPSU-EPP-Student Billing Process” and “SOP 4.11 MPSU-University Partnership Programs-Student Billing Procedure”.
- The Enrollment/Cost Spreadsheet is provided to the MPSU Accountant to create a semester tuition billing statement for each student. The tuition billing statement references the total program cost and the remaining balance owed for the program.
- If an individual withdraws from a program, HR will calculate the balance owed to the District based on current payroll deductions, create a “Request to Invoice” and send the request to Accounts Payable to create an invoice for the remaining cost. Accounts Payable sends the invoice to the employee.
- HR and Finance follow the general collections process for MPS as documented in “SOP – 3102 Accounts Receivable”. The District allows employees to make partial payments that are spread out over time.
- Accounts Receivable follows up on outstanding invoices in accordance with the timeline below:
  1. Statement 1 is mailed at 31 days
  2. Statement 2 is mailed at 61 days
  3. Collection letter 1 is sent at 91 days

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4. Collection letter 2 is sent at 120 days
- After 150 days, all unpaid, open receivables over the amount of \$50.00 per customer are referred to the collection agency, Kohn Law Firm S.C.. In accordance with Wisconsin State Legislature statute 425.307, the statute of limitation for collections is six (6) years from the last violation.

### ***Finding 2022-003 Contract Invoicing Support***

**Criteria:** Generally accepted auditing standards AU-C section 265 requires the communication of material weaknesses in the year-end financial reporting process.

**Condition:** During our review of invoices and related supporting documentation on third-party contracts that provide services to the District, we noted the following issues. They are as follows:

1. Invoices were provided to and ultimately paid by the District that included an hourly rate that did not match the agreed upon rates specified in the signed contract.
2. The process for reviewing and approving the supporting documentation for the hours worked by contracted individuals that were billed to the District was not consistently applied or verified.
3. Invoices when sent to the District by the third-party for payment were not agreed to supporting documentation because supporting documentation in some cases was not provided by the contracted staff to the individual responsible for approval.
4. Final reviewed contracts by the City Attorney were not being timely obtained and contracts were not posted to the Office of Accountability and Efficiency's website.
5. Monthly payment to a consultant was made based off a prorated contract budget and not based on actual hours worked.
6. Payments were being made on a contract for a service that was not noted in the contract.

Accordingly, the control deficiencies noted above are considered to be a material weakness.

**Current Status (Contract Invoicing):** The Office of Finance understands that the accounts payable process is, by nature, a highly manual process that requires consistent application of District Policies and Standard Operating Procedures by all District employees to ensure proper review and approval of invoices. As such, the following preventative and detective controls are in place:

- Invoice review and approval procedures are clearly documented within the MPS Contract Guidelines available to all users in Business Plus under the Contracting section.
- Fundamentals of Finance training is provided annually in the Fall (two sessions) to school principals and administrators to reinforce procedures for properly reviewing invoices against the respective contracts, and the actions required when a discrepancy is identified.
- Starting Fiscal 2023, newly required training was created through the Learning Management System (LMS) and offered to all staff involved in the Contract Invoicing process in order to reinforce procedures for properly reviewing invoices against supporting schedules (i.e., time sheets) as per the respective contract requirements, and submitting invoices for payment.
- All invoices are reviewed by the Contract Sponsor (District employee that receives the goods or services) prior to being sent to Accounts Payable for payment processing.



- If a contract issue is identified, the Procurement Department will follow up with the contracted third-parties or Contract Sponsor to clarify or request any supporting documentation.
- A new detective control was designed and implemented by Office of Finance Management effective Fiscal Year 2023 in order to provide additional review over the accuracy of cash disbursements and compliance with contract terms and conditions. As part of these procedures, Management performs and documents a three-way reconciliation between the invoice, supporting schedule (if applicable), and contract for a sample of cash disbursements related to each “high-risk” contract category (i.e., Contract Services, Maintenance Contracts, Pupil Transportation, Storage and Delivery/Food). Variances are investigated and resolved. Resolution may involve additional employee training, contract revisions, and identify variance resolution for vendor payments.

#### *Contract Approvals and the Office of Accountability*

##### **Current Status:**

- The City Attorney signs construction contracts only.
- A process has been developed to track those contracts that require countersignature by representatives of the City of Milwaukee and the Office of Accountability and Efficiency continues to work with the City Attorney to improve the timeliness of the receipt of fully executed contracts from the City.

#### ***Finding 2022-004***

**Criteria:** According to the *Wisconsin School-Based Services Medicaid Cost Report and Cost Settlement Training Guide*, the IEP ratio is reported within the General and Statistical Information section of the online annual cost report and is used to apportion Medicaid allowable costs versus total special education costs for direct medical services. The IEP ratio is made up of the *Number of Unique Medicaid Eligible with a prescribed Medical Service in the IEP* (numerator) and the *Number of Unique SPED Students with a prescribed Medical Service in the IEP*.

**Condition:** The numerator of the IEP ratio reported in the FY21 annual cost report was not supported by the list of Medicaid-eligible students and was overstated by 42 students. The ratio reported in the annual cost report was 33.21% and the ratio calculated based on the number of Medicaid-eligible students should have been 32.68%.

##### **Current Status:**

The Milwaukee Public School District, and Specifically the Department of Financial Planning and Budget Services, Office of Finance, manages aspects of the District’s Medicaid compliance activities including reporting billing, quarterly reporting, finalizing the IEP Ratio, and annual reporting. To prevent future negative findings the office is taking the following steps:

First, the Department of Financial Planning and Budget Services has taken several steps to ensure appropriate training and understanding of the District’s Medicaid compliance activities. The District has retained outside process improvement contractors to review standard operating procedures for Medicaid activities to ensure that all necessary activities and deadlines are documented along with instructions for successfully completing each required activity. These materials will be reviewed with the District’s staff and third party vendors (like MJ Cares and PCG) annually to ensure they are up to date and that District staff remain aware of required activities and how to successfully complete them.

Finally, the District's Director of Financial Planning and Budget Services has taken steps to ensure retention of knowledge and accountability for successful outcomes. Staff are being cross-trained both within the Department of Financial Planning and Budget Services as well as collaborating across departments including the Office of Finance and the Office of Specialized Services. Department leadership will conduct quarterly check ins with internal staff to ensure Medicaid activities are completed appropriately.

### ***Finding 2022-005***

**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:** The No Valid License (NVL) Report created and provided by the Wisconsin Department of Public Instruction (DPI) included 375 individuals for which no valid licenses were found. These individuals were reported in Project 019 in the PI-1505-SE report. An additional 31 individuals were identified as having an incorrect license; however, this was due to incorrect WiseStaff data used in creating the report.

Accordingly, the information noted above was submitted to DPI via WiseGrants in the No Valid Special Education License Report for ultimate resolution between the District and DPI.

Additionally, we noted one instance where a late hire was not appropriately licensed.

### **Current Status:**

**Summary:** There are procedures in place to ensure there are no expenses from people without a valid license, if at all needed, entered into 255.101 Special Education and School Age Parents. While it is possible to enter people without a license into these grants, none of the District's NVL personnel are being charged to a grant, except when the grant does not require a DPI license, only the Psychology license. This is, individuals without a valid license are properly coded to Project 019 (non-aidable), per instructions from DPI, not to a grant. Those individuals without a DPI license present in IDEA either did not require a license, or were in positions where they were classified and not certificated.

### **Detailed response:**

The District works closely with DPI to identify both individuals with a license and those without a valid license.

The District has a dedicated License Compliance Specialist within the Office of Human Resources to monitor and verify staff licenses, and to encourage employees to acquire their licenses. The specialist reviews the No Valid License (NVL) Report from DPI and follows up with employees as needed. Finance also reviews the NVL report from DPI and produces journal entries according to those people's expenses. The District is also adding staff to help its License Compliance Specialist with this function. This addition will allow more accuracy in the District's reports for aidable staff, and therefore find any and all individuals that would not have a valid license, as well as assigning them to the proper codes.

It should also be noted that less than 3% of the district's expenses in Special Education are related to staff without a valid license, which are properly placed and identified as 019 – Unaidable expense, which is on par or better than most school districts in the State of Wisconsin.



The refund obtained from DPI for aidable costs is about 30%. This is out of the full aidable, non-grant expenses captured in our books. The total district cost for Special Education is just over \$204 million. The total employees in the No Valid License Report from DPI is 133 employees with No Valid Special Education Licenses. Their Salary and Benefits calculation totaled about \$6.5M. This compares to NVL Salary & Benefits of \$8.7M in FY22. Additionally, of this total, only 23 were teachers for a total expense of \$2.031 million dollars, most of which had a teacher's license at the end of fiscal year 2022.

### ***Finding 2022-006***

**Criteria:** State transportation aid for each pupil so transported is determined under the provisions of WI Stats. 121.58. Although pupils may be eligible for transportation, the pupil must be actually transported, with supporting documentation, at least once during the school year for LEAs to include them on the transportation report for aid.

**Condition:** The District did not have supporting documentation for verifying the student was transported at least once.

Three separate samples of 40 students each were tested and the results are below. The samples were not statistically valid.

- Eighteen students tested in the 0-2 mileage range were not included in the rider list.
- Eleven students tested with mileage ranges greater than 2 miles were not included in a rider list.
- Eleven special education students tested were not included in the rider list.

**Current Status:** Response provided by the Transportation Department.

MPS hired Lockstep Solutions to take a deep dive and address the (1) finding from FY22 as well as any findings from years prior to that. That effort resulted in an intensive mapping of all data sets and their relation to the state claim. Lockstep Solutions, to get to the final dataset to be shared with the auditors, created processes to filter out the students one step at a time and make it repeatable every year with minimal inconvenience. The effort also included going back to the source transportation application Mapnet to confirm the miles, and add columns like “onbusconfirmed”, “busroute”, “onhazardroute” columns to be able to make the auditor job easier and reduce the questions to MPS.

Due to the time gap between the knowledge transfer from MPS IT and also a change in programmer on our side during the effort, there was an error with the naming convention of a column, resulting in issues correctly identified by the Auditor. The “onbusconfirmed” was using data from “busrouteassigned” dataset to identify students who were not assigned a bus and to get the confirmation for filtering those students from MPS and was not intended for use by the Auditor. This simple naming convention issue had the consequence of merging two distinct datasets which resulted in data integrity issues.

The audit process itself, specifically the testing phase, resulted in a need to rereview the data migration steps performed by Lockstep Solutions. It was at this point the rename of a column was identified as the issue. Renaming of columns has been eliminated from the process to prevent the potential for error. We have retested the process start to finish and have repeatable results moving forward. It is worth noting that the other (3) findings from FY21 were successfully corrected in FY22's state claim.