

Wisconsin Department of Public Instruction, Financial Services Team WISCONSIN PUBLIC SCHOOL DISTRICT AUDIT MANUAL

ANNUAL REPORT AND BUDGET REPORT

Wisconsin State Statutes require School districts to file an annual report and budget report with the Department of Public Instruction each year.

COMMON AND UNION HIGH SCHOOL DISTRICTS

Wisconsin State Statute 120.18 Annual school district report. Annually at such times as the department prescribes but after the end of the school year and no later than September 1, the school district clerk of a common or union high school district shall file a verified annual school district report with the department...Accounting and financial information provided by the school district in the annual report shall be prepared from the system of accounts prescribed by the department.

UNIFIED SCHOOL DISTRICT

Wisconsin State Statute 120.44 (2)...The officers of a unified school district have the powers and duties of the officers of a common school district...

The requirement, for all districts, to file an annual budget is found in Chapter 121 of the Statutes.

Wisconsin State Statute 121.05 Budget and membership report. The school district clerk shall file with the department a report stating...(c) The estimated budget for the current year which shall be based upon the uniform accounting system prescribed by the department...

The budget must be filed with the department annually on or before the second Friday in December, as prescribed by the department.

STATE AID FINANCIAL REPORTING (SAFR)

Schools are required to file the annual report and budget report via the State Aid Financial Reporting Mode (SAFR). SAFR is an internet based data reporting program. The use of SAFR has allowed DPI to create a data warehouse of past financial and non financial data. This information may be accessed by the auditors to assist with required audit procedures, such as analytical procedures.

AUDITING DATA

SAFR provides auditors with several approaches to auditing district's current year financial statements.

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- Auditor chooses to audit financial statements by using district's general ledger. Any adjusting entries are made through district's current software program and all reports used in audit process printed from same program. When audit process is complete the district loads data into SAFR and prior to DPI submission, auditor confirms annual report amounts to audited amounts.
- Auditor chooses to audit financial statements by using firm's software program. Data from district's software program is loaded to auditor's program, adjusting entries are made through auditor's software program and all reports used in audit process printed from same program. When audit process is complete District loads data into SAFR and prior to DPI submission, auditor confirms annual report amounts to audited amounts.
- Prior to auditor arrival or upon arrival, district loads or manually enters current year data into the SAFR program. Errors are flagged by the SAFR program's built in edits. Auditor identifies necessary adjusting entries resulting from the edits.
 - Adjusting entries are made in the SAFR program, printed and made to District's general ledger.
 - Adjusting entries are made to the district's general ledger and data is reloaded to SAFR program overriding previous data.

Districts may be reluctant to load or enter data until audit process has been completed. However, by loading data, auditor can make use of built in edits to identify adjusting entries. These edits most likely will not be all inclusive of the journal entries required, but definitely can assist the audit process. By using the new SAFR program edits, auditors may be able to improve efficiency in their audit procedures.

The following is a brief summary of the SAFR program built in edits.

- ***Rejected accounts*** – These are accounts not allowable in SAFR. The district may use these accounts in their general ledger, however these accounts will need to roll up into an allowable account for the annual report. Accounts that are acceptable in SAFR are listed as “*Allowable Account Classifications by Fund*” under WUFAR.
- ***Negative Amount Errors*** – Negative amounts will no longer be allowed in revenue and expenditure accounts. There are also several funds identified where a negative fund balance is not allowed.
- ***Tax Levy Errors*** – Certain accounts must equal the tax levy certified to the Wisconsin Department of Revenue.
- ***Certified Amount Errors*** – Certain accounts must have amounts that equal the amount an outside party has certified as on file with DPI.

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- ***Beginning Balance/Beginning Fund Equity Errors*** – Beginning fund balances of the current year annual report must equal the ending fund balances of the prior year annual report.
- ***Ending Fund Equity Error*** – Certain funds must have a zero ending fund balance.
- ***Fund out of Balance Errors*** - The ending fund balances must equal the beginning fund balance plus revenues less expenditures.
- ***Unauthorized Accounts*** – Certain accounts cannot be used unless authorized by DPI.
- ***Refinancing Errors*** - The sum of the amount reported in the fund balance to be charged to refinancing related expenditures at the beginning of the year (account B 936310 001) plus the total refinancing debt incurred during the year (source R 800 accounts) must equal the refinancing related expenditures (function E 282000 accounts) plus unused refinancing debt proceeds at the end of the year (account B 936310 002). The formula used to determine this is: $B\ 936310\ 001 + (\text{Revenues: total R } 800\text{'s}) = (\text{total function E } 282000\text{'s}) + B\ 936310\ 002$.
- ***Long-Term Debt Errors*** - The ending balance for long-term debt accounts must equal the beginning balance plus long-term debt proceeds minus long-term debt principal.
- ***Fund Transfer Errors*** - The amount transferred from a fund must equal the amount received by the other fund.
- ***Residual Balance Transfer Errors*** - When an amount has been received from a fund other than the general fund, the ending fund equity of the originating fund must sum to zero.
- ***Aid Register Error*** – Aid reported on the DPI aid register must agree with revenue reported by the district, less ending receivables plus beginning receivables reported in function 715000 for the following source codes: State Special Project Grants, source 630; Federal Vocational Aid Through DPI, source 713; Federal Food Service Aid, source 717; Federal Special Project Aid Through DPI, source 730; IASA Title 1 source 751; IASA Title VI source 752.
- ***PI-1506-AC Errors*** - The amounts in selected accounts in the Annual report must match what has been submitted by the auditor in the Auditor Aid Certification (PI-1506-AC). Auditors must indicate concurrence with amounts reported on the annual report by amending the PI-1506-AC.