

Audit Program for General Aids

State ID Numbers: 255.201, 255.203, 255.204, 255.205 and 255.926

PURPOSE AND DESCRIPTION

General Aid is State aid which is not limited to any specific program, purpose, or target population but may be used in financing the general education programs and operations of the recipient district. Decisions on the use of general aids are made by the recipient district.

General Aids are typically recorded in source accounts 621 through 629 in the Wisconsin Uniform Financial Accounting Requirements (WUFAR). The General Aid programs are typically assigned a state identification number in the 255.2xx series.

General Aids is a designated major program. Designated major programs are required to be audited every year. Auditors should use the partial general aid audit program (separate document) if a district has received less than \$25,000 in general aid.

REPORTING PROCESS

Compliance Requirement 1

The Department of Public Instruction "DPI" is required to annually certify by October 15th school district General Aid eligibility. No later than the last Friday in August, school districts provide information needed for aid determination on the *PI 1505 AC "Annual Report - Aid Certification"*.

Districts and auditors are encouraged to reach agreement on the *PI 1505 AC* items prior to submission. The DPI will review and approve the *PI 1505 AC* prior to opening the *PI 1506 AC "Audit Statement - Aid Certification Data Form"* for auditor completion.

The auditor will file the *PI 1506 AC* on-line, confirming data corresponding to the district's *PI 1505 AC*. **The information provided on the *PI 1506 AC* (represented to be examined in accordance with these procedures) will be used by the department in determining aid eligibility required to be certified by October 15.**

If the *PI 1506 AC* data is not submitted on time, the DPI will send a letter to district's school board (the contracting party with auditor). This letter will advise the board that the auditor is late in filing the key document used in determining district's aid eligibility and tax levy authority. The letter will urge the district to consider the auditor's adherence to required filing dates when contracting for audit services.

The following procedures provide for determining that information the school district has submitted on the *PI 1505 AC* is fairly presented in accordance with Department of Public Instruction requirements.

PDF PI-1506AC Reporting Package - Auditors are no longer required to email the PDF *PI 1506 AC* reporting package. Auditors must include the signed *Financial Audit Statement PI-1506* form, a copy of the *PI 1506 AC Audit Statement - Aid Certification Data Report* resulting from filing the 1506 AC Data Form, and the written attestation report regarding the submitted *PI 1506 AC* information in the audit work papers. During our site visits, DPI will verify the inclusion of these documents in the audit work papers.

Audit Procedures:

1. Provide the DPI with correct amounts by completing the auditor column on the *PI 1506 AC*.
2. Review all issues identified in the quick audits. Determine the reasonableness of any variances.

ANNUAL REPORT ENTRIES PER DPI DATA BASE

Compliance Requirement 2

The DPI maintains “On Record at DPI” information related to aid payments, tax levies, and data previously reported by the district. Any variance on the *PI 1505* from DPI records will result in an error that the district must correct in order to submit the annual report. “On Record at DPI” is located in the left scroll bar of the district’s *PI 1505* Annual Report.

Audit Procedures:

1. Determine agreement of the following “On Record at DPI” to the *PI 1506 AC* data and reasons for any differences:
 - a. Equalization Aid - General Fund Revenue Source Account 621
 - b. Special Adjustment Aid - General Fund Revenue Source Account 623
 - c. High Poverty Aid - General Fund Revenue Source Account 628
 - d. Other General Fund Aid - Revenue - Revenue Source Account 629
 - e. State Computer Aid and Personal Property Aid - General Fund Revenue Source Account 691
 - f. School Consolidation Aid - General Fund Revenue Source Account 693
 - g. Sparsity Aid - General Fund Revenue Source Account 694

REVENUE AND EXPENDITURE PROCEDURES

Compliance Requirement 3

Revenue and expenditure information on the *PI 1505 AC* and the *1506 AC* must be reported in accordance with Department of Public Instruction revenue and expenditure recognition requirements. These requirements are identified in the *Wisconsin Uniform Financial Accounting Requirement* (WUFAR) at <http://dpi.wi.gov/sfs/finances/wufar/overview> .

Through the following audit procedures, determine that the district followed WUFAR in compiling the *PI 1505 AC* data.

Compliance Requirement 3-1

Property Taxes - The entire property tax levy is considered revenue for the fiscal year levied. The amount recorded by the district in the following tax revenue accounts must agree with the amounts on record with DPI. The DPI obtains property tax levies from the *PI 401 Tax Levies* filed by the school district.

Audit Procedures:

1. Obtain a copy of the *PI 401 Tax Levies* from the district's financial data home page and verify against board minutes that levies are recorded as adopted by the school board:
 - a. General Fund: Current Levy - Source 211
 - b. General Fund: Property Tax Chargeback Levy - Source 212
 - c. Debt Service Fund: Current Levy - Source 211. The PI 401 amounts are divided between fund 38 "non-referendum" and fund 39 "referendum approved" debt service.
 - d. Capital Expansion Fund 41: Current Levy - Source 211.
 - e. TIF Capital Improvement Fund 48- Source 211 - *Kenosha School District only*.
 - f. Community Services Fund 80- Source 211

Compliance Requirement 3-2

General Fund revenue source account 972 "Property Tax and Equalization Aid Refund." - This account should report payments received from municipalities for collection of "property tax charge-backs" that the district previously charged to expenditure object 972. Other items may be recorded in this account with specific authorization of the DPI.

Wisconsin Statute 74.42(1) provides that no earlier than February 2 and no later than April 1 the taxation district may chargeback to each taxing jurisdiction within the taxation district except the state, its proportionate share of those personal property taxes for which the taxing district settled in full the previous February, which were delinquent at the time of settlement, and which have not been collected in the intervening year and which remain delinquent.

A **tax levy** by the district to recover delinquent personal property tax chargeback payments is credited to revenue source account 212, "Property Tax Charge-backs."

Wisconsin Statute 74.41 provides for the charging back of refunded or rescinded taxes that meet certain conditions as explicitly stated in the statute. The Department of Revenue determines the amount of rescinded or refunded taxes to be charged back to each taxing jurisdiction.

A non-recurring exemption is included in the district's revenue limit worksheet on line 10D. Any additional amount added for refunded/rescinded amounts will be included in the district's allowable limited revenue.

General Fund expenditure object account 972 "Property Tax Chargeback and Equalization Aid Payment." - This account is where the district charges refunds made by the district of "non-deductible revenue." Normally, this is only **property tax chargeback payments** to municipalities and equalization aid repayments to DPI.

General Fund revenue source account 971 "Refund of Prior Year Expense" - This account is used to record refunds of prior year expenditures other than Property Tax Chargebacks. Per the WUFAR the district should also code Cash E-Rate, Microsoft Settlement refunds, and interest subsidies to revenue source 971.

General Fund expenditure object account 971 "Refund Payment." - This account is used to record refund payments of prior year revenues. This account should not include refunds of property tax collections.

Audit Procedures:

1. Review detail of Fund 10 Revenue Source 972. Verify only Property Tax Chargebacks and Equalization Aid Refunds are recorded in this account.
2. Obtain the vendor detail for payments to the Municipality during the fiscal year and detail of Fund 10 Function 492000 Object 972. Verify that the district has properly reported any property tax charge backs to object 972. Please note that the district should maintain a detail of the delinquent personal property tax chargebacks and a separate detail of the refunded/rescinded amounts.
3. Review detail of Fund 10 Function 492000 Object 972. If the district received a revenue limit penalty, verify it is recorded in this account.
4. Review detail of Fund 10 Revenue Source 971. Verify amounts recorded in this account are properly coded per the above guidance.
5. Review detail of Fund 10 Function 492000 Object 972. Verify this account does not include refunds of property tax collections.

Compliance Requirement 3-3

State Equalization Aid - The amount reported by the district in General Fund revenue source 621 must agree with the amount "On Record at DPI." Along with the June Equalization Aid payment, the districts should review the "**June and July Aid Payment Reconciliation**". This document identifies the accounting entries a district must use to record Equalization Aid (State 621), private school voucher, and Open Enrollment transactions as well as the recording of any revenue limit penalty and a receivable for any aid payments received after June 30th. A copy of this document may be obtained online at <http://dpi.wi.gov/sfs/finances/aids-register/aid-payment-adj-exp> .

Audit Procedures:

1. Verify the amount reported by the district in General Fund revenue source 621 agrees with the amount "On Record at DPI."
2. Verify that receivable recorded by the district in source account 621 agrees with the amount on the "**June and July Aid Payment Reconciliation**" spreadsheet. NOTE: Do not use the "Equalization Aid" amount shown in the Aids Register. The Aids Register amount does not reflect end of year delayed equalization aid transactions and payments to and on behalf of the district for Open Enrollment Tuition and the private school voucher program.

Compliance Requirement 3-4

State and federal aid passed through the Department of Public Instruction - The DPI Aids Register for each school district is available on the School Finance Team's web site. Federal and state aids reported on the Aids Register should be coded to the revenue source codes identified on the Aids Register. <http://dpi.wi.gov/sfs/finances/aids-register/aids-register-coding>.

Other State General Aid - Payments made to district from current year state appropriations recognized as revenue. No receivable is recorded at year end.

State Categorical & Other Entitlements State Aid- Payments made to the district from current year state appropriations recognized as revenue in the current year. The revenue recorded must agree with the payments shown on the DPI Aids Register. No receivable is recorded at year end unless there is an open enrollment or a private school voucher adjustment.

State Reimbursement Program Aid - Revenue recognition when reimbursable expenditures are made. The district should record a receivable for eligible expenditures receivable at fiscal year-end.

Federal Aid Entitlements - Revenue recognition occurs when the district is entitled to receive the aid.

Federal Reimbursement Programs - Revenue recognition when reimbursable expenditures are made. The district should record a receivable for receivables at fiscal year-end.

Audit Procedures:

1. Determine that the revenue recorded for the following aids agrees with the payments shown on the current year DPI Aids Register.
 - a. Special Adjustment Aid – Fund source 623
 - b. High Poverty School Districts – General Fund Source 628
 - c. Other General Aid - General Fund source 629
 - d. Special Education Aid - Special Education Fund 27 Source 611.
 - e. Transportation Aid - General Fund Source 612.
 - f. Common School Fund Library Aid - General Fund Source 613
 - g. Integration Aid (Resident) - General Fund Source 615
 - h. Integration Aid (Non-Resident) - General Fund Source 616
 - i. Bilingual/Bicultural Aid - General Fund Source 618
 - j. Per Pupil Aid – General Fund Source 695
 - k. SAGE/AGR Grants - General Fund Source 650
 - l. High Cost Special Education Aid – Special Edu. Fund 27 Source 625
 - m. Supplemental Special Education Aid - Special Edu. Fund 27 Source 626

Note: No receivable is recorded for a-c. No receivable is recorded at year end unless there is an open enrollment or a private school voucher adjustment for d-m.
2. Request copies of the PI-1086 and trace to reimbursements shown in the Aids Register for State and Federal Special Project Grants paid through DPI recorded in sources 630 and

730. Subsequent receipts may be verified by review of the subsequent year aid register.
3. Review prior year reports and determine if the district received federal impact aid. Review current year remittance statements from federal government and determine that impact aid is recorded appropriately in source 721 and 722 in the General Fund or source 723 in the Capital Projects Fund.
 4. Review remittance statements and determine proper revenue recording for any other Federal Aid Entitlements.
 5. Review claim forms, expenditures and determine proper revenue recording for Federal Aid other than through DPI. Direct federal aid should be coded to source 791. Federal aid received through a not-for-profit organization should be coded to source 799.

Compliance Requirement 3-8

Providing Services to Other Educational Agencies - Revenue recognized in the fiscal year the services are provided.

Open enrollment charges:

Payments of open enrollment general tuition are determined by DPI. Open enrollment general tuition amounts are identified by DPI on the **“June and July Aid Payment Reconciliation”**. Starting with the 2016-17 school year (the February – April 2016 regular application period), 2015 Wisconsin Act 55 has created a new transfer amount of \$12,000 for open enrolled pupils with disabilities, as defined by IDEA and Wis. Stats. § 115.76 (5). 2017 Wisconsin Act 59 adjusted the transfer amount to \$12,207 for 2017-18. Nonresident school districts will no longer bill the resident district for the open enrollment basic transfer amount plus any actual, additional costs to provide special education for open enrolled pupils with disabilities. Revenue account Source 345 is used to record open enrollment revenue.

Non-Open enrollment charges:

Non-open enrollment general tuition (source 341) is billed according to the DPI tuition worksheet or per another agreement between districts. The flat rate amount for the non-open enrollment special education student is considered general tuition and is coded to fund 10 in the same manner as non-special education students. Non-open enrollment special education services for student specific excess costs (source 346) are billed at full cost without a reduction for anticipated aid related to such services.

State special education aid may be transited to the district paying the student specific costs from the district providing the services. This occurs when the district providing the service claims these costs as categorical aid eligible (project 011) and the paying district did not use IDEA grant funds. The transit occurs in the year following the additional expenditure, which is when the aid is received from DPI. The district providing special education services codes this transit of aid to function 491000 and object 936 and the district receiving the transit codes it to source 316.

Audit Procedures:

1. Trace open enrollment recorded in revenue Source 345 to amounts identified by DPI on the June and July Aid Payment Reconciliation worksheet.

2. Verify non-open enrollment general tuition recorded in source 341 is billed according to the DPI tuition worksheet or per another agreement between districts.
3. Verify non-open enrollment special education services for student specific excess costs are billed at full cost without a reduction for anticipated aid related to such services in Source 346.
4. If state special education aid is transited for student specific costs, the district providing special education services codes this transit of aid to function 491000 and object 936 and the district receiving the transit codes it to source 316.

Compliance Requirement 3-9

Cost for Services Provided by Other Educational Agencies - Expenditures are recognized in the fiscal period services are received.

Audit Procedures:

1. Determine that the district is recording expenditures in the proper period per confirmation with the CESA or the other district.

Compliance Requirement 3-10

Revenue for School Based Services (SBS) or Medicaid Revenue - Detailed accounting and reporting requirements for SBS and Medicaid are provided in the *WUFAR* "Accounting Issues and Coding" section at

<http://dpi.wi.gov/sites/default/files/imce/sfs/pdf/medicaid-reimbursement.pdf>.

Audit Procedures:

1. Reimbursements for eligible services are recognized as revenue in the fiscal period that the reimbursements are received. Revenues should not be netted against expenditures.
2. Revenue receivable from a CESA or another district at year end must be recorded based on the confirmation requested/obtained from the CESA or the other district.

Compliance Requirement 5

CAPITAL EXPANSION FUND - The annual meeting of a school district may approve a segregated "capital expansion fund" tax levy for expenditures related to buildings and sites. Equipment acquisition is not a permitted use of the capital expansion fund levy. Subsequent annual meetings must approve continuation of the tax levy.

The district is required to establish a capital projects sub-fund (*WUFAR* Fund 41 "Capital Expansion Fund") to account for revenues and expenditures related to the segregated tax levy. A Capital Expansion Fund cannot be used for any purpose other than that originally identified unless a change in purpose is authorized by a majority vote of electors present at a subsequent annual meeting where notice was provided that the issue would be on the meeting agenda.

Audit Procedures:

1. Review Annual Meeting minutes. If a capital expansion fund levy has been adopted, determine that the proper amount has been levied by the district, recorded and reported

as a Capital Expansion Fund (Fund 41) levy.

2. Analyze expenditures reported as Fund 41 expenditures. Determine that reported expenditures are in accordance with the purpose identified in the authorizing resolution.
3. If a transfer was made from the Capital Expansion Fund, determine that it was approved at the Annual Meeting and was included in the agenda notice.

Compliance Requirement 6

CAPITAL IMPROVEMENT FUND – A school board that has an approved long-term capital improvement plan that is for a minimum of 10 years may establish a fund for the purpose of financing the capital improvements included in the long-term plan. A school board is prohibited from spending money deposited into the fund for a period of five years from the date the fund is created. After the initial five year period, a school board may spend money in the fund only for the purposes described in the school board’s long-term plan. Additionally, a school board is expressly prohibited from transferring money in the fund to any other school district fund.

The district is required to establish a capital projects sub-fund (WUFAR Fund 46 "Capital Improvement Fund") to account for revenues and expenditures related to the segregated capital improvement fund monies. The district is allowed to accrue a contribution to Fund 46 and record the transfer if the physical cash payment is made within 30 days after June 30th.

Audit Procedures:

1. Review District Board minutes. If the establishment of a capital improvement fund has been approved by the board, determine that the board has also approved the long-term capital improvement plan that is for a minimum of 10 years.
2. Inspect the transfers from Fund 10 to Fund 46. All cash must be deposited into Fund 46 within 30 days after June 30th.

Compliance Requirement 9

Long-Term Debt Refinancing - Chapter 67 of the State Statutes permits school districts to refinance outstanding long-term debt. Refinancing debt proceeds are receipted to the Debt Service Funds 38 or 39. All expenditures associated with the refinancing transaction, including principal and interest payments along with related service charges are recorded to WUFAR function account 282000 "Refinancing" in the Debt Service Fund. See [WUFAR Accounting Issues and Coding Examples](#) for debt refinancing entries.

Proceeds from refinancing borrowing in excess of that needed to fund the refinancing transactions in the current year, or proceeds of debt refinancing that will be completed in a future fiscal period, should be reported at June 30th as Fund Balance Restricted for Refinancing, WUFAR balance sheet account 936310.

Audit Procedures:

1. If debt proceeds are recorded in the Debt Service Fund, determine that the use of these proceeds is reported as a refinancing expenditure, WUFAR function 282000, or included in a refinancing restricted fund balance, WUFAR balance sheet account 936310 to be

expended in a future fiscal period.

2. A district may be required to place in the Debt Service Fund a portion of the borrowing proceeds needed to make scheduled payments prior to receipt of tax levy revenue (sometimes referred to as "capitalized interest" by financial consultants). Such payments must be reported in the same manner as refinancing transactions to function 282000.
3. If refinancing proceeds have carry over from a prior year, determine that any current expenditure of the carryover balance (usually interest expense) is charged to WUFAR function 282000.
4. If the refinancing transaction requires the use of Debt Service Fund resources other than borrowing proceeds, the additional cost is to be recorded as an "Other Debt Service" to Capital Debt expenditure (WUFAR function 281000 or 289000, object 690).
5. If a district has issued debt to pay off the WRS unfunded pension liability or OPEB liability, these transactions should be treated as a refinancing transaction.

Compliance Requirement 10

Other State General Aid Programs

Special Adjustment Aid- Wisconsin State Statute section 121.105 provides additional aid to school districts that generate less than 85 percent of the state aid generated in the previous year. State aid in this statute means the sum of payments provided to a school district under Wisconsin Statute section 121.08, 121.105, 121.85, and 121.86 (equalization, special adjustment, and integration aids, respectively).

Audit Procedures:

1. Obtain a copy of the October 15th aid certification at <https://dpi.wi.gov/sfs/aid/general/equalization/worksheets-general-aid> or directly at https://dpi.wi.gov/sites/default/files/imce/sfs/xls/Oct15_1718_GenAid.xlsx. The October 15th aid certification will be an excel spreadsheet. The second tab on the spreadsheet will provide a breakdown of line l1.
2. Recompute the amount of special adjustment aid received by the district.