

SCHOOL DISTRICT OF JANESVILLE
Janesville, Wisconsin

REPORT ON FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2019

SCHOOL DISTRICT OF JANESVILLE

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

Independent Auditors' Report

To the Board of Education
School District of Janesville
Janesville, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Janesville ("District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 25, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 that we consider to be material weaknesses.

To the Board of Education
School District of Janesville

Compliance and Other Matters

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

The District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Virchow Krause, LLP

Milwaukee, Wisconsin
November 25, 2019

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

Independent Auditor's Report

To the Board of Education
School District of Janesville
Janesville, Wisconsin

Report on Compliance for Each Major Federal and Major State Program

We have audited the School District of Janesville's ("District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the District's major federal and major state programs for the year ended June 30, 2019. The District's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

To the Board of Education
School District of Janesville

Opinion on Each Major Federal and Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended June 30, 2019.

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 *State Single Audit Guidelines* and which are described in the accompanying schedule of findings and questioned costs as items 2019-003, 2019-004, and 2019-005. Our opinion on each major federal and major state program is not modified with respect to these matters.

District's Responses to Findings

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned cost as items 2019-003, 2019-004 and 2019-005 that we consider to be significant deficiencies.

To the Board of Education
School District of Janesville

District's Responses to Findings

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

Purpose of this Report

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 25, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the Uniform Guidance and the *State Single Audit Guidelines* and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
November 25, 2019

SCHOOL DISTRICT OF JANESVILLE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Awarding Agency/Pass-Through Agency/Award Description	Federal Catalog Number	Pass Through Agency	Passed Through Agency ID	Accrued Receivable 7/1/18	Expenditures Grantor Reimbursements	Revenues Grantor Reimbursements	Accrued Receivable 6/30/19
U.S. DEPARTMENT OF EDUCATION							
Special Education Cluster							
High Cost Special Education Aid	84.027	WI DPI	532695-119	-	27,827	27,827	-
July 1, 2018 - June 30, 2019				\$	\$	\$	\$
IDEA Flow Through Entitlement	84.027	WI DPI	2019-532695-IDEA-FT-341	638,768	-	638,768	-
July 1, 2017 - June 30, 2018		WI DPI		-	2,559,608	2,089,330	470,278
July 1, 2018 - June 30, 2019		WI DPI		638,768	2,559,608	2,728,098	470,278
IDEA Preschool Entitlement	84.173	WI DPI	2019-532695-IDEA-PS-347	23,352	-	23,352	-
July 1, 2017 - June 30, 2018		WI DPI		-	71,395	47,603	23,792
July 1, 2018 - June 30, 2019		WI DPI		23,352	71,395	70,955	23,792
Total Special Education Cluster				662,120	2,658,830	2,826,880	494,070
ESEA Title 1, Part A:							
ESEA Title 1-A Basic Grant	84.010	WI DPI	2019-532695-TIA-141	408,714	4,698	413,412	-
July 1, 2017 - June 30, 2018		WI DPI		-	2,442,049	1,667,015	775,034
July 1, 2018 - June 30, 2019		WI DPI		408,714	2,446,747	2,080,427	775,034
ESEA Title 1-A State Program Improvement	84.010	WI DPI	2018-532695-Focus-145	5,900	-	5,900	-
July 1, 2017 - June 30, 2018		WI DPI		-	-	-	-
Title I-D Delinquent LEAs	84.010	WI DPI	2019-532695-TI-Delinquent-140	17,226	-	17,226	-
July 1, 2017 - June 30, 2018		WI DPI		-	80,274	42,128	38,146
July 1, 2018 - June 30, 2019		WI DPI		17,226	80,274	59,354	38,146
Total ESEA Title 1, Part A				431,840	2,527,021	2,145,681	813,180

SCHOOL DISTRICT OF JANESVILLE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Awarding Agency/Pass-Through Agency/Award Description	Federal Catalog Number	Pass Through Agency	Passed Through Agency ID	Accrued Receivable 7/1/18	Expenditures Grantor Reimbursements	Revenues Grantor Reimbursements	Accrued Receivable 6/30/19
<u>Carl Perkins Act Formula Allocation Grant</u> July 1, 2017 - June 30, 2018 July 1, 2018 - June 30, 2019	84.048	WI DPI WI DPI	2019-532695-CTE-400	\$ 34,602 34,602	\$ - 110,269 110,269	\$ 34,602 87,944 122,546	\$ - 22,325 22,325
<u>ESEA Title X-C Homeless Children</u> July 1, 2017 - June 30, 2018 July 1, 2018 - June 30, 2019	84.196	WI DPI WI DPI	2019-532695-Education for Homeless Children and Youth-335	17,682 17,682	- 59,095 59,095	17,682 36,094 53,776	- 23,001 23,001
<u>WI Charter Schools Program</u> July 1, 2018 - June 30, 2019	84.282	WI DPI	2019-532695-WCSP-360	-	104,462	53,828	50,634
<u>ESEA Title IV-B 21st Century Community Learning Centers</u> July 1, 2017 - June 30, 2018 July 1, 2018 - June 30, 2019	84.287	WI DPI WI DPI	2019-532695-21st Century CLC-367	26,608 26,608	- 92,876 92,876	26,608 79,043 105,651	- 13,833 13,833
<u>IDEA D State Personnel Development Grant SPDG</u> July 1, 2017 - June 30, 2018	84.323	WI DPI	2018-532695-SPDG-349	5,017	-	5,017	-
<u>Title III-A English Language Acquisition Formula</u> July 1, 2017 - June 30, 2018 July 1, 2018 - June 30, 2019	84.365	WI DPI WI DPI	2019-532695-TIIIA-391	5,796 5,796	- 94,862 94,862	5,796 70,837 76,633	- 24,025 24,025
<u>ESEA Title II-A Formula Teacher and Principal Training</u> July 1, 2017 - June 30, 2018 July 1, 2018 - June 30, 2019	84.367	WI DPI WI DPI	2019-532695-TIIA-365	57,940 57,940	- 454,705 454,705	57,940 174,319 232,259	- 280,386 280,386
<u>Title IV-A Student Support and Academic Enrichment Grants</u> July 1, 2017 - June 30, 2018 July 1, 2018 - June 30, 2019	84.424	WI DPI WI DPI	2019-532695-TIVA-381	1,257 1,257	- 131,388 131,388	1,257 73,898 75,155	- 57,490 57,490
Total U.S. Department of Education				1,242,862.00	6,233,508.00	5,697,426.00	1,778,944

See accompanying Notes to Schedules of Expenditures of Federal and State Awards.

SCHOOL DISTRICT OF JANESVILLE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Awarding Agency/Pass-Through Agency/Award Description	Federal Catalog Number	Pass Through Agency	Passed Through Agency ID	Accrued Receivable 7/1/18	Expenditures		Revenues		Accrued Receivable 6/30/19
					Grantor Reimbursements	Grantor Reimbursements	Grantor Reimbursements	Grantor Reimbursements	
U.S. DEPARTMENT OF AGRICULTURE									
<u>Fresh Fruit & Vegetable Program (FFVP)</u>									
July 1, 2017 - June 30, 2018	10.582	WI DPI	2019-532695-CNP Grants to ST. Fruit-594	\$ 27,211	\$ -	\$ 27,211	\$ -	\$ -	\$ -
July 1, 2018 - June 30, 2019		WI DPI		27,211	111,995	102,938	9,057	9,057	9,057
					111,995	130,149			
<u>Child Nutrition Cluster</u>									
<u>Donated Food Program</u>	10.555	WI DPI	N/A	-	311,442	311,442	-	-	-
July 1, 2018 - June 30, 2019									
<u>National School Lunch Program</u>									
July 1, 2017 - June 30, 2018	10.555	WI DPI	2019-532695-NSL-547	355,337	-	355,337	-	362,522	-
July 1, 2018 - June 30, 2019		WI DPI		-	2,247,367	1,884,845	362,522	362,522	-
					2,247,367	2,240,182			
<u>NSL Area Eligible Snack Program</u>									
July 1, 2017 - June 30, 2018	10.555	WI DPI	2019-532695-NSLAE-566	4,442	-	4,442	-	3,450	-
July 1, 2018 - June 30, 2019		WI DPI		4,442	37,629	34,179	3,450	3,450	-
					37,629	38,621			
<u>School Breakfast Program</u>									
July 1, 2017 - June 30, 2018	10.553	WI DPI	2019-532695-SB-546	181,270	-	181,270	-	203,081	-
July 1, 2018 - June 30, 2019		WI DPI		-	1,190,329	987,248	203,081	203,081	-
					1,190,329	1,168,518			
<u>Summer Food Service Program for Children</u>									
July 1, 2017 - June 30, 2018	10.559	WI DPI	2019-532695-SFSP-586	63,006	-	63,006	-	65,691	-
July 1, 2018 - June 30, 2019		WI DPI		-	140,787	75,096	65,691	65,691	-
					140,787	138,102			
Total Child Nutrition Cluster				604,055	3,927,554	3,896,865	634,744	634,744	
Total U.S. Department of Agriculture				631,266	4,039,549	4,027,014	643,801	643,801	

SCHOOL DISTRICT OF JANESVILLE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Awarding Agency/Pass-Through Agency/Award Description	Federal Catalog Number	Pass Through Agency	Passed Through Agency ID	Accrued Receivable 7/1/18	Expenditures Grantor Reimbursements	Revenues Grantor Reimbursements	Accrued Receivable 6/30/19
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Teen Parents Dropout Prevention Public Aid July 1, 2017 - June 30, 2018	93.500	WI DPI	2019-532695-InSPIRE-591	\$ 20,040	\$ 20,040	\$ 20,040	\$ -
July 1, 2018 - June 30, 2019		WI DPI		-	59,535	59,535	36,306
				<u>20,040</u>	<u>79,575</u>	<u>79,575</u>	<u>36,306</u>
Center for Disease Control Basic July 1, 2017 - June 30, 2018	93.079	WI DPI	2018-532965-WILY-334	5,608	-	5,608	-
Medicaid Cluster Medical Assistance Program July 1, 2017 - June 30, 2018	93.778	WI DHS	44207900	76,091	-	76,091	-
July 1, 2018 - June 30, 2019		WI DHS		-	1,582,683	1,366,855	215,828
				<u>76,091</u>	<u>1,582,683</u>	<u>1,442,946</u>	<u>215,828</u>
Total U.S. Department of Health and Human Services				101,739	1,678,524	1,528,129	252,134
TOTAL FEDERAL AWARDS				\$ 1,975,867	\$ 11,951,581	\$ 11,252,569	\$ 2,674,879

SCHOOL DISTRICT OF JANESVILLE

SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2019

Awarding Agency/Pass-Through Agency/Award Description	State ID Number	Accrued Receivable 7/1/18	Revenue/Expenditures	Reimbursements	Accrued Receivable 6/30/19
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION					
Special Education and School Age Parents	255.101	\$ -	\$ 3,931,332	\$ 3,931,332	\$ -
State School Lunch Program	255.102	-	46,333	46,333	-
Common School Fund Library Aid	255.103	-	406,744	406,744	-
Bilingual/Bicultural Program	255.106	-	30,934	30,934	-
Pupil Transportation Aid	255.107	-	14,860	14,860	-
WI Milk Program	255.115	-	8,953	8,953	-
Equalization Aid	255.201	1,165,748	65,755,588	65,824,826	1,096,510
High Cost Special Education Aid	255.210	-	104,095	104,095	-
Aid for School Mental Health Programs	255.227	-	47,148	47,148	-
Personal Electronic Computing Device Program	255.296	-	92,375	92,375	-
Peer Review and Mentoring Grants	255.301	-	21,306	21,306	-
Youth Alcohol and Other Drug Abuse	255.306	25,000	24,180	32,371	16,809
State School Breakfast Program	255.344	-	60,320	60,320	-
State Tuition Payments - General	255.401	-	141,728	141,728	-
State Tuition Payments Special Education Program	255.401	-	51,400	51,400	-
Student Achievement Guarantee in Education Aid	255.504	-	635,649	635,649	-
Educator Effective Eval Sys Grants Public	255.940	-	70,480	70,480	-
Per Pupil Adjustment Aid	255.945	-	6,370,614	6,370,614	-
Career and Technical Education Incentives	255.950	-	42,000	42,000	-
Assessments of Reading Readiness	255.956	-	12,723	12,723	-
Robotics Lead Participation	255.959	3,754	4,252	3,754	4,252
Aid for Special Education Transition	255.960	-	28,000	28,000	-
WISCONSIN DEPARTMENT OF JUSTICE					
School Safety Grants	455.206	-	899,724	281,237	618,487
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT					
Advanced Manufacturing Pathways	445.109	-	20,763	20,763	-
Expanded Wisconsin Fast Forward Grant	445.109	-	10,371	-	10,371
Miscellaneous (various pass-thru agencies)					
	N/A	2,375	-	2,375	-
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 1,196,877</u>	<u>\$ 78,831,872</u>	<u>\$ 78,282,320</u>	<u>1,746,429</u>

SCHOOL DISTRICT OF JANESVILLE

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended June 30, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "schedules") include the federal and state award activity of the School District OF Janesville (the "District") under programs of the federal and state government for the year ended June 30, 2019. The information in these schedules is presented 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*. Because the schedules presents 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

NOTE 3 – SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

Eligible costs for special education under project 011 were \$16,931,852 for the year ended June 30, 2019.

NOTE 4 – OVERSIGHT AGENCY

The District's federal oversight agency for audit is the U.S. Department of Education. The District's state cognizant agency is the Wisconsin Department of Public Instruction.

SCHOOL DISTRICT OF JANESVILLE

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended June 30, 2019

NOTE 5 – PASS-THROUGH AGENCIES

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

WI DPI	Wisconsin Department of Public Instruction
WI DHS	Wisconsin Department of Health Services

NOTE 6 – INDIRECT COST RATE

The District has not elected to use the 10% de minimis indirect cost rate of the Uniform Guidance.

SCHOOL DISTRICT OF JANESVILLE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

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 financial statements noted? yes X no

Federal and State Awards

Internal control over major programs:	<u> </u> <u> </u>	<u> </u> <u> </u>	<u> </u> <u> </u>
Material weakness(es) identified?	Federal Programs	State Programs	
Significant deficiencies identified that were not considered to be material weakness(es)?	<u> </u> yes <u> X </u> no	<u> </u> yes <u> X </u> no	
Type of auditor's report issued on compliance for major programs:	<u> X </u> yes <u> </u> none reported	<u> X </u> yes <u> </u> none reported	
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 <i>State Single Audit Guidelines</i> ?	Unmodified	Unmodified	
Auditee qualified as low-risk auditee?	<u> </u> yes <u> X </u> no	<u> X </u> yes <u> </u> no	
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000	\$250,000	

Identification of major federal programs tested

CFDA Number(s)

84.010
84.027/84.173
93.778

Name of Federal Program or Cluster

ESEA Title 1
Special Education Cluster
Medicaid Cluster

Identification of major state programs tested

STATE ID NUMBER

255.101
255.201
255.103
455.206

Name of State Program or Cluster

Special Education and School Age Parents
Equalization Aids
Common School Fund Library Aid
School Safety Grants

SCHOOL DISTRICT OF JANESVILLE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2019

Section II: Financial Statement Findings

Finding 2019-001: Internal Control over Financial Reporting

<i>Criteria -</i>	Auditing standards require the communication of significant deficiencies and material weaknesses in the year end financial reporting process.
<i>Condition -</i>	The District has not prepared the annual financial statements or schedule of expenditures of federal and state awards.
<i>Cause -</i>	Due to its size, the District does not have the resources to employ an individual that is able to prepare its financial statements or schedule of expenditures of federal and state awards.
<i>Effect -</i>	Information provided to management throughout the year may not be presented in accordance with generally accepted accounting principles.
<i>Recommendation -</i>	Management should determine if the benefits achieved by resolving this internal control deficiency warrants the additional costs that would be required to remedy the current conditions.
<i>District's Response -</i>	While these financial statements would ideally be prepared by District employees, the District's current financial position, and long-term funding outlook, as with most of Wisconsin's public schools, suggest that hiring additional business office and/or training current staff to complete this task is not financially feasible at this time. As a result, the District will continue to contract with a third party auditor to prepare these statements until additional staff or training can be acquired.

Finding 2019-002: Restatement of Financial Statements

<i>Criteria -</i>	Management is responsible for establishing and maintaining effective internal controls over financial reporting.
<i>Condition -</i>	A restatement of the prior year financial statements was necessary to properly reflect the premium on long-term debt issued, the reclassification of the food service fund to a special revenue fund and the proper recording of compensated absences in the government-wide financial statements.
<i>Cause -</i>	The absence of the internal controls noted above resulted in changes being needed in the June 30, 2018 financial statements which resulted in the restatement described above.
<i>Effect -</i>	Issued financial statements may not be presented in accordance with accounting principles generally accepted in the United States of America.
<i>Recommendation -</i>	Management should record the appropriate restatements noted above.
<i>District's Response -</i>	The District agrees with the restatements noted above.

SCHOOL DISTRICT OF JANESVILLE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2019

Section III: Federal and State Awards Finding and Questioned Costs

Finding 2019-003: Reports Not Reviewed

<i>Programs -</i>	93.778 - Medicaid
<i>Criteria -</i>	Quarterly and annual reports should be reviewed by someone other than the original preparer.
<i>Condition/Context -</i>	All quarterly and annual reports are prepared and submitted by the Comptroller with no additional review.
<i>Questioned Costs -</i>	Unknown
<i>Effect -</i>	Reports could be submitted that contain errors.
<i>Recommendation -</i>	We recommend that the District has someone other than the original preparer review and approve all reports prior to submission.
<i>District's Response -</i>	With the turnover in staff in the Financial Analyst/Grant Manager position, along with the turnover in the Comptroller position since 2009, the varied duties were performed by the staff member that had the knowledge and capability to perform. Since the Financial Analyst/Grant Manager position was filled in September of 2018, these duties have now been turned over to that position.

Finding 2019-004: Procurement, Suspension, and Debarment Policy

<i>Programs -</i>	84.027/84.173 Special Education Cluster
<i>Criteria -</i>	The District should have a policy in place for procurement and suspension and debarment policies.
<i>Condition/Context -</i>	The District has no policies in place to ensure that proper procurement is followed or to make sure vendors are not suspended or debarred.
<i>Questioned Costs -</i>	Not determined.
<i>Effect -</i>	The District may be doing business with a vendor that is suspended or debarred.
<i>Recommendation -</i>	We recommend that the District implement a policy for procurement, suspension, and debarment.
<i>District's Response -</i>	The District does have a SAM-System for Awards Management account. Board Policy 3510 AR 3510.1 does state CFO or designee would evaluate vendors.

SCHOOL DISTRICT OF JANESVILLE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

Section III: Federal and State Awards Finding and Questioned Costs (continued)

Finding 2019-005: Late Submission of Quarterly Reports

<i>Programs -</i>	455.206 School Safety Grants
<i>Criteria -</i>	The District must file four quarterly financial reports with the Department of Justice for each round of the grant.
<i>Condition/Context -</i>	The first quarterly reports for both rounds of the grant were submitted late.
<i>Questioned Costs -</i>	Not determined
<i>Effect -</i>	The District could lose funding due to late submission.
<i>Recommendation -</i>	We recommend the district implement a procedure to ensure reports are submitted on time.
<i>District's Response -</i>	With the DOJ being a new grantor, the District was working with their system to get their grant applications approved before filing a claim. Also the new Financial Analyst/Grant manager had just started 9-18-18. The correct filing of claims has been corrected during the 2018-19 fiscal year.

SCHOOL DISTRICT OF JANESVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

Section IV: Other Issues

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

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

Department of Public Instruction	_____	yes	_____	X	no
Department of Justice	_____	X	yes	_____	no
Department of Workforce Development	_____	yes	_____	X	no

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

4. Name and signature of partner _____

Wendi M. Unger, CPA

5. Date of Report November 25, 2019