



2024 WICPA SCHOOL DISTRICT AUDIT CONFERENCE

YOUR SOURCE FOR KEY UPDATES & INSIGHTS ON TIMELY ISSUES

HIGHLIGHTED TOPICS:



GASB UPDATE

Get an overview of the upcoming GASB standards and their impact for school district auditors



RECENT TRENDS IN WISCONSIN SCHOOL FINANCE

Learn about the revenue sources school districts can utilize under revenue limits and the state biennial budget, as well as using referendum-approved dollars to balance operating budgets



DPI UPDATE

Get updates on DPI reporting, auditor compliance with DPI regulatory requirements and other information affecting 2023-2024 audits

WEDNESDAY, MAY 22 | WICPA OFFICE & WICPA CPE LIVESTREAM

CONFERENCE AT A GLANCE

WEDNESDAY, MAY 22

WICPA Office & WICPA CPE Livestream

7 – 8 a.m.

Registration & Networking
Lower Level Foyer

8 – 8:10 a.m.

Welcome & Opening Remarks
Lower Level Conference Center

8:10 – 9:20 a.m.

GENERAL SESSION
DPI Update Part I
Lower Level Conference Center

9:20 – 9:30 a.m.

Networking Break
Lower Level Foyer

9:30 – 10:40 a.m.

GENERAL SESSION
DPI Update Part II
Lower Level Conference Center

10:40 – 10:50 a.m.

Networking Break
Lower Level Foyer

10:50 – 11:40 a.m.

BREAKOUT SESSIONS
Beginner Single Audit Basics
WICPA Training Center

GASB Update

Lower Level Conference Center

11:40 a.m. – 12:20 p.m.

Networking Lunch
Lower Level Foyer

12:20 – 2:20 p.m.

GENERAL SESSION
Ethics & Decision Making
Lower Level Conference Center

2:20 - 2:30 p.m.

Networking Break
Lower Level Foyer

2:30 – 3:30 p.m.

GENERAL SESSION
Recent Trends in Wisconsin
School Finance: The Increasing
Need for Capital & Operational
Referenda
Lower Level Conference Center

3:30 p.m.

Closing Remarks & Prize
Drawings
Lower Level Conference Center

2024 WICPA GOLF OUTING

FRIDAY, SEPT. 20 – Ironwood Golf Course, Sussex



4-PERSON SCRAMBLE

\$95 per Golfer
\$380 per Foursome

REGISTRATION INCLUDES

18 Holes of Golf With Cart
Practice Greens & Driving Range
Continental Breakfast & Lunch
Beverage Vouchers
Hole & Event Contests
Entry in Prize Drawings

SCHEDULE

8:30 a.m.
Registration & Breakfast

9:00 a.m.
Practice Greens
& Driving Range

10:00 a.m.
Shotgun Start

4:00 p.m.
Reception & Appetizers

HOLE & EVENT PRIZES

\$1,000+ in Drawing Prizes
\$500+ in Individual Prizes
\$500+ in Team Prizes
\$500 Inside the Circle Contest



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8:10 – 9:20 a.m.

DPI Update Part I

9:30 - 10:40 a.m.

DPI Update Part II

Matt Baier, *Fiscal Data Coordinator, Wisconsin Department of Public Instruction*

Olivia Bernitt, *School Finance Auditor, Wisconsin Department of Public Instruction*

James Rhinerson, CPA, CMA, CGFM, *School Finance Auditor, Wisconsin Department of Public Instruction*

DPI Update

School District Auditor Conference

Olivia Bernitt, School Finance Auditor
Jennifer Buross, SFS Assistant Director

May 2024



DPI Update Agenda

- State Audit Manual & Program Updates
- GAAP to Regulatory Departures
- Federal Single Audit Updates
- Common Audit Findings
- Annual Report Review Process
- Debt Schedule Updates/Debt Entries
- Revenue Limit/Equalization Aid Worksheets
- Membership Audit
- Due Dates

AUDIT MANUAL & PROGRAM UPDATES

Audit Manual

- Previously was multiple webpages. Updated in FY21 to be one webpage with all programs compiled into one document
- DOA update SSAG for FY24 so there may be more significant changes coming in future years

Audit Manual Overview

- **Dual-purpose document**

- DPI appendix to the State Single Audit Guidelines
- Establishes auditing and program-specific compliance requirements for WI Public School Districts, CESAs, CCDEBs, and independently authorized charter schools that receive funding from the DPI but do not meet the single audit federal expenditure threshold.

State Single Audit Guidelines - Updates

- Roles and responsibilities of the auditor, auditee, state awarding agencies and pass-through entities remain relatively similar
- Reorganized to better mirror Uniform Guidance
- Requirement related to federal awards that are outlined in Uniform Guidance have been removed

State Single Audit Guidelines - Updates

- **1.4 Applicability and Type of Audit Required:**

1. We have updated the applicability of the State Single Audit Guide to reflect awards **expended** versus **received**.
2. The amount of state awards expended must be \$250,000 or more for the Guide to be applicable (previously the guide was applicable to any state or federal pass-through awards received).

State Single Audit Guidelines - Updates

- **1.5 Definitions**

Definitions have been updated to better reflect the concepts of Uniform Guidance and to reference the concepts of Uniform Guidance, where appropriate.

- **1.6 Additional Review**

Added table with known statutory and administrative code provisions.

State Single Audit Guidelines - Updates


- **3.1 State Major Program Determination**

1. We have removed the ability for state awarding agencies to automatically designate state programs as state major programs or Type A state programs.
2. We have updated the process for determining state major programs using a tiered approach based on total state awards expended, similar to the concepts used in Uniform Guidance.


WI School District Audit Manual

- **Wisconsin School District Audit Manual is updated every year by DPI**
- **Includes compliance requirements for DPI State Programs**
- **Includes additional testing procedures including Compliance with State Statutes, Community Service Program and Employee Benefit Trust Fund Program**

WI School District Audit Manual

- No Valid License testing in special education program was moved from the auditor's responsibility to the district's responsibility.
 - If the program is tested, this should be reviewed during the audit but not required to be submitted each year.
- 

Updates – State Major Program Determination

- **Audits in accordance with SSAG**
 - Risk-based approach outlined in SSAG Section 3.4 applied to all state funding to identify state major programs.
 - **Audits in accordance with WI School District Audit Manual**
 - Risk-based approach outlined in SSAG Section 3.4 should be applied to the DPI funding to identify state major programs.
 - No longer any Type A or Designated Major programs.
- 

FS Due Date and Reporting Package

- **Audited Financial Statement Due Date**
 - December 15th of each year.
- **Reporting Package**
 - All documents should be unencrypted, unlocked and in a text-searchable PDF format.

**GAAP TO
REGULATORY DEPARTURES**

GAAP to Regulatory Departures

- Auditor submits reports no later than the last Friday before September 15th.
- District submits the reports no later than the following Friday.

GAAP to Regulatory Departures

- The DPI reports should be in accordance with modified accrual GAAP except for DPI specified regulatory departures.
- Auditor Fund Balance Report should show the GAAP to Regulatory difference

Auditor Ending Fund Balances				
Fund Account	Fund Type/Description	Amount	Fund Statements Fund Balance (GAAP)	Regulatory Fund Balance (DPI)
10B-900000-002	Total Fund Balance	\$3,848,392.23	\$3,848,392.23	\$3,848,392.23
21B-900000-002	Total Fund Balance	\$333,851.55	\$333,851.55	\$333,851.55
23B-900000-002	Total Fund Balance	\$0.00	\$0.00	\$0.00
29B-900000-002	Total Fund Balance	\$0.00	\$0.00	\$0.00

- Aid Certification also reports the regulatory balances as it must tie to the District's books

GAAP to Regulatory Departures

Current DPI approved GAAP to regulatory departures:

- For regulatory purposes, districts are allowed to record bid premiums in excess of the current year debt service payments for the issue generating the bid premium as a liability in account 816900 in the year of receipt. The bid premium must be recognized in Source 968 in the subsequent year.
- For regulatory purposes, Districts may consider cash transfers to sinking funds as debt expenditures in the year of the transfer only for Q-Bonds issued from 2008 to 2011.

GAAP to Regulatory Departures

Current DPI approved GAAP to regulatory departures:

- For regulatory purposes, grant revenue from the DPI received after the period of availability must be recorded as revenue in the fiscal year of the audit rather than a deferred inflow of resources.
- Unique accounting circumstances discussed and approved by the DPI. Please contact a School Financial Services Team Auditor prior to reporting GAAP to Regulatory Departures not included on the list.

GAAP to Regulatory Departures

Previous DPI approved GAAP to regulatory departures:

- **The account combinations have been added for FY22. Therefore, this will no longer be an approved difference:**
 - Unrealized gains and losses were not allowable account combinations in the governmental funds in the WUFAR. For regulatory purposes, the districts would record a departure for not recording governmental funds unrealized gains and losses.

FEDERAL SINGLE AUDIT UPDATES


Federal Single Audit Guidelines

- Required for Non-Federal entities that expend \$750,000 or more in a fiscal year in federal awards
- An audit of federal funds conducted in accordance with Uniform Grant Guidance (UGG) to provide assurance to the federal granting agencies that the funds are in compliance (2 CFR Part 200)
- Office of Management and Budget (OMB) compliance supplement details compliance requirements


Approved Changes to UGG

- Released on April 4, 2024
- Updated compliance supplement expected end of May 2024
- *Effective October 1, 2024*
- *Audit year start date after October 1, 2024*
- *May have grants under old guidance and new guidance in 1 year*
- *Changes should be prospective for items like equipment threshold*

Approved Changes to UGG

- Increasing Single Audit Threshold from \$750,000 to \$1,000,000
 - Increasing equipment capitalization threshold from \$5,000 per unit to \$10,000 per unit
 - Increasing the de minimus indirect cost rate from 10% to 15%
 - Increasing the Modified Total Direct Costs (MTDC) from \$25,000 to \$50,000
- 

Approved Changes to UGG

- Addition and revision of definitions
 - Updating term 'non-federal entity' to 'recipient' and 'subrecipient'
 - Revising areas of the cost principals including clarification of pension and post-retirement health plans
 - Revising the template text for a Notice of Funding Opportunity (NOFO)
- 

Federal Funds not through DPI

Emergency Connectivity Fund (Source 791)


- Through FCC, administered by USAC.
- Part of ARPA Act of 2021
- Eligible for Single Audit

Department of Administration


- Governor's CRF Funds
- Back to School Supplemental Aid
- Get Kids Ahead
- None of these are eligible for Federal Single audit per DOA

COMMON AUDIT FINDINGS

2022-23 Federal Audit Findings

- 26 Child Nutrition Cluster (42 in 21-22)
 - 18 ESSER/GEER (25 in 21-22)
 - 3 IDEA (6 in 21-22)
- 

2022-23 State Audit Findings

- 20 Pupil Transportation Aid (39 in 21-22)
 - 5 Special Education and School Age Parents (34 in 21-22)
 - 2 Community Service (0 in 21-22)
 - 3 Common School Library Fund (0 in 21-22)
- 

2022-23 Financial Statement Findings

- **Financial Statement Preparation**
 - 277 Findings (285 in 21-22)
- **Segregation of Duties**
 - 247 Findings (255 in 21-22)
- **Material Audit Adjustments**
 - 117 Findings (113 in 21-22)

2022-23 Financial Statement Findings


- **Cash Reconciliation**
 - 19 Findings (21 in 21-22)
- **SEFA Preparation**
 - 29 Findings (21 in 21-22)
- **Other**
 - 29 Findings (15 Actuals over budget, 14 Misc.)




ANNUAL REPORT & FINANCIAL STATEMENT REVIEW ITEMS




DPI Process of Review

- Snapshots of the data pushed to WDF will be pulled into WiSFIP for our review.
 - Addendum completed by districts in WDF
 - Reviewed by DPI in WiSFIP
 - If changes are required, they will be required to be made on the district's books and the data repushed
- 


Annual Report Reviews

- DPI Auditors review specific funds, addenda, etc. during our review of the Annual Reports.
 - Items followed up on:
 - Lack of detail or unclear description in addenda
 - Items coded to the incorrect WUFAR account
 - Fund 73: ADC, IRS, 218 = 951+953
- 


Financial Statement Review

- During our review of the financial statements, we tie out the amounts in the Fund Statements Fund Balance column in the Fund Balance Report.
 - The district and auditor will be contacted for variances. Changes may need to occur.
- 

Financial Statement Review

- **Common causes for differences between the audited financial statements and Fund Balance Report:**
 - Entries made by district not reported to auditors,
 - Entries made by auditors not reported to districts, and
 - Immaterial changes found during our review of the annual report.
- 

Reporting Late Changes

- All reports are closed for the October 15th Aid Certification from approximately October 1st to October 15th.
 - The Annual Report and any unapproved reports reopen for necessary changes after October 15th.
 - The Annual Report remains open until the DPI audit process is complete.
- 

Reporting Late Changes

- District or auditor entries made after the original submissions are required to be made in the books and the data repushed to WDF.
- Entries should NOT be made to fund balance on the districts books in most circumstances.
- Accounts used should be compliant with WUFAR.

DEBT SCHEDULE UPDATES/DEBT ENTRIES

Debt Schedules

- Schedules have been moved to WiSFiP
- Debt schedules must be updated in WiSFiP within 10 days of any changes
- Sample journal entries and a BAN issuance and refinancing example can be found on our website [Accounting Issues and Coding Examples](#)

Debt Schedules

[Check here for the full list.](#)

Export to Excel

Export to PDF

Debt Type:

All Types

+ To Add New Record, first select the Debt Type.

Show All

Debt Schedules

Debt Schedule Name	Debt Schedule Type	WUFAR Fund	WUFAR Function	Issue Date	Maturity Date	Start Date	Principal Before Start	Original Amount	Current Balance [RO]	
GO Refunding Bonds	Bonds	Fund 39	Function 281	04/04/2023	03/01/2043	04/04/2023	\$0	\$70,750,000	\$62,525,000	<div>Edit</div> <div>Delete</div>

+ Add new record

Debt Schedule Payments

Calendar Year	Payment Period	Last Principal Balance	Principal Payments Scheduled	Interest Payments Scheduled	Refinanced Principal Adjustment	Refinanced Interest Adjustment	New Principal Balance	
2023	January - June Payment Period	\$70,750,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$70,750,000.00	<div>Edit</div> <div>Delete</div>
2023	July - December Payment Period	\$70,750,000.00	\$0.00	\$1,718,641.00	\$0.00	\$0.00	\$70,750,000.00	<div>Edit</div> <div>Delete</div>
2024	January - June Payment Period	\$70,750,000.00	\$8,225,000.00	\$1,718,641.00	\$0.00	\$0.00	\$62,525,000.00	<div>Edit</div> <div>Delete</div>
2024	July - December Payment Period	\$62,525,000.00	\$0.00	\$1,513,016.00	\$0.00	\$0.00	\$62,525,000.00	<div>Edit</div> <div>Delete</div>
2025	January - June Payment Period	\$62,525,000.00	\$1,000,000.00	\$1,513,016.00	\$0.00	\$0.00	\$61,525,000.00	<div>Edit</div> <div>Delete</div>


Debt in WiSFIP

- 08B Balances were only entered in the Auditor Fund Balance report for FY 22-23.
- In FY 23-24 Districts will be able to enter these amounts in during the District Aid Certification.
- They will then pull into the Auditor Fund Balance report in the “District” column.
- Validations for debt schedule and debt balance checks will be in place for FY 23-24.


Debt Issuance Entries

- **Proceeds entered into Fund 49**
 - GO Notes, BANs, NANs: Source 873
 - State Trust Fund Loans: Source 874
 - GO Bonds: Source 875
- **Closing costs, premiums, discounts, etc. are coded to the Debt Service Funds (38 non referendum or 39 referendum)**

Debt Defeasance Entries

- Removes a portion of remaining debt as a liability using levied cash on hand to make a prepayment.
 - Coded to Debt Service Funds (38/39)
 - Defeased principal and interest payments are added to the debt schedule when the defeasance occurs.
 - Future payments should be adjusted based on the updated schedule.
 - Debt balance should equal zero at the end.
- 

Debt Refinancing Entries

- New debt issuance for the refinancing is coded in the Debt Service Funds (38/39) in source 800s.
 - Refinancing related expenditures are coded to function 282000.
 - If the refinancing has any funds provided by the district outside of the refinancing (levied funds, investment earnings), those are coded to function 281000
- 

Debt Refinancing Entries

- Original debt schedule should have refinanced principal and interest coded to refinancing columns.
- New issue is created for the refinanced debt.
- Refinancing needs to tie out

Refinancing

Fund	936310-001		R-800-000000		E-282000-000		Result		936310-002		Variance (must equal zero)
38	\$0.00	+	\$0.00	-	\$0.00	=	\$0.00	-	\$0.00	=	\$0.00
39	\$9,741,903.36	+	\$6,055,793.65	-	\$15,797,697.01	=	\$0.00	-	\$0.00	=	\$0.00

Fund 38 and Fund 39

Fund 38

- Transactions for debt issued without referendum approval.
- Within the Revenue Limit.

Fund 39

- Transactions for debt issued with referendum approval.
- Outside the Revenue Limit.
- Remaining funds transferred from Fund 39 to Fund 10 will receive a revenue limit penalty equal to the amount transferred.

REVENUE LIMIT/EQUALIZATION AID WORKSHEETS

Revenue Limit



What is within Revenue Limits?

➤ **Regulates Revenues for Funds 10, 38 and 41**

- General Fund (10)
 - Property Tax Levy
 - General State Aid
 - Computer Aid
- Non-Referendum Debt Service Fund (38)
 - Property Tax Levy
- Capital Projects Fund (41)
 - Property Tax Levy

What is outside the Revenue Limit?

- Categorical Aids (Special Education, Per Pupil Aid, Library, Transportation, AGR, Sparsity, etc.)
- State and Federal Grants
- Student Fees, Gate Receipts, and Donations
- Tax Levy for Referendum Approved Debt Service Fund (39)
- Tax Levy for Community Service Fund (80)

Line 1: Base Revenue

DATA AS OF 1/12/24		
Line 1 Amount May Not Exceed (Line 11 - (Line 7B+Line 10)) of Final 22-23 Revenue Limit		
2022-23 General Aid Certification (22-23 Line 12A, src 621)	+	44,249,363
2022-23 Hi Pov Aid (22-23 Line 12B, Src 628)	+	1,443,569
2022-23 Computer Aid Received (22-23 Line 12C, Src 691)	+	1,754,226
2022-23 Aid for Exempt Personal Property (22-23 Line 12D, Src 691)	+	1,225,048
2022-23 Fnd 10 Levy Cert (22-23 Line 14A, Levy 10 Src 211)	+	321,896,486
2022-23 Fnd 38 Levy Cert (22-23 Line 14B, Levy 38 Src 211)	+	0
2022-23 Fnd 41 Levy Cert (22-23 Line 14C, Levy 41 Src 211)	+	5,000,000
2022-23 Aid Penalty for Over Levy (22-23 FINAL Rev Lim, June 2023)	-	0
2022-23 Total Levy for All Levied Non-Recurring Exemptions*	-	14,835,964
NET 2023-24 Base Revenue Built from 2022-23 Data (Line 1)	=	360,732,728

Lines 2 & 6 and Per Pupil Aid

September & Summer FTE Membership Averages			
Count Ch. 220 Inter-District Resident Transfer Pupils @ 75%.			
Line 2: Base Avg:((20+.4ss)+(21+.4ss)+(22+.4ss)) / 3 =			26,330
	2020	2021	2022
Summer FTE:	208	412	338
% (40,40,40)	83	165	135
Sept FTE:	26,188	25,678	25,547
New ICS - Independent	299.20	345.40	551.00
Charter Schools FTE			
Total FTE	26,570	26,188	26,233
Line 6: Curr Avg:((21+.4ss)+(22+.4ss)+(23+.4ss)) / 3 =			26,211
	2021	2022	2023
Summer FTE:	412	338	300
% (40,40,40)	165	135	120
Sept FTE:	25,678	25,547	25,582
New ICS - Independent	345.40	551.00	509.00
Charter Schools FTE			
Total FTE	26,188	26,233	26,211
			25,742

The Line 6 "Current Average" shown above is used for Revenue Limits. The average used for Per Pupil Aid does not include "New ICS - Independent Charter Schools FTE." The PPA average appears below after data is entered for 2023:

Build the Base Revenue Per Member

1.	2023-24 Base Revenue (Funds 10, 38, 41)	(from left)	360,732,728
2.	Base Sept Membership Avg (2020+.4ss, 2021+.4ss, 2022+.4ss)/3	(from left)	26,330
3.	2023-24 Base Revenue Per Member (Ln 1 / Ln 2)	(with cents)	13,700.45

Line 1 Amount May Not Exceed (Line 11 - (Line 7B+Line 10)) of Final 22-23 Revenue Limit	
2022-23 General Aid Certification (22-23 Line 12A, src 621)	44,249,363
2022-23 Hi Pov Aid (22-23 Line 12B, Src 628)	1,443,569
2022-23 Computer Aid Received (22-23 Line 12C, Src 691)	1,754,226
2022-23 Aid for Exempt Personal Property (22-23 Line 12D, Src 691)	1,225,048
2022-23 Fnd 10 Levy Cert (22-23 Line 14A, Levy 10 Src 211)	321,896,486
2022-23 Fnd 38 Levy Cert (22-23 Line 14B, Levy 38 Src 211)	0
2022-23 Fnd 41 Levy Cert (22-23 Line 14C, Levy 41 Src 211)	5,000,000
2022-23 Aid Penalty for Over Levy (22-23 FINAL Rev Lim, June 2023)	0
2022-23 Total Levy for All Levied Non-Recurring Exemptions*	14,835,964
NET 2023-24 Base Revenue Built from 2022-23 Data (Line 1)	360,732,728

September & Summer FTE Membership Averages

Count Ch. 220 Inter-District Resident Transfer Pupils @ 75%.

Line 2: Base Avg:((20+.4ss)+(21+.4ss)+(22+.4ss)) / 3 =

	2020	2021	2022
Summer FTE:	208	412	338
% (40,40,40)	83	165	135
Sept FTE:	26,188	25,678	25,547
New ICS - Independent	299.20	345.40	551.00
Charter Schools FTE			
Total FTE	26,570	26,188	26,233

Determine Recurring Exemptions

7.	2023-24 Rev Limit, No Exemptions (Ln7A + Ln 7B)	(rounded)	367,620,950
A.	Max Rev/Memb x Cur Memb Avg (Ln 5 x Ln 6)	367,620,950	
B.	Hold Harmless Non-Recurring Exemption	0	
8.	Total 2023-24 Recurring Exemptions (A+B+C+D+E)	(rounded)	10,236,728
A.	Prior Year Carryover	0	
B.	Transfer of Service	236,728	
C.	Transfer of Territory/Other Reorg (if negative, include sign)	0	
D.	Federal Impact Aid Loss (2021-22 to 2022-23)	0	
E.	Recurring Referenda to Exceed (If 2023-24 is first year)	10,000,000	
9.	2023-24 Limit with Recurring Exemptions (Ln 7 + Ln 8)		377,857,678

Determine Non-Recurring Exemptions

9. 2023-24 Limit with Recurring Exemptions (Ln 7 + Ln 8)		377,857,678
10. Total 2023-24 Non-Recurring Exemptions (A+B+C+D+E+F+G+H+I)		7,247,654
A. Non-Recurring Referenda to Exceed 2023-24 Limit	0	
B. Declining Enrollment Exemption for 2023-24 (from left)	1,669,028	
C. Energy Efficiency Net Exemption for 2023-24 (see pg 4 for details)	0	
D. Adjustment for Refunded or Rescinded Taxes, 2023-24	11,884	
E. Prior Year Open Enrollment (uncounted pupil[s])	380,927	
F. Fund 80 Expenditures (enter as negative)	0	
G. Other Adjustments (Fund 39 Bal Transfer)	0	
H. WPCP and RPCP Private School Voucher Aid Deduction	4,643,161	
I. SNSP Private School Voucher Aid Deduction	542,654	
11. 2023-24 Revenue Limit With All Exemptions (Ln 9 + Ln 10)		385,105,332

Determine the Levy

11. 2023-24 Revenue Limit With All Exemptions (Ln 9 + Ln 10)		385,105,332
12. Total Aid to be Used in Computation (12A + 12B + 12C + 12D)		41,276,834
A. GENERAL AID	37,894,952	
B. State Aid to High Poverty Districts (\$0 per 2023 Act 19)	0	
C. State Aid for Exempt Computers (Source 691)	2,127,090	
D. State Aid for Exempt Personal Property (Source 691)	1,254,792	
DISTRICTS MUST USE THE OCT 15 AID CERT WHEN SETTING THE DISTRICT LEVY.		
13. Allowable Limited Revenue: (Line 11 - Line 12)		343,828,498
(10, 38, 41 Levies)		

Determine the Levy

13. Allowable Limited Revenue: (Line 11 - Line 12) (10, 38, 41 Levies)		343,828,498
14. Total Limited Revenue To Be Used (A+B+C)	Not >line 13	343,828,498
Entries Required Below: Enter amnts needed by purpose and fund:		
A. Gen Operations: Fnd 10 Src 211	338,828,498	(Proposed Fund 10)
B. Non-Referendum Debt (inside limit) Fund 38 Src 211	0	(to Budget Rpt)
C. Capital Exp, Annual Meeting Approved: Fund 41 Src 211	5,000,000	(to Budget Rpt)
15. Total Revenue from Other Levies (A+B+C+D)		47,843,511
A. Referendum Approved Debt (Fund 39 Debt-Src 211)	26,943,092	
B. Community Services (Fund 80 Src 211)	20,900,419	(to Budget Rpt)
C. Prior Year Levy Chargeback for Uncollectible Taxes (Src 212)	0	(to Budget Rpt)
D. Other Levy Revenue - Milwaukee & Kenosha Only	0	(to Budget Rpt)
16. Total Fall, 2023 REPORTED All Fund Tax Levy (14A + 14B + 14C + 15)		391,672,009
Line 16 is the total levy to be apportioned in the PI-401.		Levy Rate = 0.00979482

Tax Levy Report (former PI-401)

Section 1: Certified Tax Levies by Purpose (PI-401)

Account	Description	Worksheet Line	Amount
10 R 000000 211	General Fund Operating Levy	Line 14A	\$338,828,498.00
38 R 000000 211	Non-Referendum Debt Levy	Line 14B	\$0.00
41 R 000000 211	Capital Expansion Fund Levy	Line 14C	\$5,000,000.00
Total Revenue Limit Levies:			\$343,828,498.00
10 R 000000 212	Property Tax Chargebacks	Line 15C	\$0.00
39 R 000000 211	Referendum Approved Debt Levy	Line 15A	\$26,943,092.00
80 R 000000 211	Community Service Fund Operating Levy	Line 15B	\$20,900,419.00
Total Certified Tax Levies:			\$391,672,009.00

Equalization Aid

What affects the amount of a district's Equalization Aid?

- **District Factors (Prior Year Audited)**
 - Shared cost
 - Membership
 - Equalized property value
- **State Factors**
 - Cost ceilings
 - Guaranteed valuations per member
 - Amount of funding the State puts into the formula

What is Shared Cost?

Shared Cost was developed to be used in the Equalization Aid computation and captures **ONLY** certain elements of the General (10) and Debt Service (38 and 39) Funds.

Shared Cost can be defined as the **district expenditures for which the district has no other revenues except for local Property Tax and Equalization Aid.**

Determine Shared Cost for the General Fund by starting with the total General Fund expenditures and remove from those expenditures the dollar amount of all the revenues **EXCEPT** for Property Tax and Equalization Aid.

Part A: Prior Year Audited Membership

PART A: 2022-23 AUDITED MEMBERSHIP			FTE
A1	3RD FRI SEPT 2022 MEMBERSHIP* (include Challenge Academy)		25,546.00
A2	2ND FRI JAN 2023 MEMBERSHIP* (include Challenge Academy)		25,751.00
A3	TOTAL (A1 + A2)		51,297.00
A4	AVERAGE (A3/2) (ROUNDED)		25,649.00
A5	SUMMER 2022 FTE EQUIVALENT* (ROUNDED)		338.00
A6A	FOSTER GROUP + PARTTIME RESIDENT FTE EQUIVALENT (AVE SEPT+JAN)		0.95
A6B	PARTTIME NON-RESIDENT FTE EQUIVALENT (AVE SEPT+JAN)		0.00
A6C	STATEWIDE CHOICE & RACINE PUPILS STARTING IN FALL 15 & AFTER		384.00
A6D	STATEWIDE SPECIAL NEEDS SCHOLARSHIP PROGRAM PUPILS		32.00
A6E	INDEPENDENT CHARTER SCHOOLS (ICS) NEW AUTHORIZERS STUDENTS		500.00
A7	AID MEMBERSHIP (A4+A5+A6A+A6B+A6C+A6D+A6E) (ROUNDED)		26,904.00
* Ch 220 Resident Inter FTE counts only 75%.			

Part B: Deductible Receipts

PART B: 2022-23 GENERAL FUND DEDUCTIBLE RECEIPTS (PI-1506-AC REPORT)			
B1	TOTAL REVENUE & TRNSF IN	10R 000000 000	+ 452,755,733.10
B2	PROP TAX + EXEMPT AIDS FROM DOR	10R 210 + 691	- 325,247,224.00
B3	GENERAL STATE AID	10R 000000 620	- 45,686,384.00
B4	IMPACT AID DISTS: NON-DED IMPACT AID	(DPI AMOUNT)	- 0.00
B5	REORG SETTLEMENT	10R 000000 850	- 0.00
B6	LONG TERM OP BORR, NOTE	10R 000000 873	- 0.00
B7	LONG TERM OP BORR, STF	10R 000000 874	- 0.00
B8	PROPERTY TAX/EQUAL AID REFUND	10R 000000 972	- 0.00
B9	DEDUCTIBLE RECEIPTS	(TO LINE C6)	= 81,822,125.10

Part C: Net Cost of General Fund

PART C: 2022-23 NET COST OF GENERAL FUND (PI-1506-AC REPORT)				
C1	TOTAL GF EXPENDITURES	10E 000000 000	+	459,443,855.00
C2	DEBT SRVC TRANSFER	10E 411000 838+839	-	0.00
C3	REORG SETTLEMENT	10E 491000 950	-	0.00
C4	REFUND PRIOR YEAR REV	10E 492000 972	-	33,376.09
C5	GROSS COST GEN FUND	(C1 - C2 - C3 - C4)	+	459,410,478.91
C6	DEDUCTIBLE RECEIPTS	(FROM LINE B9)	-	81,822,125.10
C7	OPERATIONAL DEBT, INTEREST	38E+39E 283000 680	+	0.00
C8	NET COST GENERAL FUND	(NOT LESS THAN 0)	=	377,588,353.81

Part D: Net Cost of Debt Service

PART D: 2022-23 NET COST OF DEBT SERVICE FUNDS (PI-1506-AC REPORT)				
D1	TOTAL REVENUE & TRNSF IN	38R + 39R 000	+	23,916,795.97
D2	TRNSF FROM GEN FUND	10E 411000 838 + 839	-	0.00
D3	PROPERTY TAXES	38R + 39R 210	-	19,926,000.00
D4	PAYMENT IN LIEU OF TAX	38R + 39R 220	-	0.00
D5	NON-REV RECEIPTS	38R + 39R 800	-	0.00
D6	DEDUCTIBLE RECEIPTS	(D1-D2-D3-D4-D5)	-	3,990,795.97
D7	TOTAL EXPENDITURES	38E + 39E 000	+	22,365,818.05
D8	AIDABLE FUND 41 EXP	(DPI AMOUNT)	+	3,493,206.82
D9	REFINANCING	38E + 39E 282000	-	0.00
D10	OPERATIONAL DEBT PAYMENT	38E + 39E 283000	-	0.00
D11	NET COST DEBT SERVICE FUNDS	(CAN BE NEGATIVE)	=	21,868,228.90

Part E: Shared Cost

PART E: 2022-23 SHARED COST (PI-1506-AC REPORT)			
E1	NET COSTS: GEN + DEBT SERV FUNDS (C8 + D11)	+	399,456,582.71
E2	TRANSP OF INDIGENT PUPILS, REG 3K PGMS, AND/OR OTHER	-	2,083,989.64
E3	IMPACT AID DIST: IMPACT AID NON-DEDUCTIBLE REMOVED	-	0.00
E4	TOTAL SHARED COST FOR EQUALIZATION AID	=	397,372,593.07
E6	PRIMARY COST CEILING PER MEMBER		1,000
E7	PRIMARY CEILING (A7 * E6)		26,904,000.00
E8	PRIMARY SHARED COST (LESSER OF E5 OR E7)		26,904,000.00
E9	SECONDARY COST CEILING PER MEMBER		11,194
E10	SECONDARY CEILING (A7 * E9)		301,163,376.00
E11	SECONDARY SHARED COST		274,259,376.00
	((LESSER OF E5 OR E10) - E8)		
E12	TERTIARY SHARED COST		96,209,217.07
	(GREATER OF (E5 - E8 - E11) OR 0)		
SHARED COST PER MEMBER =		\$14,770	

Part E: Shared Cost & Part F: EQ Property Value

E6	PRIMARY COST CEILING PER MEMBER		1,000
E7	PRIMARY CEILING (A7 * E6)		26,904,000.00
E8	PRIMARY SHARED COST (LESSER OF E5 OR E7)		26,904,000.00
E9	SECONDARY COST CEILING PER MEMBER		11,194
E10	SECONDARY CEILING (A7 * E9)		301,163,376.00
E11	SECONDARY SHARED COST		274,259,376.00
	((LESSER OF E5 OR E10) - E8)		
E12	TERTIARY SHARED COST		96,209,217.07
	(GREATER OF (E5 - E8 - E11) OR 0)		
SHARED COST PER MEMBER =		\$14,770	
PART F: EQUALIZED PROPERTY VALUE			
F1	2022 TIFOUT VALUE (CERT MAY 23) + EXEMPT COMPUTER VALUE (CERT MAY 17)		36,486,785,574
VALUE PER MEMBER =		1,356,184	

Part G: Equalization Aid by Tier

PART G: 2023-24 EQUAL AID BY TIER - OCT 15 CERT

G1	PRIMARY GUARANTEED VALUE PER MEMBER	1,930,000
G2	PRIMARY GUARANTEED VALUATION (A7 * G1)	51,924,720,000
G3	PRIMARY REQUIRED RATE (E8 / G2)	0.00051813
G4	PRIMARY NET GUARANTEED VALUE (G2 - F1)	15,437,934,426
G5	PRIMARY EQUALIZATION AID (G3 * G4) (NOT LESS THAN 0)	7,998,856.96
G6	SECONDARY GUARANTEED VALUE PER MEMB	1,984,342
G7	SECONDARY GUARANTEED VALUATION (A7 * G6)	53,386,737,168
G8	SECONDARY REQUIRED RATE (E11 / G7)	0.00513722
G9	SECONDARY NET GUARANTEED VALUE (G7 - F1)	16,899,951,594
G10	SECONDARY EQUALIZATION AID (G8 * G9)	86,818,769.33
G11	TERTIARY GUARANTEED VALUE PER MEMB	861,627
G12	TERTIARY GUARANTEED VALUATION (A7 * G11)	23,181,212,808
G13	TERTIARY REQUIRED RATE (E12 / G12)	0.00415031
G14	TERTIARY NET GUARANTEED VALUE (G12 - F1)	-13,305,572,766
G15	TERTIARY EQUALIZATION AID (G13 * G14)	-55,222,251.71

Part H: EQ Aid & Part I: SA, Inter, and Intra

PART H: 2023-24 EQUALIZATION AID - OCT 15 CERT

H1	2023-24 EQUALIZATION AID - OCT 15 CERT (G5+G10+G15) NOT< 0	39,595,374.58
H2	PARENTAL CHOICE DEDUCT, EQUALIZATION AID (MPS only)	0.00
H2A	PAYMENT TO MILWAUKEE SCHOOL DISTRICT FROM CITY OF MILWAUKEE	0.00
H3	MILWAUKEE CHARTER PGM DEDUCT, EQUALIZATION AID (Revised to 0 by JFC, 6/20)	0.00
H4A	2022-23 OCT-TO-FINAL ADJUSTMENT, EQUALIZATION AID	-1,700,170.00
H4B	2022-23 OCT-TO-FINAL ADJ, CHOICE/CHARTER DEDUCTION (previously Line I4)	0.00
H5	PRIOR YEAR (2022-23) DATA ERROR ADJ/OR FEE PENALTY	0.00
H6	2023-24 EQUALIZATION AID - OCT 15 CERT (ROUND) (H1+H2+H2A+H3+H4A+H4B+H5)	37,895,205

*** PART I: 2023-24 SPECIAL ADJUSTMENT, INTER, AND INTRA AID SUMMARY - OCT 15 CERT ***

I1	2023-24 SPECIAL ADJUSTMENT AID and/or CHAPTER 220 - OCT 15 CERT	0.00
I2A	PARENTAL CHOICE DEDUCT, SPEC ADJ AID and/or CHAPTER 220 AID (MPS only)	0.00
I2B	MILW CHARTER DEDUCT, SPEC ADJ AID and/or CHAP. 220 AID (Removed by JFC, 6/2)	0.00
I2C	2022-23 OCT-TO-FINAL ADJUSTMENT, SPEC ADJ AID and/or CHAPTER 220 AID	-253.00
I3	2023-24 SPEC ADJ AID and/or CHAP 220 - OCT 15 CERT (ROUND) (I1+I2A+I2B+I2C)	-253.00

***I5 2023-24 OCT 15 CERTIFICATION OF GENERAL AID (H6+I3) 37,894,952**

MEMBERSHIP AUDITS

Membership Audit Selection Process

- Membership Audits are required by State Statute for at least 25% of districts each year
- Selected randomly, PY membership audit findings, late pupil counts or PY summer school fee issues
- Districts are notified the first week of February
- Membership Audits are due May 1st

Membership Audits

- DPI releases the membership audit program and report sample
- Obtain count documentation and compare it to the PI-1563, review count procedures, review reconciliation for completion and accuracy, test sample of pupils, test summer school and related fees (if applicable)

Pupil Count Reconciliation

- Pupil Count Reconciliation is required each year, even if the district is not selected for audit
- Reconciles the September Count to the January Count
- If the district receives a finding for not completing the reconciliation, they will automatically be selected for membership the following year.

[Pupil Count Reconciliation Online Course](#)

Pupil Count Reconciliation

- If the district has not prepared the reconciliation prior to the audit, it is required to be prepared during the audit process, and a finding indicating that the reconciliation was not prepared by the district prior to the audit should be disclosed in Attachment 2 of the membership audit report.
- If the reconciliation was prepared prior to the audit but there were significant errors that had to be corrected as part of the audit, a finding indicating that the district prepared the reconciliation, but significant errors were corrected during the audit should be disclosed in Attachment 2 of the membership audit report.

Membership Audits

- All changes made after the listing has been posted show in the system as an Audit Change and should be reported in Attachment 2 as such, even if it was made prior to the start of the audit.
- Changes in Attachment 2 should tie to Attachments 1 and 3 pulled out of SAFR.
- Summer School changes must be made by the district in SAFR and not just noted in Attachment 4.

Membership Audits

FY 2023-2024 Pupil Count - September			
Category	As Reported by the District	Per Independent Accountant	Difference
Preschool Special Education	0	0	N/A
4 YK - 437 Hours	16	13	-3
4 YK - 524.5 Hours	0	3	+3
5 YK - Half Day	0	0	N/A
5 YK - 3 Full Days	0	0	N/A
5 YK - 4 Full Days	0	0	N/A
5 YK - 5 Full Days	18	18	N/A
5 YK - Blended	0	0	N/A
Grades 1 - 12	246	244	-2
Total Count:	280	278	-2

Ineligible Pupils:


Grade Category	Name	Reason
4K - 437 Hours	[REDACTED]	Wrong count category
4K - 437 Hours	[REDACTED]	Wrong count category
4K - 437 Hours	[REDACTED]	Wrong count category
Grades 1 - 12	[REDACTED]	Ineligible pupil residing outside the District
Grades 1 - 12	[REDACTED]	Ineligible pupil residing outside the District
Grades 1 - 12	[REDACTED]	Ineligible pupil residing outside the District

Eligible Pupils:

Grade Category	Name	Reason
4K - 524.5 Hours	[REDACTED]	Eligible pupil attending outside the District
4K - 524.5 Hours	[REDACTED]	Eligible pupil attending outside the District
4K - 524.5 Hours	[REDACTED]	Eligible pupil attending outside the District
Grades 1 - 12	[REDACTED]	Eligible pupil attending outside the District

DUE DATES

DPI Auditor Timeline

- **End of August/Early September:**
District submits District Aid Certification
DPI reviews District Aid Certification
 - **Friday on or Before September 15th:**
Auditors submit Auditor Aid Certification and Fund Balance Reports
DPI reviews Auditor Reports
 - **Following Friday:**
District submits Annual Report
 - **October 15th Aid is calculated**
- 

DPI Auditor Timeline

- **October through November:**
DPI reviews District Annual Reports
 - **End of November/Early December:**
DPI Auditors reach out to Districts with Annual Report questions
 - **December 15th:**
District Audited Financial Statements are due
 - **January through March:**
DPI completed Audited Financial Statement Reviews and contacts Districts
 - **Goal: March 31st Fiscal Year Data is Finalized**
- 

Financial Statement Submission

- Submit by email to dpiauditreports@dpi.wi.gov
- Please include the following:
 - Audited Financial Statements (SEARCHABLE DOCUMENT)
 - Single Audits Reports, if issued separately
 - Corrective Actions Plans, if applicable
 - Communication with Those Charged with Governance when “Other Matters” are included
 - Management Letters, if applicable
- **DO NOT** send Data Collection Forms to DPI

Timely Reporting to DPI Impacts Us All

- Late submission of WiSFIP reports
- Late submission of audited financial statements
- Late submission of Actuarial studies

Audit Requirements

Overview



The Department of Public Instruction has the statutory responsibility to prescribe financial and membership audit requirements ([s.120.14](#), Wisconsin Statutes) for Wisconsin school districts. In fulfilling this responsibility, DPI cooperates closely with school district officials and the independent auditors contracted by each school district.

Peer Review Letters

- Peer review letters
 - SFS team reviews firm peer review letters
 - Please send any updated peer review letters as soon as available
 - DPIauditreports@dpi.wi.gov

Questions? Comments?



Subscribe to [Auditor Listserv](#)

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WISEdata Finance and Financial Reporting for ICS

Matt Baier, School Financial Services
WI CPA - School District Audit Conference
May 2024



WISCONSIN DEPARTMENT OF
Public Instruction
Jill K. Underly, PhD, State Superintendent

What is WISEdata Finance?

- Vendors pull the current Wisconsin Uniform Financial Accounting Requirements (WUFAR) Chart of Accounts (COA) from DPI
- District crosswalks ledger to a Local COA in WUFAR and pushes data to WDF
- The Local detail COA rolls up to the required DPI COA level
- District pushes financial data as three sets of data: Local Accounts, Budget Amounts and Actual Amounts

Mindset Shift: WISEdata Finance

Data submissions in WISEdata Finance are point-in-time looks, and it helps to think about data validations more as bringing issues to your attention than giving you a list of errors to clear

**“Doing the report”
will mean pushing
clean data**

Fixing your books and
pushing that data to
WDF is how you fix
your reporting

The screenshot shows the WISEdata Finance application interface. At the top, there's a navigation bar with links: Home, Validation Messages, Data Reviews, Account Reviews, and Admin. The user is logged in as Daniel B (Independence Sch Dist). Below the navigation bar, there's a section for Alerts, with a 'School Year: 2021' filter. An alert titled 'Open Beta Testing' is displayed, stating that data submitted for the 2021 school year (FY 2020-21) will be considered test data and not used for more. Below the alert, there's a 'Validation Message Summary' table comparing validation counts for the 2020 - 2021 and 2019 - 2020 school years. The table shows counts for Data Format L2, Budget L2, and Actual L2. At the bottom, there's a 'Data Pipeline Status' section with checkboxes for School Years (2020 - 2021 and 2019 - 2020) and a 'Vendor(s)' dropdown menu.

	2020 - 2021	2019 - 2020
Data Format L2 Validation Count	0	111
Data Format L2 Validation Count	28	0
Budget L2 Validation Count	0	2
Budget L2 Validation Count	1	0
Actual L2 Validation Count	0	16

Dramatic Transition

What do all of these things have in common?

The Wisconsin Uniform Financial Accounting Requirements.

WUFAR

(pronounced wuh-fer)

WUFAR is KEY

Simplified and flexible chart of accounts - ensures adherence to state and federal financial reporting requirements, and gives LEAs the ability to segregate and group accounts.

Revisions to WUFAR are done on at least a yearly basis to address needed changes, fix errors, or adhere to requirements under GAAP and GASB.

DPI Chart of Accounts integrated by the vendor. Ensure your local accounts account for changes to WUFAR and the DPI COA so accounts roll up correctly.

Why WUFAR?

DPI needs a uniform system for reporting LEA activity for:

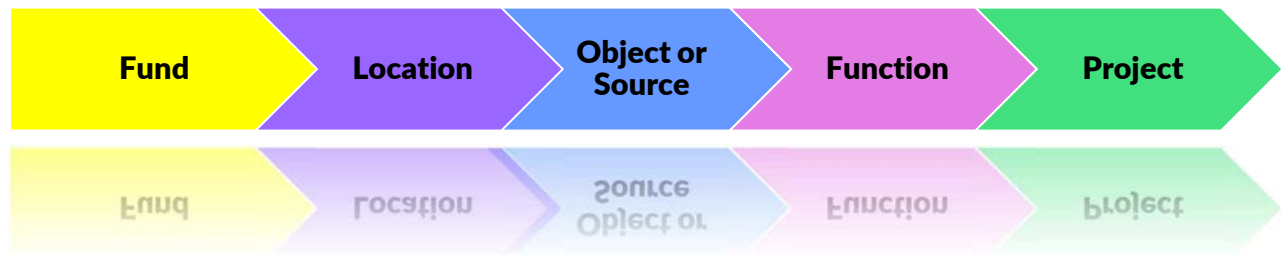
- ❖ Reporting purposes (both state and federal)
- ❖ Calculating general and categorical aid
- ❖ Determining compliance with federal regulations
- ❖ Comparing activity between LEAs
- ❖ State budget building
- ❖ Ensuring compliance with Uniform Grant Guidance requirements to track federal grant expenditures

GAAP & GASB

WUFAR meets requirements under Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) which apply to all state and local governments.

WUFAR Sequence of Dimensions

This sequence is what you would normally see when looking at an expense report.



WUFAR Account Sequence

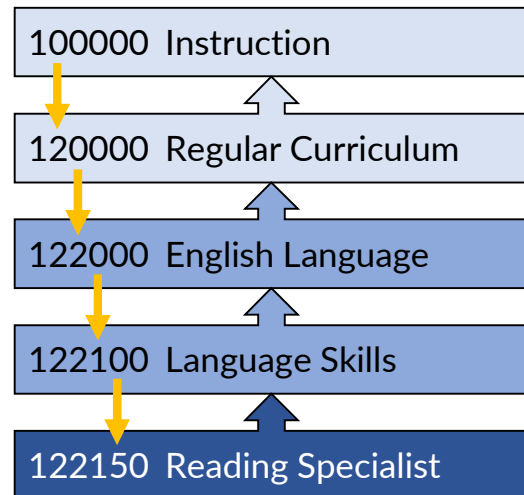
A WUFAR account is a sequence of
dimensions:

10 E 120 111 122150 141

Fund – Type – Location – Object/Source – Function – Project

WUFAR is Hierarchical

- WUFAR dimensions “roll up” from lower detail levels to higher summary levels
- A zero means “this includes anything at a lower level with a digit here”



WUFAR is Hierarchical

- DPI only defines dimensions to a certain level

100000 and 120000 are required functions for reporting to DPI

122000 and 122100 are optional DPI-defined functions for local use

122150 is a locally created function for an even greater level of detail

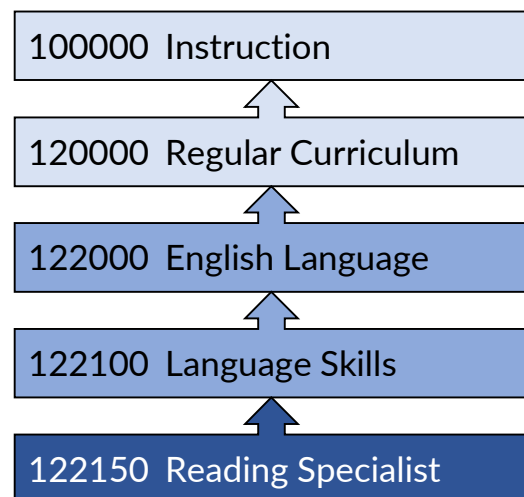


Chart of Accounts

Vendors mapped the LEA's detailed accounts to a general umbrella DPI account - WISEdata Finance displays both the DPI account and the local detailed account.

Local Account	DPI Account	Budget	Actual
27E-100-411-152000-347	27E-100-410-152000-000	\$1,500.00	\$1,292.13
27E-100-412-158000-019	27E-100-410-158000-000	\$5,000.00	\$2,563.00

By using the "mapping" methodology, DPI no longer has to create hundreds of accounts every time a new grant is created.

By collecting the Local Account, DPI's program areas have access to the level of detail necessary to determine compliance with Federal grant regulations.

Project Codes

Grants and programs managed by DPI get their own project codes

Payments on the Aids Register show the project code

❖ Aids Register WUFAR Codes - <https://apps6.dpi.wi.gov/AID/WufarReport>

Aids Register WUFAR Codes:

Export to Excel							
	Project	Appn	CFDA / S.S.	Program Title ▲	Fiscal Contact	Telephone	Email
730	341	241	84.027	IDEA Flow Through Entitlement	Glenn Aumann	(608) 266-3489	glenn.aumann@dpi.wi.gov
730	346	241	84.173	IDEA PreSchool Disc Aid Public	Glenn Aumann	(608) 266-3489	glenn.aumann@dpi.wi.gov
730	347	241	84.173	IDEA VIB Preschool Entitlement Public	Glenn Aumann	(608) 266-3489	glenn.aumann@dpi.wi.gov
730	251	343	45.310	LSTA System Aids Public	Mark Rudman	(608) 267-9187	mark.rudman@dpi.wi.gov
730	372	344	84.366	Math & Science Partner Private Aids	Ryan Egan	(608) 266-1723	ryan.egan@dpi.wi.gov
630	005	235	255.952	Milwaukee Parental Choice Program	Tricia Collins	(608) 266-7475	tricia.collins@dpi.wi.gov

Local Project Codes


- LEAs can use their own codes for specific projects or programs
(e.g. referendum construction, non-DPI grants)
- 600 and above are reserved for local projects

WUFAR

SCHOOL FINANCIAL SERVICES / ACCOUNTING, AUDITING & FINANCIAL MANAGEMENT
/ WISCONSIN UNIFORM FINANCIAL ACCOUNTING REQUIREMENTS (WUFAR)

Wisconsin Uniform Financial Accounting Requirements (WUFAR)

Overview



The Wisconsin Uniform Financial Accounting Requirements (WUFAR) manual presents a uniform financial fund accounting system for all school districts in the state of Wisconsin as required by [Wis. Stats. § 115.28\(13\)](#).

The chart of accounts listing included in the WUFAR is effective as of July 1, 2002. The WUFAR word document has a table of contents with quick links set up so that you may quickly move through the document to a particular page. To access a page in the document, press the 'Ctrl' key and click on the page number identified in the table of contents.

- Find it on the DPI School Financial Services webpage:
dpi.wi.gov/sfs/finances/wufar/overview
- WUFAR resources updated at least yearly, including the manual, summary of revisions, and account matrices
- Will transition to Online WUFAR module in WiSFIP

Account Matrices

- Supplemental charts showing allowed account combinations

Allowed combinations officially defined in the written account dimension descriptions

WISCONSIN SCHOOL FINANCE REPORTING SYSTEM
WISCONSIN SCHOOL FINANCE REPORTING SYSTEM
WISCONSIN SCHOOL FINANCE REPORTING SYSTEM

TYPE	WUFAR FUNCTION	WUFAR OBJECT	ACCOUNT TITLE	INSTRUCTIONAL FUNDS	TEACH FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	FOOD AND COMMUNITY SERVICE FUNDS	FIDUCIARY FUNDS
E	254410	250	Other Insurance	X	X	X	X	X	X
E	254410	290	Other Employee Benefits	X	X	X	X	X	X
E	254410	310	Personal Services	X	X	X	X	X	X
E	254410	320	Property Services	X	X	X	X	X	X
E	254410	342	Employee Travel	X	X	X	X	X	X

				INSTRUCTIONAL FUNDS										TEACH FUNDS		DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS			FOOD AND COMMUNITY SERVICE FUNDS		FIDUCIARY FUNDS			
TYPE	WUFAR FUNCTION	WUFAR OBJECT	ACCOUNT TITLE	FD 10	FD 21	FD 29	FD 91	FD 09	FD 27	FD 23	FD 93	FD 38	FD 39	FD 41	FD 46	FD 48	FD 49	FD 50	FD 80	FD 60	FD 72	FD 73	FD 76			
E	254410	250	Other Insurance	X	X	X	X	X	X									X	X							
E	254410	290	Other Employee Benefits	X	X	X	X	X	X									X	X							
E	254410	310	Personal Services	X	X	X	X	X	X									X	X							
E	254410	320	Property Services	X	X	X	X	X	X	X	X							X	X							
E	254410	342	Employee Travel	X	X	X	X	X	X									X	X							

DPI Chart of Accounts

<div> WISdata Finance Year 2022-23 Home Validations Data Reviews Account Reviews Reports Admin Matt </div>									
Account Search DPI Accounts Fund 27 DPI Accounts Project/Program Tag									
Export to XLSX Export to CSV									
Education Organization	Account Code	Account Name	Fund	Type	Object/Source	Function			
Wisconsin Dept of Public Instruction	10B-000-000-711000-000	Cash	10	B		711000			
Wisconsin Dept of Public Instruction	10B-000-000-712000-000	Investments	10	B		712000			
Wisconsin Dept of Public Instruction	10B-000-000-713100-000	Taxes Receivable	10	B		713100			
Wisconsin Dept of Public Instruction	10B-000-000-713200-000	Accounts Receivable	10	B		713200			
Wisconsin Dept of Public Instruction	10B-000-000-713300-000	Interest Receivable	10	B		713300			
Wisconsin Dept of Public Instruction	10B-000-000-713400-000	Lease Receivable	10	B		713400			

Validations

Two levels of validation rules at work:

- **L1** validations reject your data before it can be stored in our data warehouse. Validation message are triggered when you push data to DPI. Some examples are rejected accounts, invalid school codes, etc.
- **L2** validations are run on data saved into the data warehouse (have passed the L1 validations). Examples include: WUFAR mismatches, Amount errors, Project/Program Tag issues

Although validations display in WISEdata Finance, all modifications to the data will happen within your SIS.

Landing Page - Validation Summary Panel

Validation Message Summary		
	2022 - 2023	2021 - 2022
L1 Validation Count	0	0
Data Format L2 Validation Count	0	0
Budget L2 Validation Count	6	22
Actual L2 Validation Count	0	75
Addenda L2 Validation Count	0	1
Unresolved Addenda Count	0	0

Panel has been updated to display count summary for L1 data validations, L2 data and financial validations, and Addenda by status.

L1 Validations

“How can I see if we have rejected accounts?”

On the WISEdata Finance home screen, scroll down to the panel beneath the Validation Message Summary panel, the “Vendor / WISEdata Communication Status” section. There is a yellow box for each school year that shows when the WISEdata Finance API received the last submission from your vendor.

You can click on the box to get details:

Users are redirected to a screen that shows summary error and success counts for Account, Budget, and Actual records.

Additionally the screen will show a record of all L1 errors logged in the last 30 days.

Vendor / WISEdata Communication Status

This section provides a list of vendors used by your district that you have approved for integration with WISEdata Finance. **The goal is to alert you of the status of the specific vendor's communication in the last 24 hours.** Vendor READ transactions may be included or excluded depending on whether the user setting is check / unchecked ('Include API Read (GET) transactions') in last communication date/time, calculations determining green/red status and in drill-down counts and record detail.

If there are **communication errors** (often called Level 1 validation errors) you will see a red 'x' icon. Click on the vendor box indicating errors have occurred to see the detail.

While much of the data in the drill down is a bit more technical, it can sometimes be obvious as to the issue or it can provide enough information to log a ticket with your vendor to let them know that data they are attempting to obtain, send or delete within WISEdata isn't happening.

☐ Include API Read (GET) transactions

School Year	Last request to WISEdata Api
2020 - 2021	Skyward Business (SMS) 8/31/2021 1:47:29 PM

L2 Validations

“How do I see our validations?”

Access through
Validations menu
> Validations tab

This screen will list
all L2 validations
(data format and
financial) as of the
last validation run.

Validations

Filters

School Year: 2022 - 2023
LEA/Schools: All Schools
Message Code:
Validation Category: All Categories

☒ Error ☒ Warning

Queue Import & Validation Validation Run Status - Pending [Projected Start : 2/27/2023 10:50:13 AM] Validation Last Run - 2/25/2023 12:00:00 AM

☐ Notify me when validation is completed

Type	Code	Message	Category	Collection	Data Set	Local Account	DPI Account
Error	6807	The local account is not in the correct WUFAR format.	Data Format		LocalAccount	218-000-222-814135-000	218-000-000-000
Error	6997	A negative amount is not permitted in this account.	Negative Amount	Actual	ChartOfAccount		108-000-000-000
Error	6997	A negative amount is not permitted in this account.	Negative Amount	Actual	ChartOfAccount		10E-000-250-000

Current Areas of Focus

Validation Message Summary	
	2021 - 2022
Data Format L2 Validation Count	22
Budget L2 Validation Count	7
Actual L2 Validation Count	13

L2 Validations

- Review **Data Format** validations. These validations indicate issues related to COA mapping and should be reconciled.
- **Budget** and **Actual** validations are more nuanced and have different meaning throughout the year.

Current Areas of Focus

Data Format Validations - Indicates something is not mapped correctly and may not roll up as needed

Severity	Code	Message	Validation Category	Local Account Code	Account Name	DPI Account Code	
Error	6807	The local account is not in the correct WUFAR format.	Data Format	98B-000-212-811632-000		99B-000-000-811600-000	Details
Error	6807	The local account is not in the correct WUFAR format.	Data Format	98B-000-212-811631-000		99B-000-000-811600-000	Details
Error	6807	The local account is not in the correct WUFAR format.	Data Format	98B-000-222-811632-000		99B-000-000-811600-000	Details
Error	6807	The local account is not in the correct WUFAR format.	Data Format	98B-000-222-811631-000		99B-000-000-811600-000	Details

L2 Fiscal Validation Types

- Negative Amount
- Fund Transfer
 - On Record
- Trial Balance

Negative Amount Validations

WISEdata Finance Year 2021-22 Home Validation Messages Data Reviews Account Reviews Admin						
Validation Messages						
Type	Code	Message	Category	Data Set	DPI Account	
Error	6997	A negative amount is not permitted in this account.	Negative Amount	ChartOfAccount	10B-000-000-713200-000	
Error	6997	A negative amount is not permitted in this account.	Negative Amount	ChartOfAccount	10E-000-450-136000-000	
Error	6997	A negative amount is not permitted in this account.	Negative Amount	ChartOfAccount	50B-000-000-713200-000	
Error	6997	A negative amount is not permitted in this account.	Negative Amount	ChartOfAccount	29B-000-000-811600-000	
Error	6997	A negative amount is not permitted in this account.	Negative Amount	ChartOfAccount	10B-000-000-816900-000	
Error	6997	A negative amount is not permitted in this account.	Negative Amount	ChartOfAccount	49R-000-280-000000-000	
Error	6997	A negative amount is not permitted in this account.	Negative Amount	ChartOfAccount	50B-000-000-811600-000	
Error	6997	A negative amount is not permitted in this account.	Negative Amount	ChartOfAccount	80B-000-000-811600-000	
Error	6997	A negative amount is not permitted in this account.	Negative Amount	ChartOfAccount	29B-000-000-715000-000	

Negative Amount Examples

- 10B-000-000-713200-000 - Accounts Receivable

If this is negative, review activity and see what may need to be reclassified to a revenue account. Potential cause one cash receipt may have been coded to Accts Recv correctly and the coding was rolled forward for next cash receipt which should have been a revenue.

- 10B-000-000-811600-000 - Payroll Withholdings or Fringe Liabilities

Many times this is payroll liabilities where the deductions/benefits should be reviewed/updated to ensure correct amounts are being withheld to cover the bills paid. Periodic reconciliation of payroll liabilities through the year helps a lot in this area.

Negative Amount Examples

- 10E-000-240-221300-000 - Instructional Staff Training Health Insurance

Cause - Coding change and activity in account after or implicit rate subsidy entry

Health Insurance Expense is negative, review implicit rate subsidy entry as it should reduce health insurance not push it negative. Also, review account activity to see if a wholesale coding change was made and activity occurred after which should be to a new account code.

Fix = recode to correct health insurance object account to get the balance to zero within your vendor and reupload to WiseData Finance

Negative Amount Examples

- 10E-000-324-254300-000 - Building Repairs Area - Repairs & Maintenance Purchased Service

Cause - Credit from vendor or sale of non-capital object netted against expense rather than coded to revenue account

Fix - Reclassify to revenue account (usually Source 861 - Equipment and Vehicle Sales) if sale of non-capital object

- If credit from vendor, why is it taking amount negative and investigate. Credit shouldn't exceed the original amount purchased to take the account negative.

Negative Amount Examples

- 10E-000-387-219000-000 - Pupil Services Payments to State

Cause - Reimbursement netted against expense

Fix - Reclassify to the correct revenue account

- 10E-000-450-136000-000 - Tech Ed Items for Resale

Cause - Resale proceeds netted against expense

Fix - Reclassify resale proceeds to Source 262

Negative Amount Examples

- 10E-000-730-270000-000 - Unemployment Insurance Claim Payments

Cause - Unemployment settlement from state netted against expense account

Fix - Reclassify settlement to Source 964 (insurance settlement) or Source 971 (refund of prior year premiums)

Negative Amount Examples

- 10R-000-280-000000-000 - Interest Revenue

Cause - Unrealized or Realized losses coded to incorrect account

Fix - Reclassify to correct accounts

- 10R-000-295-000000-000 - Summer School Fees

Cause - Summer school expenses netted against revenue account

Fix - Reclassify expenses to correct expense account

Fund Transfer Validations

- When the transfer into a Fund (Revenue) doesn't match the transfer out of the Fund (Expenditure) it came from
- When the Due to a Fund (812000) doesn't equal the Due from Fund (714000) - fix by running function 714000 and function 812000 totals in balance sheet detail report, comparing and adjusting so they are in alignment

Fund Transfer Examples

Type ↑	Code	Message	Category	Data Set
Error	6839	The revenue (27 R 110 411000) and expenditure (10 E 827 411000) for the reported operating transfer do not match.	Fund Transfer	LocalEducationAgency
Error	7046	The sum of all B 812000 (Due to Other Funds) accounts does not equal the sum of all B 714000 (Due from Other Funds) accounts.	Fund Transfer	LocalEducationAgency

Fund Transfer Examples

Fix - review what the transfer amount between Fund 10 and Fund 27 should be and adjust transfer amount to match that.

6839 - Interfund Transfer Error - Operating 10 to 27

The revenue (27 R 110 411000) and expenditure (10 E 827 411000) for the reported operating transfer do not match.

Budgeted Revenues				Budgeted Expenditures			
22,550,000.00				23,250,000.00			
				Does Not Match			
Budgeted Revenues				Budgeted Expenditures			
Account Identifier	Education Organization	As Of Date	Amount	Account Identifier	Education Organization	As Of Date	Amount
27R-880-110-411000-000		12/17/2021	22,550,000.00	10E-880-827-411000-000		12/17/2021	23,250,000.00
Total 22,550,000.00				Total 23,250,000.00			

Trial Balance Validations

- Revenues minus Expenditures doesn't equal the change in Equity
- Assets don't equal Liabilities plus Equity

Trial Balance Examples

Not quite as simple

Type	Code	Message	Category	Data Set	
Error	6875	Budgeted Fund 27 revenues and expenditures must be equal to reflect the required zero balance at year end.	Trial Balance	School	Details
Error	6924	Fund 27 has a non-zero ending balance, which is not permitted in this fund.	Trial Balance	LocalEducationAgency	Details
Error	6940	Balance sheet debits (assets) and credits (liabilities and equity) in Fund 10 are not equal.	Trial Balance	School	Details
Error	6943	Balance sheet debits (assets) and credits (liabilities and equity) in Fund 27 are not equal.	Trial Balance	School	Details
Error	6960	Change in equity (revenues minus expenditures) does not equal the difference between the current and prior year ending balances in Fund 10	Trial Balance	School	Details

Trial Balance Examples

WISEdata Finance

Year 2021-22

Home

Validation Messages

Data Reviews

Account Reviews

Admin

View All Data

Trial Balance

On Record

School Year

Fund *

Collection

2021 - 2022

10

Actual

Reset

Fund is in Balance

Variance in Debits & Credits:

Variance in Change in Fund Equity:

Variance in Ending Fund Equity:

Total Debits and Credits

Description	Debits	Credits
Beginning Assets	43,884,174.83	
Beginning Liabilities		19,856,263.04
Beginning Fund Equity		24,027,911.79
Ending Assets	44,112,691.38	
Ending Liabilities		19,250,621.42
Ending Fund Equity		24,862,069.96
Totals	87,996,866.21	87,996,866.21

Amounts Match

Trial Balance Examples

View All Data Trial Balance On Record

Change in Fund Equity

Actual Change in Fund Equity			Expected Change in Fund Equity		
Fund	Description	Amount	Fund	Description	Amount
10	Beginning Fund Equity	24,027,911.79	10	Total Revenues	129,284,860.82
10	Ending Fund Equity	24,862,069.96	10	Total Expenditures	128,450,702.65
	Actual Change in Fund Equity	834,158.17		Expected Change in Fund Equity	834,158.17

Amounts Match

Ending Fund Equity

Actual Ending Fund Equity			Expected Ending Fund Equity			
Fund	Description	Amount	Fund	Description	Debit	Credit
			10	Beginning Fund Equity		24,027,911.79
			10	Total Revenues		129,284,860.82
			10	Total Expenditures	128,450,702.65	
10	Ending Fund Equity	24,862,069.96		Expected Ending Fund Equity		24,862,069.96

Amounts Match

Validations Updates

Our areas of focus concerning validations in WISEdata Finance:

- Updated validations to allow a de minimis amount (less than a dollar) before triggering
- Determining timeline for activating budget/actual validations through fiscal year
- Building more comprehensive views of L1 validation data
- Adding additional validations as needs identified

Addenda

- Reporting addenda to collect additional information based on accounts and amounts triggered within WISEdata Finance.
- Required responses collected through WDF and viewable in the Budget and Annual Report in WiSFIP
- Building addenda into WDF for Common School Fund / OPEB contributions

Addenda

Validation Run Status - Complete [Completed : 2/25/2023 5:14:14 PM] Validation Last Run - 2/25/2023 5:14:14 PM

Notify me when validation is completed ☐ matthew.baier@dpi.wi.gov

Export

Drag a column header and drop it here to group by that column

Code	Message	Collection	Data Set
7253	A7.1 - Other Deposits Payable: 10 B 002 8159__ is greater than zero, requires district to provide details for the use of "Other"		LocalEducationAgency
7425	A3 - Claimed Vested Benefits Current Payable: 10B 811900 is greater than zero, requires district to recode or answer Yes or No.		LocalEducationAgency

Select 'Details' link to open up Addenda, for information on either clearing the Addenda or completing the required information to resolve the

Addenda

PENDING

WISEdata Finance Year 2021-22 Home Validations Data Reviews Account Reviews Admin ARM Interface
Demo U (Necedah Area Sch Dist) ▾

7253 - Other Deposits Payable - Fund 10

A7.1 - Other Deposits Payable: 10 B 002 8159__ is greater than zero, requires district to provide details for the use of "Other"

Account Identifier	Education Organization	As Of Date	Amount
108-000-000-815900-000	14772 - Necedah Area School District	11/01/2022	811.00

Total 811.00

Please itemize all amounts.

Itemized total does NOT match

+ Add new record

Item Description	Amount	
Add itemized amounts which must total to Amount reported on account	406.00	Edit Delete
Total 406.00		

Addenda

RESOLVED

7253 - Other Deposits Payable - Fund 10

A7.1 - Other Deposits Payable: 10 B 002 8159__ is greater than zero, requires district to provide details for the use of "Other"

Account Identifier	Education Organization	As Of Date	Amount
108-000-000-815900-000	14772 - Necedah Area School District	11/01/2022	811.00

Total 811.00

Please itemize all amounts.

Itemized total matches

+ Add new record

Item Description	Amount	
Add itemized amounts which must total to Amount reported on account	406.00	Edit Delete
Once itemized items added and total equals Account total the Addenda will be considered resolved	405.00	Edit Delete
Total 811.00		

Best Practice

We encourage districts to make pushing financial data to WISEdata Finance the last step of the monthly bank reconciliation

Vendors have the functionality to setup a scheduled job to push financial data

WISEdata Finance - FY 2022-23

- Continuing to work with small number of districts to complete Aid Certifications and Annual Report
- Issues in Aid Certification/Annual Report transition varied from needing to update WUFAR COA, general accounting, and vendor integration.
- Special Education reporting completed through the PI-1505-SE
- Tax Levies, Debt Schedules, and Referenda moved to WiSFIP

WISEdata Finance - FY 2023-24

- Working with districts to submit Budget Reports
- Reporting Referenda for 2024
- Updates to Annual Report to collect Fund Balances including Debt Balances
- Additional addenda in WDF for Common School Fund / OPEB
- Special Education Annual Report transition
- Transition additional SAFR reports to WiSFIP

Financial Reporting Development Timeline

- ESSA School-Level Reporting
- Special Education Annual Report (replace the PI-1505-SE)
- Public Financial Dashboard
- Transitioning Existing SAFR reports to WiSFIP
- Internal Modules for Aid Runs/Revenue Limits/Reporting
- On-going Maintenance and Enhancements

WiSFiP - Finance Data Auditor Role

- Added a new role to WISEsecure for WiSFiP:
Finance Data Auditor
- Provides edit access to Audited Fund Balances and Auditor Aid Certification Report
- Provides view-only access to district-complete reports
- Updated Finance Data Administrator (district role) to provide view-only access to Auditor reports
- Automatically reassigned auditors to new role

School-Level Reporting

- The report utilizes your financial data to determine district-level vs. school-level (by school) and federal vs. state/local expenditures
- LEAs provide data to define Location and Project Codes
- Allows for much more accurate and streamlined federal reporting

Special Education Annual Report


- Developing the Special Education Annual Report for 2023-24
- DPI is auditing, with stakeholder input, the Fund 27 Chart of Accounts as part of the next WUFAR revision
- A majority of the functionality needed to transition this report already exists. LEAs are already pushing local Fund 27 accounts to DPI
- Creating additional L2 validations in WDF to ensure proper Project Code coding for Fund 27

Special Education Annual Report

Beyond your Fund 27 actual accounts by Project, the report will include:

- Addenda to track SPED grant payments into and out of the LEA
- Validations to ensure school mental health personnel costs meet proration requirements from Act 221
- Reports detailing aid estimates, grant reconciliation, year-to-year comparisons

Fund 27 Chart of Accounts

<div>  WISEdata Finance Year 2022-23 Home Validations Data Reviews Account Reviews Reports Admin </div>									
<div> Account Search DPI Accounts Fund 27 DPI Accounts Project/Program Tag </div>									
<div> Export to XLSX Export to CSV </div>									
Education Organization	Account Code	Account Name	Fund	Type	Object/Source	Function	Project		
Wisconsin Dept of Public Instruction	27E-000-100-110000-019	Undifferentiated Curriculum - Salaries	27	E	100	110000	019		
Wisconsin Dept of Public Instruction	27E-000-100-110000-091	Undifferentiated Curriculum - Salaries	27	E	100	110000	091		
Wisconsin Dept of Public Instruction	27E-000-100-110000-092	Undifferentiated Curriculum - Salaries	27	E	100	110000	092		
Wisconsin Dept of Public Instruction	27E-000-100-110000-315	Undifferentiated Curriculum - Salaries	27	E	100	110000	315		
Wisconsin Dept of Public Instruction	27E-000-100-110000-317	Undifferentiated Curriculum - Salaries	27	E	100	110000	317		
Wisconsin Dept of Public Instruction	27E-000-100-110000-340	Undifferentiated Curriculum - Salaries	27	E	100	110000	340		
Wisconsin Dept of Public Instruction	27E-000-100-110000-515	Undifferentiated Curriculum - Salaries	27	E	100	110000	515		

WISEgrants and WISEdata Finance

Tracking of federal expenditures and revenue by Project codes aid in ensuring accurate claiming of allowable costs and help streamline program and fiscal monitoring of federal programs.

We are continuing to work on aligning WISEgrants WUFAR accounts to align with WISEdata Finance and the DPI COA.

Federal grants management requires additional levels of details, scrutiny, and compliance which would prevent any 'full' automation of grant budgeting and claiming.

Contact Us

For WISEdata Finance questions visit DPI's WISEsupport page to submit a help ticket

<https://dpi.wi.gov/wisedata/help/request>

General SFS questions: dpifin@dpi.wi.gov

Matt's Booking page:

<https://outlook.office365.com/owa/calendar/MatthewBaier@WIDPIPRD.onmicrosoft.com/bookings/>

10:50 – 11:40 a.m.

Beginner Single Audit Basics

Tanner Fuhr, *Senior Audit Associate, Baker Tilly*

Jenna Reed, CPA, *Senior Audit Associate, Baker Tilly*

Michelle Walter, CPA, *Senior Manager, Baker Tilly*



2024 WICPA School District
Audit Conference

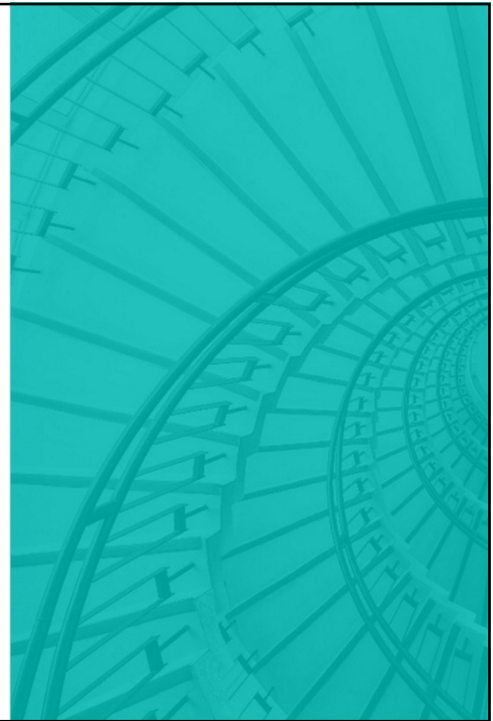
Single Audit Basics For The Beginner Auditor

Presented By:

Jenna Reed, Senior Associate

Michelle Walter, Senior Manager

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Session Objectives

- An overview of the terminology used in single audit.
- An overview of when it is applicable, and what it requires of the auditor
 - Use of a risk based approach
 - Testing requirements
 - Reporting requirements



Terminology

- OMB
- Uniform Grant Guidance
- Single Audit
- State Single Audit
- SEFA
- SESA
- Assistance Listing Number (ALN)
- Program Cluster or Cluster of Programs
- Federal Awarding Agency

3



Terminology

- Recipient
- Pass Through Agency
- Subrecipient
- Compliance Supplement
- Compliance Requirement
- Finding
- Questioned Costs
- Data Collection Form or SD-SAC

4



A Federal Single Audit? What is that?

- When is a client subject to a federal single audit?
 - When an entity expends federal awards (either direct or indirect awards) in excess of \$750,000.

5



Examples of Federal Awards

- Grants
- Contracts
- Cooperative Agreements
- Loans
- Loan Guarantees
- Property

- Interest Subsidies
- Insurance
- Direct Appropriations
- Endowments
- Other Non-Cash Assistance
- Indirect State or Local Government Transfers of Federal Funds

6



A Federal Single Audit? What is that?

- **Purpose of Single Audit**

- Ensure compliance with applicable laws, regulations, rules and award conditions;
- Assess the entity's internal controls and determine if they are sufficient to reasonably ensure that awards are safeguarded and that financial reporting is accurate;
- Make sure that the financial statements are presented fairly and accurately and are in accordance with generally accepted accounting principles (GAAP);
- Confirm that the Schedule of Expenditures and Federal awards is fairly presented in all material aspects in relation to the financial statements.

7



State Single Audit Guidelines

- **Applicable if all three conditions are met:**

- The Uniform Guidance applies - Expended \$750,000 or more in federal awards
- Received funding from a state department (could be state money or federal pass-through money)
- Granting agency has not otherwise specified that the Guidelines are not applicable.

8



Now that I know my client has one, what do I do?

- Obtain the SEFA and SESA from the client
- Test SEFA and SESA for accuracy
- Complete Risk Assessment / Determine Major Programs
- Complete Major Program Testing
- Report on internal controls and compliance over the major programs tested
- Write up any findings and determine questioned costs
- Complete Data Collection Form

9



Schedule of Expenditures of Federal Awards (SEFA)

- Prepared by management
- Includes all applicable federal awards
- Reconciles to the general ledger
- Specify pass-through awards
- Include ALN number for each grant
- Auditor uses this document to perform risk assessments and selection of major programs
 - Completeness critical to avoid over testing or missed programs

10



Schedule of Expenditures of Federal Awards – Example

Federal Agency/ Pass-Through Agency/ Program Title	Assistance Listing Number	Pass Through ID Number	Accrued or (Deferred) Revenue at 7/1/2021	Receipts	Expenditures	Accrued or (Deferred) Revenue at 6/30/2022
U.S. Department of Agriculture						
Passed Through Wisconsin Department of Public Instruction						
Child Nutrition Cluster						
School Breakfast Program	10.553	2022-406300-DPI-SB-546	\$ -	\$ 830,429	\$ 866,039	\$ 35,610
National School Lunch Program - Donated Commodities	10.555	2022-406300-DPI-NSL-547	-	209,032	209,032	-
National School Lunch Program	10.555	2022-406300-DPI-NSL-547	-	3,725,957	3,842,659	117,562
National School Lunch Program	10.555	2021-406300-DPI-SK_NSL-561	203	203	-	-
National School Lunch Program	10.555	2022-406300-DPI-SK_NSL-561	-	11,334	11,334	-
National School Lunch Program	10.555	2021-406300-DPI-NSLAE-566	638	638	-	-
National School Lunch Program	10.555	2022-406300-DPI-NSLAE-566	-	12,413	12,413	-
Subtotal 10.555			841	3,958,717	4,075,438	117,562
Summer Food Service Program for Children	10.559	2021-406300-DPI-SFSP-566	167,349	167,349	-	-
Summer Food Service Program for Children	10.559	2022-406300-DPI-SFSP-566	-	120,428	148,268	21,840
Subtotal 10.559			167,349	167,349	-	-
Fresh Fruit and Vegetable Program	10.582	2021-406300-DPI-FFV/POCTPUB-378	5,117	5,117	-	-
Fresh Fruit and Vegetable Program	10.582	2022-406300-DPI-FFV/POCT-378	-	68,042	71,656	3,814
Fresh Fruit and Vegetable Program	10.582	2022-406300-DPI-FFV/JULY-594	-	5,349	-	-
Subtotal 10.582			5,117	78,508	77,205	3,814
Total Child Nutrition Cluster			193,307	5,181,431	5,166,950	178,826
Total U.S. Department of Agriculture			193,307	5,181,431	5,166,950	178,826
U.S. Department of Education						
Passed Through Wisconsin Department of Public Instruction						
Special Education Cluster (IDEA)						
Special Education - Grants to States	84.027A	2021-406300-DPI-IDEA-FT-341	935,565	935,565	-	-
Special Education - Grants to States	84.027A	2022-406300-DPI-FLOW-341	-	418,271	1,821,776	1,403,505
COVID 19 Special Education - Grants to States	84.027X	2022-406300-DPI-ARPAIDEAFT-344	-	390,818	390,818	-
Subtotal 84.027			935,565	1,744,654	2,212,594	1,403,505
Special Education - Preschool Grant	84.173A	2021-406300-DPI-IDEA-P-347	43,146	43,146	-	-
Special Education - Preschool Grant	84.173A	2022-406300-DPI-PRESCH-347	-	28,460	84,596	36,136
COVID 19 Special Education - Preschool Grant	84.173X	2022-406300-DPI-ARPAIDEAPS-346	-	44,313	-	-
Subtotal 84.173			43,146	115,919	108,909	36,136

Schedule of Expenditures of State Awards – Example

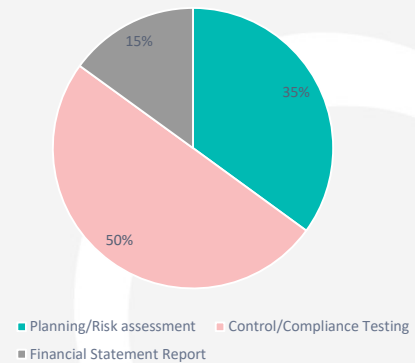
State Agency/ Program Title	State ID Number	ID Number	Accrued or (Deferred) Revenue at 7/1/2021	Receipts	Expenditures	Accrued or (Deferred) Revenue at 6/30/2022
Wisconsin Department of Public Instruction						
Special Education and School Age Parents	255.101	406300-100	\$ -	\$ 3,574,792	\$ 3,574,792	\$ -
State School Lunch Aid	255.102	406300-107	-	-	-	-
Common School Fund Library Aid	255.103	406300-104	-	400,529	400,529	-
General Transportation Aid for Public School Pupils	255.107	406300-102	-	36,777	36,777	-
Equalization Aid	255.201	406300-116	838,905	55,472,972	54,634,067	-
Integration Transfer Non Resident	255.204	406300-106	-	156,937	156,937	-
High Cost Special Education Aid	255.210	406300-119	-	229	229	-
Aid for School Mental Health Programs	255.227	406300-176	-	-	191,140	191,140
School Based Mental Health Services	255.297	406300-177	65,965	65,965	61,952	61,952
Peer Review and Mentoring	255.301	406300-141	-	-	-	-
Alcohol and Other Drug Abuse	255.306	406300-143	23,792	23,792	24,500	24,500
AODA-mini Grant Program	255.321	406300-142	902	902	-	-
Early College Credit Program	255.445	406300-178	-	554	554	-
Student Achievement Guarantee in Education	255.504	406300-160	-	2,976,817	2,976,817	-
Aid for High Poverty School District	255.926	406300-121	-	435,539	435,539	-
Educator Effective Eval System Grants	255.940	406300-154	52,400	103,680	51,280	-
Per Pupil Aid	255.945	406300-113	-	5,749,758	5,749,758	-
Career & Technical Education Incentive Grants	255.950	406300-152	-	-	10,127	10,127
Assessments of Reading Readiness	255.956	406300-166	-	12,304	12,304	-
Total Wisconsin Department of Public Instruction			981,964	69,011,547	68,317,302	287,719



Planning Stage

- The planning stage of a single audit is a very important part of the single audit process

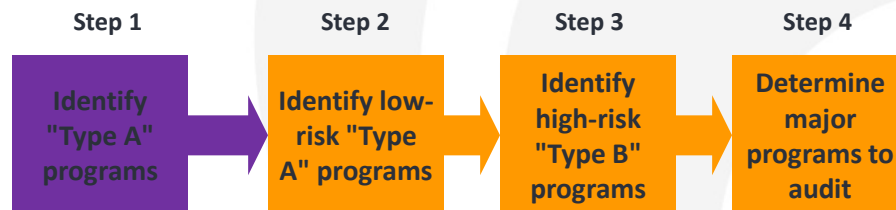
TIME ALLOCATION OF SINGLE AUDIT



13

RISK-BASED APPROACH:

Program Risk Assessment and Major Program Determination



14

Identify Type A Programs

Total Federal Awards Expended	Type A Threshold
≥\$750,000 and ≤ \$25 million	\$750,000
>\$25 million but ≤ \$100 million	Total Federal awards expended times .03
>\$100 million but ≤ \$1 billion	\$3 million
>\$1 billion but ≤ \$10 billion	Total Federal awards expended times .003
> \$10 billion but ≤ \$20 billion	\$30 million
> \$20 billion	Total Federal awards expended times .0015

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Identify Type A Programs

CLUSTERS

What is a cluster?

- “...a grouping of [closely related](#) federal programs that share [common compliance requirements](#)”

What are some common school district clusters?

- Child Nutrition
- Title 1
- Special Education (IDEA)

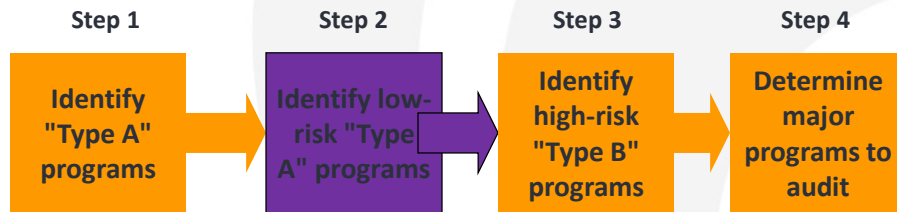
A cluster of programs must be considered as one program for determining major programs

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RISK-BASED APPROACH:

Program Risk Assessment and Major Program Determination



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Identify Low-Risk Type A Programs

- * Programs only qualify as low risk if...
 - audited as a major program in at least one of the two most recent audit periods and
 - in the most recent audit period, the program had no high Risk Audit findings
 - Modified opinion
 - Material weakness in internal control
 - Known or likely questioned costs exceeding 5% of total program expenditures

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Identify Low-Risk Type A Programs

Uniform Guidance

1. Audited as major in 1 of 2 most recent audit periods
2. No **high risk** audit findings in most recent audit period
 - Modified opinion
 - MW in internal control
 - Known or likely questioned costs exceeding 5% of total program expenditures
3. Auditor considers risks related to:
 - Federal or pass-through entity (PTE) oversight
 - Results of audit follow-up
 - Changes in personnel or systems

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Identify Low-Risk Type A Programs

If no low-risk Type A programs...

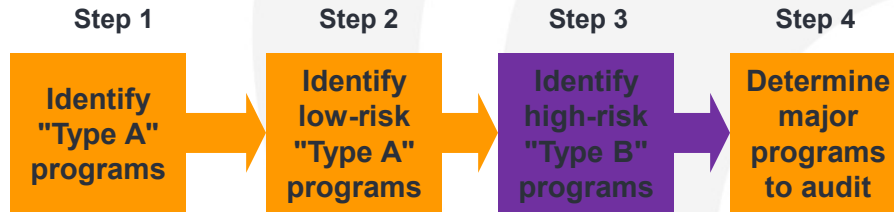


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RISK-BASED APPROACH:

Program Risk Assessment and Major Program Determination



21

Identify High-Risk Type B Programs

- * If there are low-risk Type A programs...
 - Perform risk assessments on Type B programs until high-risk B programs have been identified up to at least 1/4th of the number of low-risk A programs
 - Type B de minimis is 25% of Type A Threshold
 - If Type A threshold is \$750,000, Type B de minimis is \$187,500 (no risk assessments under this threshold)

22

Criteria for Type B Federal Program Risk

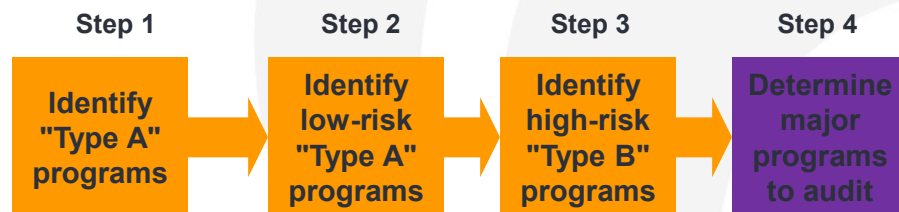
- Criteria for Federal Program risk (§200.519)
 - Current and prior audit experience
 - Oversight exercised by Federal agency or PTE
 - Inherent risk of the Federal program
- Except for known material weakness in internal control or compliance problems, a single risk criterion seldom causes a Type B program to be high risk
- Complexity of the program
- Phase of program in life cycle at Federal agency
- Phase of program in life cycle at Entity
- Type B programs with larger federal awards

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RISK-BASED APPROACH:

Program Risk Assessment and Major Program Determination



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Determine Major Programs to Audit

- All “Type A” programs except those identified as low-risk in Step 2
- “Type B” programs identified as high-risk in Step 3
- Such additional programs necessary to comply with 40% rule or 20% if low-risk auditee

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Auditee Risk Assessment

- Auditee risk determination dictates coverage of SEFA required to be obtained by the auditor
 - Low Risk Auditee = 20%
 - High Risk Auditee = 40%

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Low or High Risk Auditee?

- Considerations for the two preceding years include:
 - Was a federal single audit performed
 - Unmodified opinion on Financial Statements and SEFA
 - Any material weaknesses noted
 - Any compliance findings that have a material impact on a Type A program.
 - Known/likely question costs > 5% of total awards expended on Type A program
 - The reporting package and data collection form were submitted by the due date to the Federal Audit Clearinghouse

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Identifying State Programs

- The auditor shall consider the following to determine major state programs:
 - Consider prior audit experience with state programs when assessing whether the auditee is a low risk agency for purposes of the percentage-of-coverage rule for state programs.
 - Generally for programs that are state funded, the threshold for Type A programs is **\$250,000**. For DHS programs, Type A are the greater of **\$100,000** or 3% of total expenditures for programs from DHS.
 - Generally for programs that are state funded, the threshold for Type B programs is **\$62,500**. For DHS programs, Type B programs are the greater of **\$25,000** or 0.3% of total expenditures for programs from DHS.
 - The granting agency may designate state or federal pass-through programs to be automatically considered to be Type A state programs. These programs should be tested as state major unless the auditor assesses them to be low-risk. However, at least once every three years, the Type A program must be tested as a major program.

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Common Designated State Major and Type A Programs – Wisconsin School Districts

- Department of Health Services (DHS)
 - 93.778 School Based Services Benefits – Type A if over \$100,000
- Department of Public Instruction (DPI)
 - 255.20X – General Aids
 - 255.101 – Special Education and School Age Parents Aid
 - 255.107 – Pupil Transportation Aid

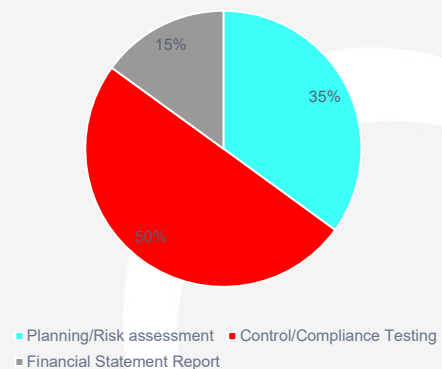
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Testing Stage

- Control and Compliance testing is based on the rules set forth in the grant agreement and compliance supplement.

TIME ALLOCATION OF SINGLE AUDIT



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Obtaining an Understanding of Major Programs

- Compliance Supplement – Parts 2, 3, 4, 5 and 7
- Review grant application, award letters, grant budget and signed contract
- Obtain the Expenditure Patterns
 - Wages, benefits, equipment, etc.

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Compliance Requirements

- Activities Allowed or Unallowed (A)
- Allowable Costs / Cost Principles (B)
- Cash Management (C)
- Eligibility (E)
- Equipment and Real Property Management (F)
- Matching, Level of Effort, Earmarking (G)

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Compliance Requirements (continued)

- Periods of Performance (H)
- Procurement and Suspension and Debarment (I)
- Program Income (J)
- Reporting (L)
- Sub-recipient Monitoring (M)
- Special Tests (N)

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Compliance Requirements (continued)

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	Y	Y	N	N	N	Y	Y	Y

34



What is a Direct and Material Compliance Requirement

- What compliance requirements are applicable?
 - Part 2 – Matrix of Compliance Requirements
 - Part 7 – Guidance for Auditing Programs Not Included
- Very subjective, meaning
 - Personal views / auditor judgment
 - Experience
 - Accepted risk
 - Industry expectation
- Qualitative and quantitative factors
 - i.e. materiality >5%

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Approaching a Compliance Requirement

- Who is responsible for the compliance requirement?
- Analyze internal control using COSO
- Design test of internal control over compliance
 - Sample size
 - Key controls
- Design test of compliance

36



Analyzing Internal Control

- A federal single audit requires us to plan our audit to obtain a “low” control risk
 - That is controls that “operate effectively”
 - Reliable controls
- How do we get to “low” control risk?
 - Document our understanding
 - Test control design and implementation
 - Test control effectiveness
- Clients should have documented policies and procedures in place over grants and grant expenditures.

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Understanding

- We are required to document our understanding of the client’s internal controls over grant programs using the COSO framework



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Internal Control Testing

- Test of design and implementation
 - Walkthrough of our understanding
 - Conclusion: Control has been properly designed and implemented
- Test of effectiveness
 - Select a sample and test control attributes
 - Conclusion: Control is effective
- Control must be effective or you should have a finding

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Compliance Testing

- If controls are effective, sample sizes are similar if not the same for compliance testing
- If controls are not effective, sample sizes need to be significantly increased to determine compliance
- Sample sizes should follow the AICPA Guide on Audit Sampling

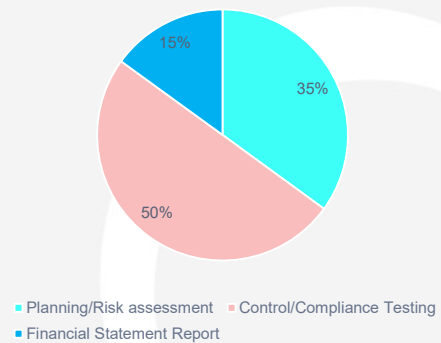
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Reporting Stage

- Preparing the Reports is the last step.
- This step should take the least amount of time.

TIME ALLOCATION OF SINGLE AUDIT



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Auditor Findings

- Internal Control Findings
 - Deficiency, Significant Deficiency or Material Weakness
- Compliance Findings
 - Material/ Not Material Finding
 - Known Fraud
 - Material Misrepresentation in Client's Status of Prior Year Findings

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Impact of Findings on Our Clients

- Development of corrective action plan
 - Or, if they disagree, need to explain why
- Communication of corrective action plan to federal and state grantor agencies
 - Current reaction by federal and state agencies
- Subsequent year follow-up, inclusion of status in subsequent year audit report

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Single Audit Report Components

- Independent Auditors' 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 on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance; And Report of Schedules of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Guidelines
- SEFA and SESA
- Notes to the SEFA and SESA
- Schedule of Findings and Questioned Costs
- Schedule of Prior Year Audit Findings and Corrective Action Plan

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Data Collection Form

- Electronic template
- Certification of accounting firm
- DCF is available on-line at:
 - <https://harvester.census.gov/facides/account/login.aspx>

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Common Wisconsin School District Federal and State Grant Programs that you will come across....

- Federal
 - 10.55X – Child Nutrition Cluster
 - National School Lunch Program
 - 84.010 – Title I
 - 84.425 – Education Stabilization Fund (ESSER)
 - 84.027 – Special Education Cluster
 - IDEA Flow Through
 - 93.778 – Medical Assistance – School Based Services
- State
 - 255.101 – Special Education and School Age Parents
 - 255.103 – Common School Fund Library Aid
 - 255.107 – Pupil Transportation Aid
 - 255.201 – Equalization Aid
 - 255.504 – Student Achievement Guarantee in Education Aid

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National School Lunch Program (NSLP)

- NSLP is a federally assisted meal program operating in over 100,000 schools/child cares
- School districts that take part get cash subsidies and USDA foods for each meal they serve. In return, they must serve lunches that meet Federal requirements and must offer free or reduced prices to eligible children.
- Children from families with incomes at or below 130% and 185% of poverty level are eligible for reduced prices (charged no more than 40 cents)
- Children from families with incomes below 130% of poverty level are eligible for free meals.

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Title I

- Title I, Part A (Title I) of the Elementary and Secondary Education Act provides financial assistance to local educational agencies (LEAs) and schools with high numbers or high percentages of children from low-income families to help ensure that all children meet challenging state academic standards
 - Basic Grants provide funds to LEAs in which the number of children counted in the formula is at least 10 and exceeds 2 percent of an LEA's school-age population.
- For example, funds support extra instruction in reading and mathematics, as well as special preschool, after-school, and summer programs to extend and reinforce the regular school curriculum.

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IDEA Flow Through

- The Individuals with Disabilities Education Act (IDEA) provides formula grants in meeting the excess costs of providing special education and related services to children with disabilities.
- In order to be eligible for funding, states must serve all children with disabilities between the ages of 3 through 21
- Funds under the IDEA are provided to school districts on an entitlement basis for programs and services to children with disabilities. Funds may be used for....
 - Staffing
 - Educational materials
 - Equipment
 - Other costs to provide special education and related services, as well as supplementary aids and services, to children with disabilities.

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Medical Assistance – School Based Services

- The School Based Services (SBS) benefit is designed to provide federal Medicaid funding to Wisconsin schools to help pay for medically-related special education services for children who are eligible for the Medicaid program.
- The Department of Health Services has designated SBS to be a Type A program when 1) auditee has a single audit and 2) the department pays the auditee \$100,000 for SBS during the audit period.
- Covered School Based Services – must be identified in the Child's Individual Education Program (IEP)
 - Developmental testing and assessments
 - Durable medical equipment
 - Nursing
 - Occupational therapy
 - Physical therapy
 - Psychological services, counseling and social work
 - Speech and language pathology
 - Transportation

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Special Education and School-Age Parents Aid

- Special Education and School-Age Parents Aid is the major categorical aid program supporting special education in Wisconsin. School districts and other eligible LEAs receive partial reimbursement for certain instructional, transportation, and other costs of special education and related services in the prior year.
- Total costs have greatly exceeded the funding available for many years, and currently about one-fourth of eligible expenses are reimbursed.
- Reimbursable costs— must be identified in the Child's Individual Education Program (IEP) and provided by licensed individual
 - Salaries and employee benefits
 - Contracted, licensed occupational therapists, physical therapists and bus aides
 - Privately-contracted, licensed substitute teachers, aides and providers of instructional audiology, interpreter, orientation and mobility training and pupil transition services
 - Unemployment compensation to former staff up to one year (licensed)
 - Specialized transportation costs
 - Transportation equipment and maintenance

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Common School Fund Library Aid

- Common School Fund Aid is distributed to school districts for the purchase of instructional media center materials and school library computers and related software
- Allocations are calculated by dividing the total Common School Fund income by the total number of children ages 4 through 20 residing in Wisconsin school districts as reported on the school census. The DPI then apportions such amounts to each school district based on the number of children shown in the district's census.

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Pupil Transportation Aid

- State transportation aid “**for each pupil so transported**” is determined under the provisions of WI Stats. 121.58. aids paid to LEAs include aid for transporting pupils to non-public schools. Although pupils may be eligible for transportation, the pupil must be **actually transported at least once** during the school year for LEAs to include them on the transportation report for aid.
- Transportation Aid is applied for annually through the School Finance Reporting Portal using the fiscal year Pupil Transportation Report (PI-1547) and Pupil Transportation Summer (PI-1547-SS). This report collects the number of pupils transported categorized by the distance from the pupils residence to school using the most commonly traveled direct route.

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Wisconsin State Equalization Aid

- Wisconsin State Equalization Aid is general financial assistance to public school districts for use in funding a broad range of school district operational expenditures. The purposes for which general aid can be used are not restricted as they would be in a categorical aid program. Categorical aids must be used for a specific purpose or category of program, whereas general aid may be used for any expenditure the district deems necessary.
- By October 15 of each year, Equalization Aids for the current fiscal year are computed with the most accurate data available from the prior fiscal year Annual Report, September and January Membership Reports, and equalized property valuations as certified by the Wisconsin Department of Revenue for the prior calendar year. Resulting aid amounts, modified by the prior year final aid eligibility adjustments, are paid to districts during the current fiscal year.
- In June, final current year aid eligibility is computed using audited district information. Differences in computed aid amounts between October and June become the final aid eligibility adjustments and are applied to the September payment in the following fiscal year.

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Student Achievement Guarantee in Education Aid

- The objective of the SAGE program is to improve student achievement through the implementation of four school improvement strategies: class sizes no more than 18:1 or 30:2 in grades K-3; increased collaboration between schools and their communities; implementation of a rigorous curriculum focusing on academic achievement; and improving professional development and staff evaluation practices.
- SAGE aid is determined pursuant to a contractual agreement between school districts and DPI. School districts participating in the program have 5 year contracts with the State and receive aid up to \$2,250 for each low-income child in the grades served by the program.
- 2015 Wisconsin Act 53 and Act 71 created the Achievement Gap Reduction program (AGR) under the new section of Wisconsin Statute 118.44. AGR is replacing the Student Achievement Guarantee in Education (SAGE) program which scheduled to sunset when the current SAGE contracts expire.

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Questions?



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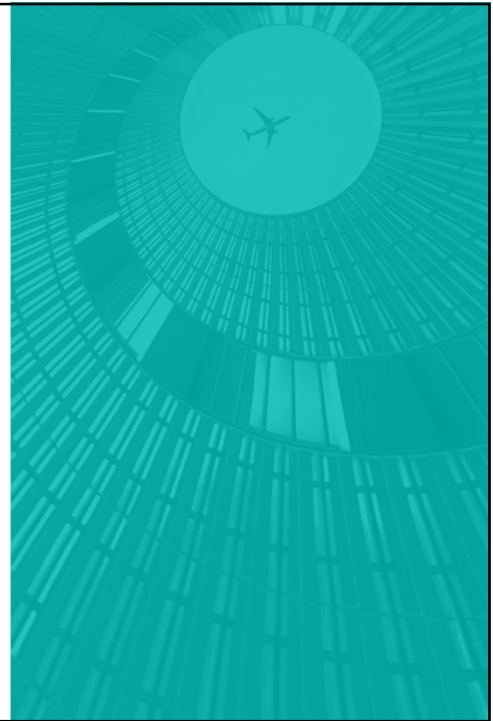


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10:50 – 11:40 a.m.

GASB Update

Ethan Hoffman, CPA, *Senior Accountant, State & Local Government, KerberRose*

David Minch, CPA, *Senior Manager, State & Local Government, KerberRose*



GASB Update

GASB Update – New Standards

GASB 100, Accounting Changes and Error Corrections – an amendment of GASB 62 (fiscal years beginning after June 15, 2023)

GASB 101, Compensated Absences (fiscal years beginning after December 15, 2023)

GASB 102, Certain Risk Disclosures (fiscal years beginning after June 15, 2024)



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GASB 100 – Accounting Changes and Error Corrections

Effective for fiscal years beginning after June 15, 2023

New requirements and clarifications for three types of accounting changes and the correction of errors

- Recognition and Display
- Note Disclosure
- Required Supplementary Information and Supplementary Information

Scope excludes first-time adoption of GAAP financial reporting framework



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GASB 100 – Accounting Changes and Error Corrections

Nature of Changes

Changes in Accounting Principle	Changes in Accounting Estimate	Changes To or Within the Reporting Entity
<ul style="list-style-type: none">• Change from one GAAP principle to another• New principle must be <i>preferable</i> (understandability, reliability, relevance, timeliness, consistency, or comparability)• Default treatment for new GASB pronouncements	<ul style="list-style-type: none">• Changes to the inputs used for an estimate• Result from a change in circumstance, new information, or more experience• General guidance applies in the absence of specific guidance (e.g., actuarial assumptions)	<ul style="list-style-type: none">• Changes to <i>or within</i> the financial reporting entity• CU added or removed (exceptions apply)• CU reclassified between blended (BCU) and discretely presented (DPCU)• Fund added or removed (movement of <i>continuing operations</i> within PG & BCUs)• Fund reclassified between major and nonmajor (<i>other than</i> based on threshold)



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GASB 100 – Accounting Changes and Error Corrections

How do we handle the changes?

Changes in Accounting Principle	Changes in Accounting Estimates	Changes to or within the Reporting Entity
<ul style="list-style-type: none"> • Retroactive • Single-period - restate beginning position for the cumulative effect • Comparative - restate beginning position of first period presented for any cumulative effect, if practicable 	<ul style="list-style-type: none"> • Prospective • Recognize effect in period of change 	<ul style="list-style-type: none"> • Adjustment • Adjust current period's beginning balance for the effect of the change



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GASB 100 – Accounting Changes and Error Corrections

Application of an accounting principle to transactions or other events of a similar type that's different from the previously applied principle

Circumstances	Classification
<ul style="list-style-type: none"> • Previous principle conformed to GAAP, • Amount was previously significant, and • New principle is preferable 	Change in accounting principle
<ul style="list-style-type: none"> • Previous principle <i>did not</i> conform to GAAP and • Amount was previously significant 	Correction of an error
<ul style="list-style-type: none"> • Previous principle <i>did not</i> conform to GAAP and • Amount was previously <i>not</i> significant 	Neither an accounting change nor a correction of an error



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Correction of Errors - Explanation

Previously issued financial statements contained errors due to (one or More) items:

- Mathematical miscalculations
- Misapplication of accounting principles
- Oversight or misuse of fact that –
 - Are about conditions that existed as of the financial statement date
 - Themselves existed at the time the financial statements were issued
 - Could reasonably be expected to have been obtained and taken into account before the financial statements were issued



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Corrections of Errors – Recognition and Display

- Retroactive
- Single-period financial statements
 - Restate beginning position of the cumulative effect
- Comparative financial statements
 - Restate financial statements for all periods presented and –
 - Restate beginning position of first period restated for any cumulative effect
 - **No exception for practicality**



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Display in the Financial Statements

Display the aggregate amount of adjustments to and restatements of beginning net position, fund balance or fund net position for each reporting unit (each column)

	General Fund	Fund A	Nonmajor funds	Total governmental funds
Net change in fund balance	\$ (417,862)	\$ 253,329	\$ (61,423)	\$ (225,956)
Beginning fund balance, as previously reported	\$ 2,542,547	\$ 1,242,722	\$ 1,523,248	\$ 5,308,517
Change to or within financial reporting entity	-		249,262	249,262
Error correction	(229,422)			(229,422)
Beginning fund balance, as restated	\$ 2,313,125	\$ 1,242,722	\$ 1,772,510	\$ 5,328,357
Ending fund balance	\$ 1,895,263	\$ 1,496,051	\$ 1,711,087	\$ 5,102,401



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Reclassifications in Financial statements

Changes in accounting principles that do not affect beginning position, but require reclassification -

- Disclose nature of change
- For comparative financial statements, reclassify for all prior periods presented, if practicable

Error corrections that do not affect beginning position, but require reclassification -

- Disclose nature of change
- For comparative financial statements, reclassify for all prior periods presented, if practicable



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GASB 100 – Accounting Changes and Error Corrections

Disclosures

- Summary disclosure, in a tabular form, of effects on beginning position of the earliest period adjusted or restated for *each*
 - Change in accounting principle (including implementations of new pronouncements),
 - Change to or within the financial reporting entity, and
 - Error correction
- Individual disclosures as well for each type of accounting change and for error corrections



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Note Disclosures

Changes in Accounting Principle

- Nature of change, including
 - Financial statement line items affected
 - Identification of new GASB pronouncement, if applicable
- Reason new principle is preferable (except if result of new GASB pronouncement)
- For comparative financial statements, reason it is not practicable to restate prior periods, if applicable

Changes in Accounting Estimate

- Nature of change, including financial statement line items affected
 - Financial statement line items affected
- For changes in measurement methodology
 - Reason for change
 - Reason new methodology is preferable (except if result of new GASB pronouncement)



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Note Disclosures

Changes To or Within the Reporting Entity

- Nature of change
- Reason for change
 - EXCEPT: Disclosure of reason *not required* if change is solely the result of funds meeting or not meeting quantitative thresholds for major funds (10% and 5% tests)

Corrections of Errors

- Nature of change, including
 - Periods affected
 - Financial statement line items affected
- For single period statements and comparative statements, effect on prior periods' *change in* net position, fund balance or fund net position, as applicable



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Required (RSI) and Other Supplementary Information (SI)

Changes in Accounting Principle and Changes To or Within the Reporting Entity

- For years included in basic financial statements (BFS)
 - Report in RSI, including management's discussion and analysis (MD&A), and SI, including the statistical section, in a manner consistent with BFS
- For years prior to those included in BFS
 - Do not restate
 - Explain why earlier information is not consistent with restated information (MD&A should refer to related note disclosure)

Corrections of Errors

- For years included in basic financial statements (BFS)
 - Report in RSI, including management's discussion and analysis, and SI, including the statistical section, in a manner consistent with BFS
- For years prior to those included in BFS
 - Restate if applicable and practicable
 - Explain why it is not practicable to restate earlier periods, if applicable



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GASB 101 – Compensated Absences

Current Guidance

Definition:

GASB Statement 16 defined compensated absences in paragraph 1 as “absences for which employees will be paid, such as vacation, sick leave and sabbatical leave.”



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GASB 101 – Compensated Absences

Why the change?

- Lack of guidance for certain types of leave
 - Statement 16 differentiated between vacation and sick leave
- Inconsistent application of standards
- Changes to the conceptual framework since the issuance of the existing guidance



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GASB 101 – Compensated Absences

Effective for fiscal years beginning after December 15, 2023

○ Compensated absences

- Includes leave for which employees may receive:
 - Cash payments when leave is used for time off (pay in period)
 - Other cash payments, such as payment for unused leave at end of employment
 - Noncash settlements, such as conversion to defined benefit (DB) pension and other postemployment benefits (OPEB, and, together with pension, collectively PEB)
- Certain salary-related payments
- NOTE: Payment or settlement can occur during, or upon termination of, employment



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GASB 101 – Compensated Absences

New Definition

A *compensated absence* is (a) leave that employees receive for time off with pay, (b) leave for which employees receive payment upon termination of employment, or (c) leave for which employees receive settlement through other means, such as conversion to postemployment benefits. Compensated absences generally do not have a set payment schedule. Examples of compensated absences include vacation leave, sick leave, paid time off (PTO), holidays, parental leave, bereavement leave, and certain types of sabbatical leave.



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GASB 101 – Compensated Absences

Examples of leave (recognition rules differ)

- Vacation (annual) leave
- Sick leave
- Paid time off
- Holidays
- Parental leave
- Bereavement leave
- Military leave
- Jury duty
- Unrestricted sabbatical leave



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GASB 101 – Compensated Absences

- When do we have a compensated absence liability for unused leave?
 1. Does the absence accumulate?
 2. Is the absence attributable to services already rendered?
 3. Is it *more likely than not* to be either paid or settled through other means?
 - Employment policies for compensated absences
 - Eligible for use or payment/settlement in the future
 - History of use, payment or forfeiture
 - Information indicating history may not be representative of future trends or patterns



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GASB 101 – Compensated Absences

Recognition Criteria – General Rule

Recognize a liability for leave and associated salary-related payments when leave is earned (economic resources measurement focus/accrual basis of accounting)

- Salary-related payments – Employer share of payroll taxes; employer contributions to a defined contribution plan, etc.



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GASB 101 – Compensated Absences

Exceptions to the General Rule

Exceptions From General Rule, By Leave Type	Recognize Liability for Leave and Associated Salary-Related Payments
Leave dependent upon the occurrence of a sporadic event that affects a small proportion of employees in a particular reporting period (e.g., military leave, parental leave, jury duty) <ul style="list-style-type: none">• EXCLUDING sick leave, unrestricted sabbatical leave	When leave commences
Unlimited leave and holiday leave taken on a specific date	When leave is taken
Leave more likely than not to be settled through conversion to defined benefit pension or other postemployment benefits	Not recognized as <i>compensated absence</i> liability



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GASB 101 – Compensated Absences

Measurement

Unused leave expected to be used or settled x pay-rate at end of period

+

Salary-related payments x applicable rates at end of period

=

Compensated Absence Liability



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GASB 101 – Compensated Absences

Clarification on Measurement

- If it is more likely than not that some leave will be paid at a different rate, use that rate to measure that portion of the liability at period end
- With leave sharing pools, use estimated pay rate of all employees that participate
- Leave paid by noncash means, other than conversion to pension/OPEB defined benefits, use the amount more likely than not to be settled
- **Changes in future periods due to increases in applicable rates are recognized in the period of the change**



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GASB 101 – Compensated Absences

Key Change

- Previously only accrued for time paid at termination
- Now must perform an analysis to determine how much of the employees' leave balances at year end are **MORE LIKELY THAN NOT** to be used as time off in future reporting periods
 - “More likely than not” = Likelihood greater than 50%
- Example – sick leave is earned and accrued by employees, but unused leave is not paid out at termination
 - Some of the leave should be reported as a compensated absence liability at fiscal year end (the estimated amount of unused sick leave balances that are more likely than not to be used as time off in future reporting periods)



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GASB 101 – Compensated Absences

Things to consider when developing estimates:

- Employment policies
- Whether the leave that has been earned will become eligible to be used or paid out in the future
- Historical information about leave usage patterns
- Information about current and expected future eligibility



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GASB 101 – Compensated Absences

Factors to Consider in the Estimation

- Understand the policies and trends
- Collect relevant historical information
 - Average days used annually by employees over recent years
 - Average days paid out to terminated employees
 - Average remaining service life of employee base
 - Average total years of service at termination
 - Consider sampling employees
- Clearly document your approach!



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GASB 101 – Compensated Absences

Sabbatical Leave

Sabbatical leave meets the criteria for recognition as a compensated absences liability if an employee is not required to perform any significant duties for the government during the sabbatical (unrestricted sabbatical leave). If the employee is required to perform duties of a different nature for the government during the sabbatical (ex, research instead of teaching), the sabbatical is not a compensated absence. Unrestricted sabbatical leave also accumulates when there is a minimum service period. (if a specific number years of service is required to be eligible for unrestricted sabbatical leave, then leave accumulates over that number of years)

Will need to evaluate whether unrestricted sabbatical leave is more likely than not to be paid. Need to consider if employee will remain employed long enough and the likelihood the unrestricted sabbatical leave will be taken.



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GASB 101 – Compensated Absences

Recognition in Governmental Funds

- No change from current recognition
- Recognize expenditures when due and payable
- For the portion of compensated absences used, but not yet paid as of fiscal year end, liability may be reported with salaries payable



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GASB 101 – Compensated Absences

Note Disclosures

In the long-term liability disclosure:

- Report as either: separate increases and decreases during the period OR a net increase or net decrease for the period, indicating that it is a net amount
- Continue to disclose amounts estimated to be due within one year
- No longer required to disclose which governmental funds have typically been used to liquidate compensated absences



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GASB 101 – Compensated Absences

Note Disclosure Example

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered vested are recognized in the financial statements. Benefits considered more likely than not to be used or settled at termination are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.



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GASB 101 – Compensated Absences

Note Disclosure Example

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the Statement of Net Position. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. A liability is also recorded for accumulating rights to receive sick pay benefits for the portion more likely than not to be used by employees. However, Additionally, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will the maximum more likely than not be paid upon retirement. The County accrues salary-related payments associated with the payment of compensated absences.



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GASB 101 – Compensated Absences

Long-term liability disclosure

	Outstanding 1/1/2021	Increase	Decrease	Outstanding 12/31/2022	Due Within One Year
Governmental Activities					
General Obligation Debt:					
Bonds	\$ 3,205,000	\$ -	\$ 240,000	\$ 2,965,000	\$ 240,000
Revenue Bonds	1,171,623	-	20,210	1,151,413	20,847
Compensated Absences*	65,527	3,534	-	69,061	57,321
Total Governmental Activities					
Long-Term Liabilities	\$ 4,442,150	\$ 3,534	\$ 260,210	\$ 4,185,474	\$ 318,168
	Outstanding 1/1/2021	Increase	Decrease	Outstanding 12/31/2022	Due Within One Year
Business-Type Activities					
General Obligation Debt	\$ 394,000	\$ -	\$ 40,537	\$ 353,463	\$ 42,766
Revenue Bonds	1,035,000	731,454	1,035,000	731,454	109,040
Compensated Absences*	58,024	-	36,878	21,146	16,917
Total Business-Type Activities					
Long-Term Liabilities	\$ 1,487,024	\$ 731,454	\$ 1,112,415	\$ 1,106,063	\$ 168,723

*The amount displayed as additions or reductions represents the net change in the liability.



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GASB 101 – Compensated Absences

Change in Accounting Principle

Change in Accounting Principle

For the year ended December 31, 2022 the Village implemented GASB Statement No. 101, Compensated Absences. For the implementation, the beginning netposition has been restated, as follows:

	Government Wide		Proprietary Funds	
	Governmental Activities	Business-type Activities	Water Utility	Wastewater Utility
Net Position - As of December 31, 2022	\$ 3,444,807	\$ 3,080,863	\$ 2,116,914	\$ 963,949
Change in Accounting Principle - GASB 101	(18,035)	(75,712)	(71,828)	(3,884)
Net Position - As Restated December 31, 2022	<u>\$ 3,426,772</u>	<u>\$ 3,005,151</u>	<u>\$ 2,045,086</u>	<u>\$ 960,065</u>



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GASB 101 – Compensated Absences

- Effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter
- Early adoption encouraged
- Follow GASB Statement No. 100 guidance for a change in accounting principle
 - Restate all prior periods presented, if practicable
 - If not practicable, disclose why not
 - Restate beginning position for earliest year restated for cumulative effect
 - Each prior period should be restated to reflect period-specific effects
 - Disclose nature of change, financial statement line items affected, and identify the pronouncement implemented



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GASB 101 – Compensated Absences - Examples

Paid time off (PTO) that is earned each month, carries over without limits at the end of the fiscal year, and for which any unused leave is paid upon termination of employment.

Included



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GASB 101 – Compensated Absences - Examples

Sick leave that is earned each month and carries over without limits at the end of the fiscal year, but any unused leave is not paid upon termination of employment.

Potentially Included – need to evaluate



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GASB 101 – Compensated Absences - Examples

Sick leave that is earned each month, does not carry over at the end of the fiscal year, and is not paid upon termination of employment.

Not Included



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GASB 101 – Compensated Absences - Examples

Holidays

Parental Leave

Military Leave

Potentially Included



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GASB 101 – Compensated Absences

- No expected major changes to vacation, which is typically paid out upon termination
- Sick leave that accrues and does not have a payout mechanism will result in a liability – for the amount more likely than not to be used in a future period
- Remember to accrue a liability for leave that's dependent on a sporadic event (parental leave, military leave) when it commences
- Salary-related payments related to defined benefit pensions or OPEB should not be included in the compensated absences liability
- Become familiar with policies



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GASB 102 – Certain Risk Disclosures

Purpose: to identify potential risks in governmental environments and develop disclosure requirements associated with those risks. These requirements are designed to provide users of the financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints.



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GASB 102 – Certain Risk Disclosures

This statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources. Concentrations can include, but are not limited to:

- Employers
- Industries
- Composition of principal inflows of resources
- Workforce covered by collective bargaining agreements
- Providers of financial resources
- Suppliers or material, labor or services



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GASB 102 – Certain Risk Disclosures

A constraint is a limitation that is imposed by an external party or by formal action of a government's highest level of decision-making authority.

Examples to include, but not limited to:

- Limitations on raising revenue
- Limitations on spending
- Limitations on the incurrence of debt
- Mandated spending



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GASB 102 – Certain Risk Disclosures

This statements requires disclosure of specific information in the notes to the financial statements if the following criteria are met:

- Either a concentration or a constraint is known to the government prior to the issuance of the financial statements
- The concentration or constraint makes the reporting unit vulnerable to the risk of a substantial impact
- An event or events associated with the concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely that not to begin to occur within 12 months of the date the financial statements are issued



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GASB 102 – Certain Risk Disclosures

Disclosures should provide sufficient detail to enable users to understand the nature of circumstances disclosed and the risk of a substantial impact.

- Description of the concentration or constraint
- Description of each event associated with the concentration or constraint that could cause a substantial impact if the event has occurred or has begun to occur prior to the issuance of the financial statements
- Description of actions taken by the government prior to the issuance of the financial statements to mitigate the risk



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Questions?

David Minch, Partner
David.Minch@kerberrose.com



Ethan Hoffman, Senior Auditor
Ethan.Hoffman@kerberrose.com



12:20 – 2:20 p.m.

Ethics & Decision Making

George Heyman, CPA, CGMA, *Professor Emeritus of Accounting
& Economics, Oakton Community College*

An Ethical Culture

WICPA- School Dist. Audit Conf.

22 May 2024

George A Heyman, CPA, CGMA
Professor Emeritus, Accounting and Economics
gheyman@me.com
847.553.6118

RULES OF ENGAGEMENT

(The Engagement Letter)

1. No Smartphones or Computers (confidentiality)
2. Make Connections – Network
3. Ask Questions
4. Consider Takeaways for Your Practice
5. Have a Good Time



CULTURE

- Beliefs - Implicit assumptions (What are they?)
- Values – Norms, principles, and standards (AICPA Code of Ethics) (The story)
- Behavior – What we actually do
- Comfort – Fair and equitable treatment
- Belonging - Need to feel you belong because the culture is ethical

“It is our choices that show what we truly are, far more than our abilities.”

- Harry Potter and the Chamber of Secrets, by J. K. Rowling



PROFESSIONAL CONDUCT

Principles and Rules

- Integrity – trust , judgment, observation
- Objectivity – influence and unbiasedness
- Confidentiality – information – personal gain
- Competency – Channel your inner Sherlock
a questioning attitude

Making Decisions



1. People face trade-offs.
2. What people get is the cost of what they give-up.
3. Rational people make decisions on the margin.
4. People react to incentives.

Ethical decisions include:
observation and prediction

SHERLOCK HOLMES

KNOWLEDGE

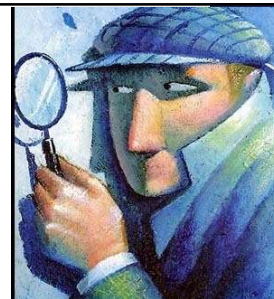
OBSERVATION

DEDUCTIVE REASONING

INQUIRY



Making Decisions



Act as if everything depends on you.

Ethical people are aware and
observant – they notice.

Influence and Accountability

Ethical Behavior

- Rewarding ethical behavior
- Developing intrinsic ethical behavior
 - Can an ethical person have unethical behaviors?
 - Can guidelines keep people ethical?

ETHICAL PEOPLE

Can an ethical person have unethical behaviors?

Can guidelines keep people ethical?



ETHICAL DIFFERENCE

I did **NOTHING WRONG**

VERSUS

I did the **RIGHT THING**

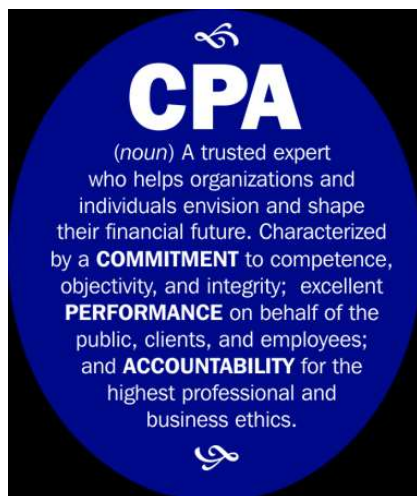
“While I do not believe I ever did anything illegal...I’ve done an awful, awful lot that was wrong.”

John Edwards on his acquittal/mistrial

100% legal – 10% ethical?

Is doing the right thing the same as saying, “I did nothing wrong?”

Description Of CPA Ethics



ICPAS's *INSIGHT* Magazine

Spring 2013 Article, "Are You Ethical?"

1. Know thyself
 - www.lifevaluesinventory.org
2. Anticipate questionable scenarios
 - Talk about ethics with others
3. Get the facts
 - Ethical dilemma or misunderstanding?
4. Consider the consequences
 - Think short-term and long-term
5. Evaluate the tone at the top
 - Help create the tone
6. Be proactive
 - Act immediately



ACCOUNTING ETHICS

Accounting means financial information

Reliable financial information helps educated investors and aids in decision-making

We are the guardians of reliable financial information

Accountability – authority and responsibility



UNETHICAL ACCOUNTING

1. Exaggerate revenue
2. Provide misleading information regarding business expenses
3. Misuse funds
4. Misappropriation



PURPOSE

Oversight bodies, those charged with governance.

- Entities manage resources & use authority properly in compliance
- Programs are achieving objectives
- Programs are effective, efficient, and ethical
- Accountability – responsibility and authority

PROFESSIONAL CONDUCT

Accountability

Tone from the top → Modeling, Decision-Making, Hiring

Making decisions consistent with public interest → Integrity

Auditors place priority on responsibility to public

Proper use and prudent management of resources

Transparency → What, How, Why

ETHICAL BACKGROUND

Ethics – From the Greek ethos, meaning character.
Ethics is the study of how we make decisions

Intent and expectations

Ethics are the values by which human beings live in relation to other human beings, themselves and/or nature.

RULE ETHICS

Emanuel Kant would say that consequences can't make actions right or wrong.
The key question is: "What would happen if everyone acted this way?"
Excuse – "everyone does it"

A good rule is one that:

Becomes universal and can be applied consistently
and
Is respectful of the autonomy and rationality of all human beings

Trade offs:

Promotion of self interest
vs
Protection of rights

Does having rules make someone ethical?

An ethical person will want to know the rules so that he/she can make informed ethical choices.

The question is whether or not the rules and procedures are being applied ethically.

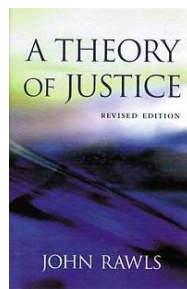
LAWRENCE KOHLBERG'S MODEL

1. Pre-conventional Level:
 - People act out of fear of punishment
There is no morality.
2. Conventional Level:
 - People act to conform their behavior to the expectations of the group to which they belong.
"I did nothing wrong."
"Everyone one else does it."
3. Post-conventional Level"
 - The individual understands the reasoning behind a moral principle.
"I did the right thing."

CONTRACT THEORY

John Rawls – American Philosopher 1921 – 2002

1. SOCIAL JUSTICE – All jobs should be open to talent (equal opportunity)
2. DECISIONS – Made behind a veil of ignorance
 - This "veil" blinds people to all facts about themselves and others so they cannot tailor principles to their advantage



DISCRIMINATION

(1.400.10, 2.400.10, 3.400.10)

Violates any antidiscrimination laws

Includes sexual and other types of harassment

Is an act discreditable.

PSYCHOLOGY

Ann Tenbrunsel – Current Notre Dame Researcher

Business professionals rationalize a “business” decision instead of an “ethical” decision; framework is everything

Business Decision

What might I gain?

How will it affect the future?

Ethical Decision

Is this decision fair?

Will people be hurt?



ETHICS AND DECISION-MAKING

Ethics is not always making a decision between right and wrong

Ethics is also about making the key decisions between right and right

Defining Moments: When Managers Must Choose Between Right and Right



Ethical Challenges

- Conflicts of interest
- Disagreement over a tax/accounting position
- Integrity
- Due diligence
- Reckless or intentional disregard of rules, laws, or regulations
- Client acceptance – Knowledge of client's error
- Confidentiality

Ethical Challenges

JUSTICE? The process or result of using laws to fairly judge people accused of crimes. The quality of being fair or just. Were they treated with justice?

Punish or change behavior?

Ethical Behavior

GOLDEN RULE

Do unto others as you would have them do unto you.

What you want may not be what others want or need.

We would want people to ask us what we want or need so we should ask them.

Fairness is not equality. I am short.

THE CODE OF PROFESSIONAL CONDUCT

1. Principles are ideal standards and are not enforceable. (Based in Philosophy)
2. Rules of Conduct are minimal standards of ethical conduct stated as specific rules. They are enforceable. (Ex. Independence)*
3. Interpretations of rules of conduct. Not enforceable but you must justify departure. (Ex. Can an auditor accept a gift?)
4. Ethical rulings. Published explanations of questions asked to the AICPA. Not enforceable but you must justify departure.

GENERAL STANDARDS

Internal auditor's rules of conduct:

Integrity – perform with honesty, diligence and responsibility

Objectivity – appearance and fact

Confidentiality – prudent in use of information (protect it.)

Competency – necessary knowledge, skills and experience.

Professional Behavior

GENERAL STANDARDS

- All things “technical!” When we think of ethics, rarely do we think technical standards.
 - ❖ Professional Competence
 - ❖ Due Professional Care (professional judgment & skepticism)
 - ❖ Planning and Supervision
 - ❖ Sufficient Relevant Data
 - ❖ GAAP
 - ❖ GAAS

PROFESSIONAL CONDUCT

- The Public Interest (trust and responsibility)
- Integrity (can accommodate the inadvertent error and honest difference of opinion; it cannot accommodate deceit or subordination of principle)
- Due Care “The **quest for excellence** is the essence of due care.” – Professional judgment and skepticism
- Prudence

CODE OF CONDUCT UPDATE

- Reorganize the Code of Conduct
 - Part 1: Public practice
 - Part 2: Industry
 - Part 3: Between jobs, retired, other
- Topics and Subtopics
 - Non-authoritative guidance issued by the AICPA will appear next to authoritative standards



Public – Ethical Conflicts

Business – Conflicts of Interest

Others – Acts Discreditable

INDEPENDENCE

- Conceptual Framework
 - ❖ Independence of Mind
 - ❖ Independence of Appearance
- The most detailed section of our Code of Conduct

Ethical Conflicts - Threats to Independence

- Obstacles created by internal or external pressures
- Conflicts in applying relevant professional and/or legal standards. (Fraud and confidentiality).
- Response: relevant facts and circumstances (including rules), issues, established internal procedures

ethical

Public – Ethical Conflicts Threats to Independence

- Adverse Interest – members interest opposed to employer (ex. Lawsuit against client)
- Advocacy – promote employer interest or position (IPO, expert witness, tax)
- Familiarity – too accepting of a person's word or sympathetic to a person (Close relationship)

Warning Unconscious biasness

(Initial reaction - You can not tell me what to do! OR Don't tell me what to do.)

- Self-interest – benefit financially or otherwise (Loan)

Public – Ethical Conflicts Threats to Independence (2)

- Self-review – will not evaluate work appropriately (previously made judgments)
- Undue influence – a member will subordinate his/her judgment and integrity to an individual due to that individual's position, reputation, or aggressive (dominating) personality
- Management Participation (old 101-3) – Directorship, client employees, responsible for client internal control

Client and Customer Acceptance and Retention

1. Set expectations from the beginning
2. Client meetings should be two way interviews
3. Bullying



Discussion

Your boss says to you...

“I am not telling you to do anything illegal. I am just telling you what I want done. It is up to you to figure out how to do it.”

Friend in Government

Safeguards

- Legislative
- Training
- Culture – Expectations
- How and by whom the safeguard is applied – internal control
- Policies and procedures against discrimination and harassment
- Tone from the top
- Skepticism

ETHICAL CASE FOR CONSIDERATION

Role → You are Mayor and as such, Liquor Commissioner...

Decision → Do you accept a gift from a tavern or not?



Gifts – Judgement Concerning Relevant Facts

- Nature of the gift or entertainment
- The occasion of giving rise to the gift
- The cost or value of the gift or entertainment (Cubs vs. Sox)
- The nature frequency, and value of other gifts or entertainment

ETHICAL BACKGROUND

Ethics – adherence to applicable regulations, laws, and professional standards

Be proactive – Hasbro and lead

Communication – policies and procedures

Documentation – who, what, when, how and why

Accountability – responsibility and authority

Ethical Challenges

- Conflicts of interest
- Disagreement over a tax/accounting position
- Integrity
- Due diligence
- Reckless or intentional disregard of rules, laws, or regulations
- Client acceptance – Knowledge of client's error
- Confidentiality

The Job

- Do it right the first time (saves time fixing issues later)
- Provide higher level of uniform quality*
- Experience less conflict
- Keeping reputation intact leads to new and repeat business

*W. Edwards Deming

The Aura

1. Take accountability from the top-down
2. Make the message consistent
3. Encourage skepticism
4. Facilitate ethical behavior
5. Don't create a home for the 'Fraud Diamond'

Accountability from Top-down

- Common vision and mission
- Prevent, detect, and correct with internal controls
- Prevent, detect, and respond to compliance and fraud issues

Consistent Message

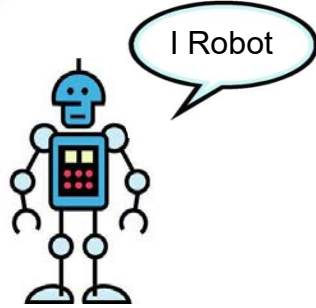
- Ask employees to repeat the mission to ensure consistency within the company
- Ensure employees know what is expected of them and where the **boundaries** are
- Let clients and customers know what your message is
(Ex. Engagement letter, contracts, website, marketing materials)

AI and CHATGPT

They can make useful suggestions.

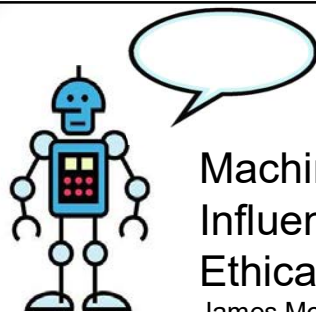
You need to make the decisions. They do not incorporate your personality or organizational culture.

A questioning attitude using complex problem solving, critical thinking, creativity and emotional intelligence is needed more than ever.



Asimov Rules!

1. A robot may not injure a human being or, through inaction, allow a human being to come to harm.
2. A robot must obey the orders given to it by human beings, except where such orders would conflict with the First Law.
3. A robot must protect its own existence as long as such protection does not conflict with the First or Second Laws.



Machines with Ethical Influences Ethical Agents

James Moor

1. Impact Agents: influence-intended or not – clock on time.
2. Implicit Agents: designed to avoid unethical and negative outcomes-security or safety-"the door is ajar."
3. Explicit Agents: algorithms to act ethically-drone to destroy military targets but must avoid nearby humans.
4. Full Agents: AI-machine that can make moral decisions and And can understand why it makes those decisions.

REMOTE WORK

Confidentiality - passwords, public places, apartments

Productivity – clear goals and expectations

Equipment usage – business only?

Wellness – a mentor or someone to run ideas by

Fraud – segregation of duties

Navy Commander

About mission commander on two boats
accidently entering Iran's waters

“He lacked a questioning attitude, failed to
promote a culture of safety, and disregarded
appropriate backup from his staff and
subordinate commands.”

July 1, 2016

- What HAS Changed?
- What SHOULD HAVE Changed?
- Does it cause a Risk?
- **What is going to be your RESPONSE?**

One of The Largest Pitfalls to
Performing Engagements in an
Effective and Efficient
Manner.....?

***Making
Assumptions!***

Best Practices

**Communicate engagement terms clearly with the client –
Scope of the engagement**

Determine facts and reasonableness of assumptions

**Advise clients regarding impact of conclusions
reached on the returns**

Act fairly and with integrity ALWAYS

Danger, Accountant, Danger

**It is most dangerous not to know
what you do not know!!!!**



How do we know we are acting ethically?

***“Judge a man by the questions he asks –
not by the answers he gives.”***

Voltaire

Ask yourself:

Who will the decision help?

Who will the decision harm?

Why is the decision appropriate for the
situation/time?

Sometimes the choice is between right and right!

MORE QUESTIONS

Who am I? (Psychological)

How does it work? (Physical)

How do I make decisions? (Ethical)

People make bad decisions because they are pressured to do something
that may be wrong.

They may have a bad attitude because they may feel things are not fair.

Also, they may have the opportunity.

How do I relate to other people? (Sociological)

Four step ethical decision framework

Step 1: Identify the dilemma and assess the potential risk to the organization, others and yourself.

- What is the dilemma?
- What is the potential risk to others (clients, coworkers, your family, etc.)?
- What is the potential risk to the organization?
- What is the potential risk to you?

Four step ethical decision framework

Step 2: Consider several alternative actions and the potential outcomes and consequences of each action.

- What section(s) of the Code of Ethics and Professional Conduct is/are applicable?
- What internal policies and/or laws are applicable? (If unsure, consult the helpline or ethics officer.)
- What questions should be asked early on in dealing with this dilemma?
- What internal resources can you use for guidance? Who should be notified?

Tabulate alternates – what are the options? If it feels right, it probably is; if it feels dubious, it probably is.

Four step ethical decision framework

Step 3: Decide on the best course of action and implement it. (Consider the “evaluation tests” in Step 4.)

- What is the best course of action?

Step 4: Evaluate the results of your actions.

- Could you tell your family or friends what you did? Would your Mom be proud of your choice?
- If your decision and actions were placed on the front page of the *Times* or the *Journal*, would the story portray a flattering portrait of you?
- Have you obeyed the letter and the spirit of the law?
- How will you know if you have made the right decision?

MORAL HAZARDS

1. SEAT BELTS
2. BLOCK CHAIN
3. INTERNAL CONTROL
4. DRIVERLESS CARS – TESLA



ETHICS OF DRIVING

1. Don't hit anything
2. Be aware – notice things (Bus)
3. Don't get hit by anything
4. Stay out of other peoples' way
5. Know what others expect you to do
6. Let others know what you are doing- Be Transparent!
7. Your decisions impact others
8. For backseat driving...



PRACTICAL BEHAVIOR

An Ethical Person:

I messed up.

It won't happen again.

ETHICAL PEOPLE

Can an ethical person have unethical behaviors?

Can guidelines keep people ethical?



Being ethical is doing the right thing...

Even when no one else knows.



CPAS TO BE VALUE-ADDED

Do not participate in acts discreditable

Only accept clients and engagements for which you have the expertise

Remember you are a CPA at all times → 24/7 mindset!



Do the Right Thing!



2:30 – 3:30 p.m.

Recent Trends in Wisconsin School Finance: The Increasing Need for Capital & Operational Referenda

Jordan Masnica, *Vice President, Baird Public Finance*

Elise Murn, *Vice President, School Business Specialist,
Baird Public Finance.*

Recent Trends in Wisconsin School Finance

School District Audit Conference

Baird Public Finance
777 East Wisconsin Avenue
Milwaukee, WI 53202

Discover the *Baird Difference*

Meet the Baird School Finance Team

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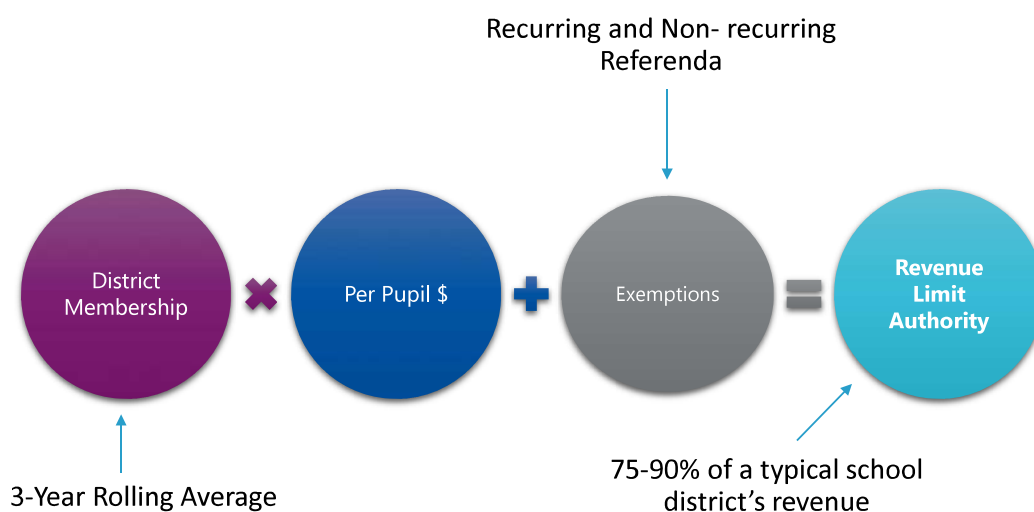


Kim Zabel
School Business Specialist
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kzabel@rwbaired.com

Referendum Overview

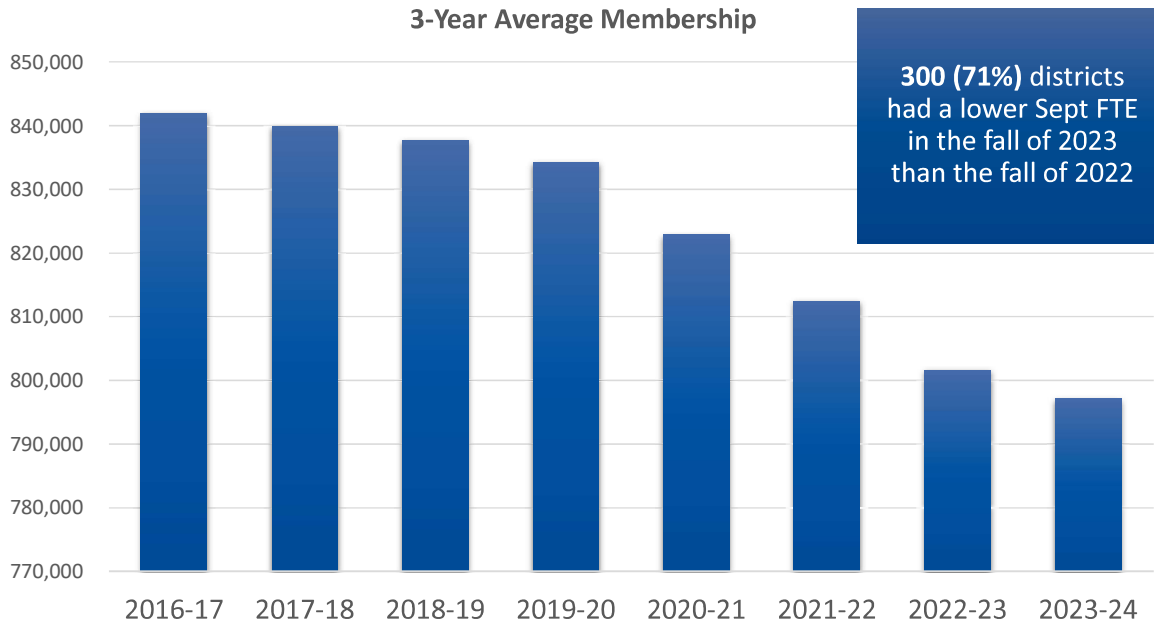
School Funding Statewide: Revenue Limits

A district's **Revenue Limit Authority** is the maximum amount of revenue that may be raised through **state general aid** and **property tax**.



Membership in Public School is Declining

BAIRD



IMPACTS:

- Revenue Limit Authority
- Operating Budget
- Levy/Mill Rate

Source: Department of Public Instruction

258 (61%) districts experienced declining enrollment (lower 3-year average than 22-23)

Page 3

School Funding Statewide: Per Pupil Increases

BAIRD

Revenue Limit Per Pupil Adjustment Under Prior Inflation Indexing Compared to Actual Resource Change

	Per Pupil Adjustment Under Prior Indexing	Actual Combined Resource Change	Difference
2008-09	\$274.68	\$274.68	\$0.00
2009-10	274.68	200.00	-74.68
2010-11	281.00	200.00	-81.00
2011-12	288.59	-554.00*	-842.59
2012-13	296.38	100.00	-196.38
2013-14	300.83	100.00	-200.83
2014-15	305.34	150.00	-155.34
2015-16	305.34	0.00	-305.34
2016-17	308.09	100.00	-208.09
2017-18	315.48	200.00	-115.48
2018-19	323.05	204.00	-119.05
2019-20	329.19	263.00	-66.19
2020-21	334.13	179.00	-155.13
2021-22	342.82	0.00	-342.82
2022-23	371.96	0.00	-371.96

* While the 5.5% per pupil reduction amount varied among districts, the statewide average reduction was \$554.

NOTE: 2023-24 estimate of \$392.79 and 2024-25 estimate of \$403.00

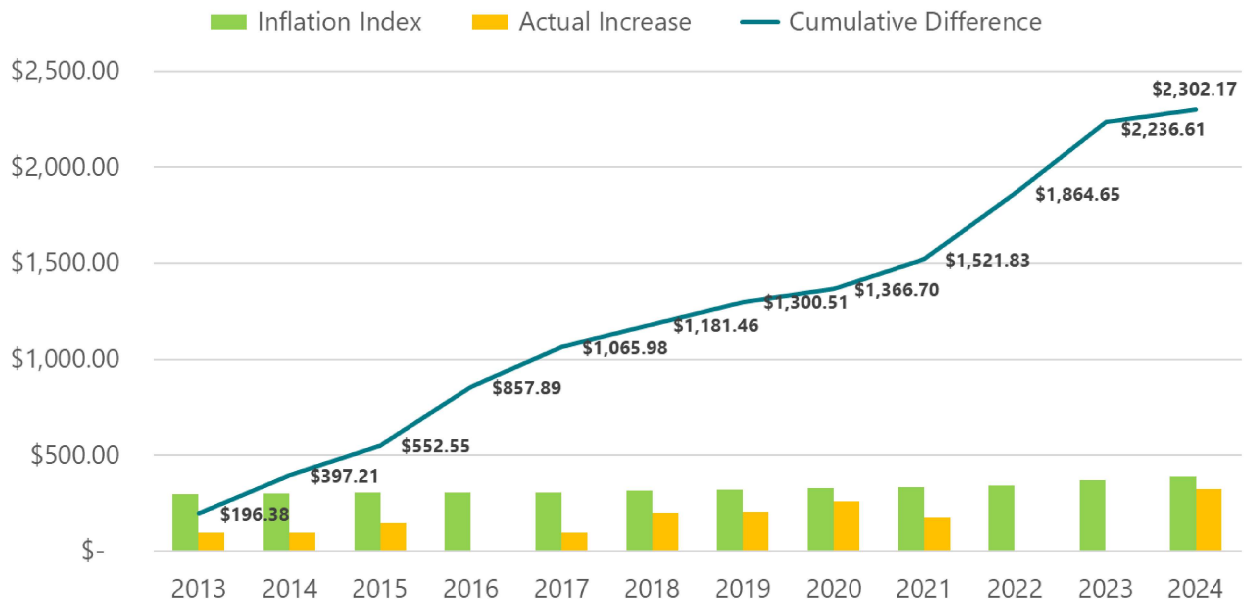
Source: Legislative Fiscal Bureau as of 01/2023

Page 4

School Funding Statewide: Per Pupil Increases

BAIRD

Revenue Limit Per Pupil Adjustment Under Prior Inflation Indexing Compared to Actual Change



Source: Legislative Fiscal Bureau

Page 5

Revenue Limit Maximum Revenue per Member

BAIRD

2023-24 Revenue Limit Maximum Revenue per Member

K-12 Districts
\$11,459 average

Top 3:
\$24,624
\$18,464
\$16,431

K-8 Districts
\$12,328 average

Top 3:
\$20,136
\$18,242
\$17,816

UHS Districts
\$13,181 average

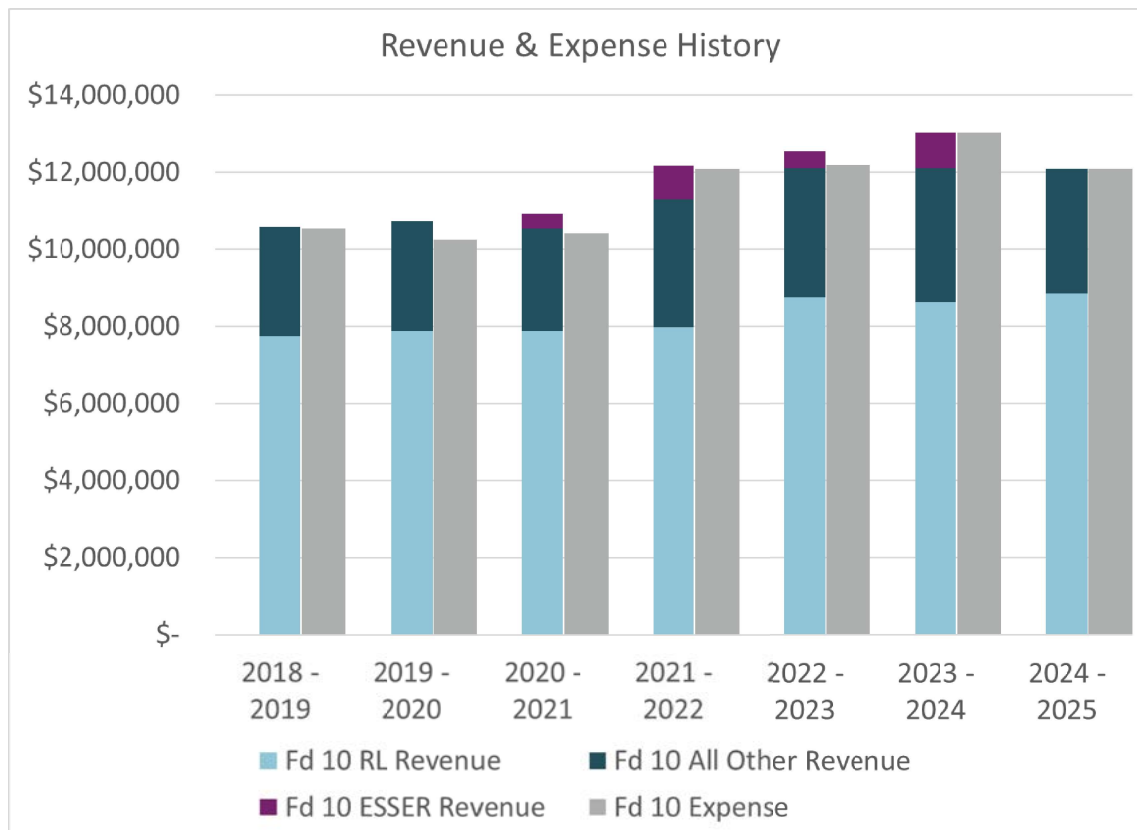
Top 3:
\$16,162
\$15,260
\$13,781

Source: Department of Public Instruction

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ESSER FUNDING SUMMARY: REVENUE

BAIRD

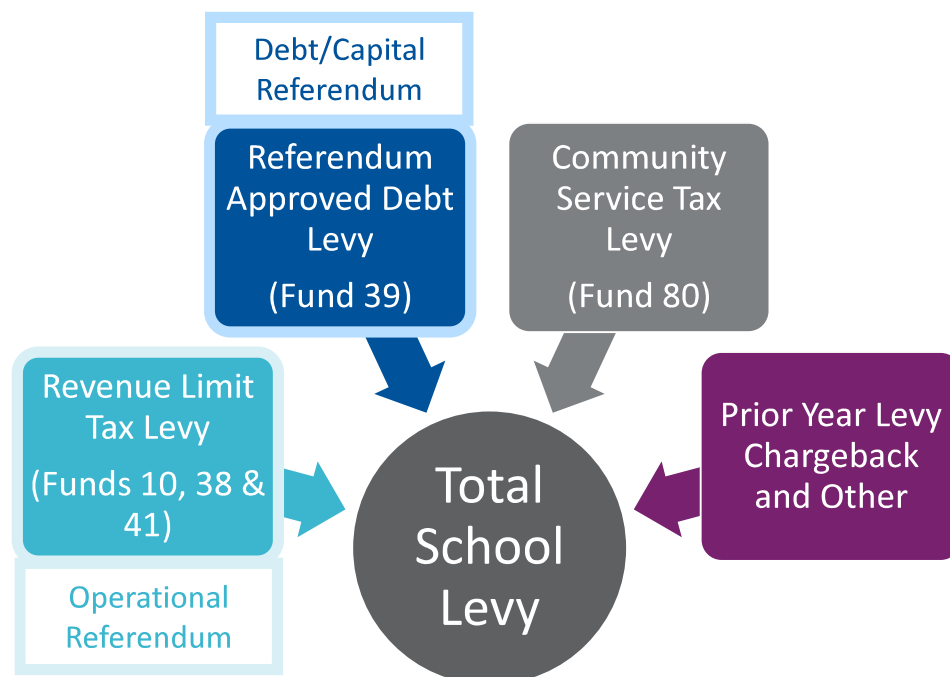


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Referendum 101

BAIRD

A referendum asks for voter approval to increase the taxing authority of the School District for the purposes of Operations or Debt



Page 8

Types of Referendums

BAIRD

	Debt Referendum	Operational Referendums	
		Recurring	Non-Recurring
Purpose	Large Capital Projects	Operating Costs	Operating Costs
Term	Up to 20-Year Loans	Unlimited Levy added to base of Revenue Limit	Annual Levy with a sunset

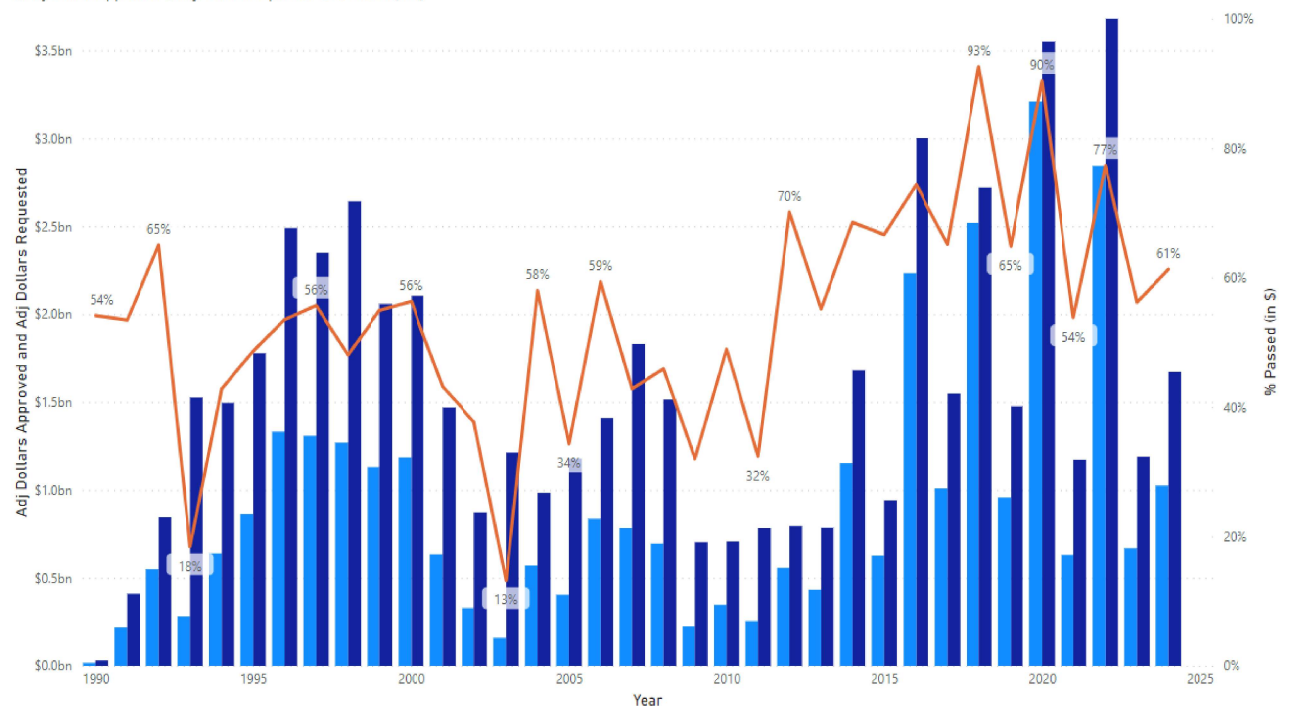
Page 9

Historical Referendum Trends

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Dollars Requested & Approved (All Refs) (Adjusted for Inflation)

● Adj Dollars Approved ● Adj Dollars Requested ● % Passed (in S)



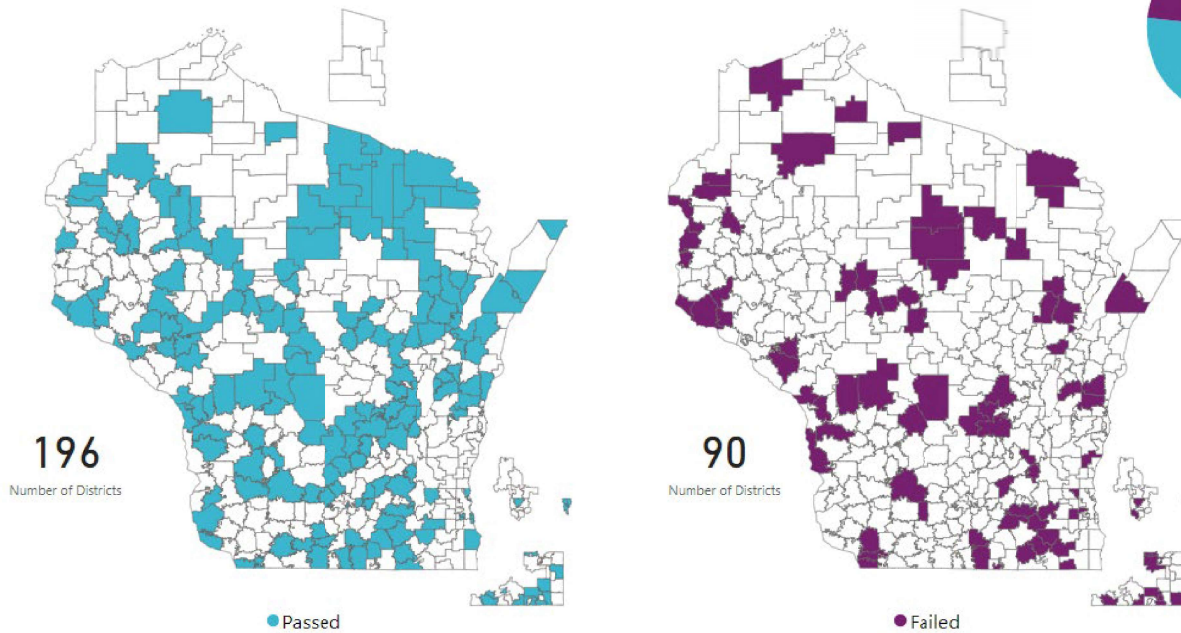
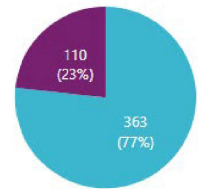
Source: Department of Public Instruction

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10 Year History - Non-Recurring Referenda

BAIRD

Questions Asked



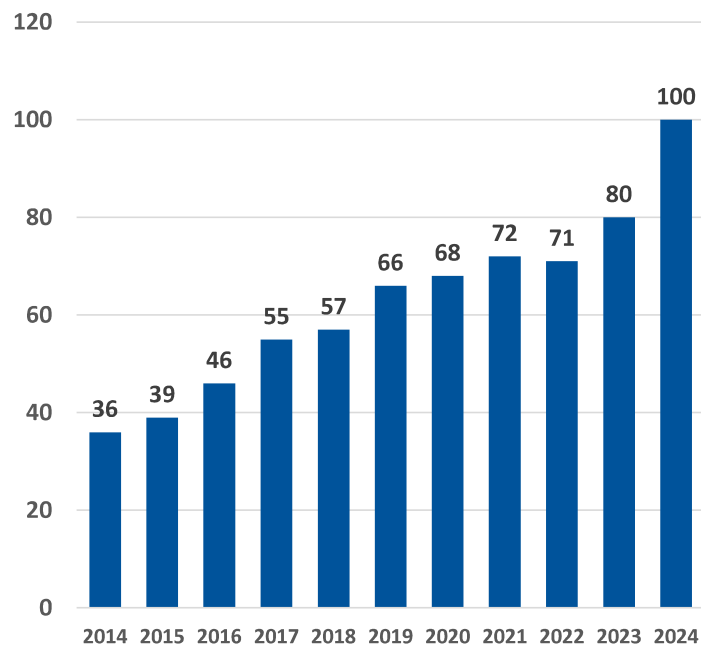
Source: Department of Public Instruction, dated through April 2024

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Dependency on Operational Referendum

BAIRD

Districts that have at least 10% of their revenue limit supplemented by non-recurring operating referendum



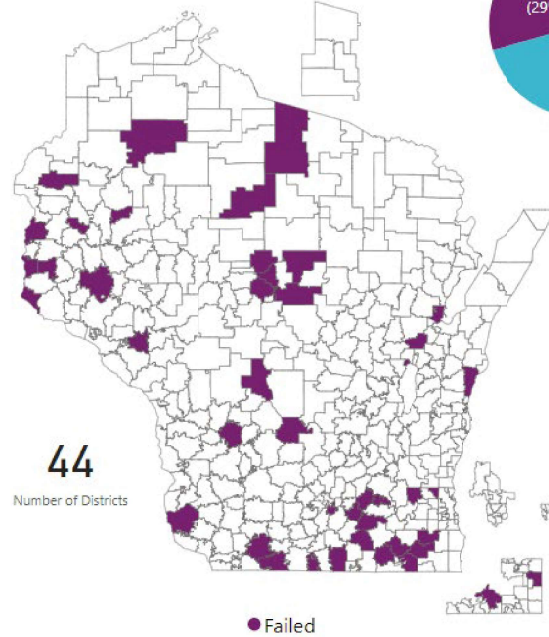
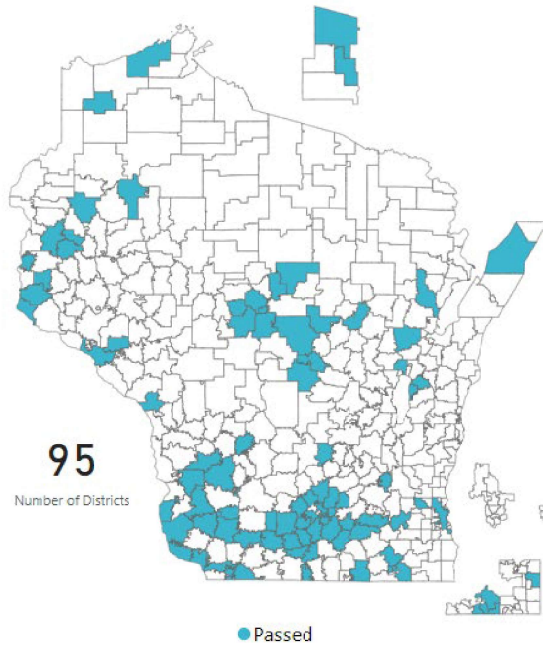
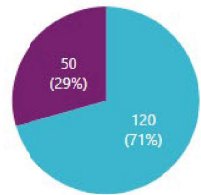
Source: Department of Public Instruction
*Numbers based on Base Revenue Limit figure for each year, per the Revenue Limit Worksheet

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10 Year History - Recurring Referenda

BAIRD

Questions Asked



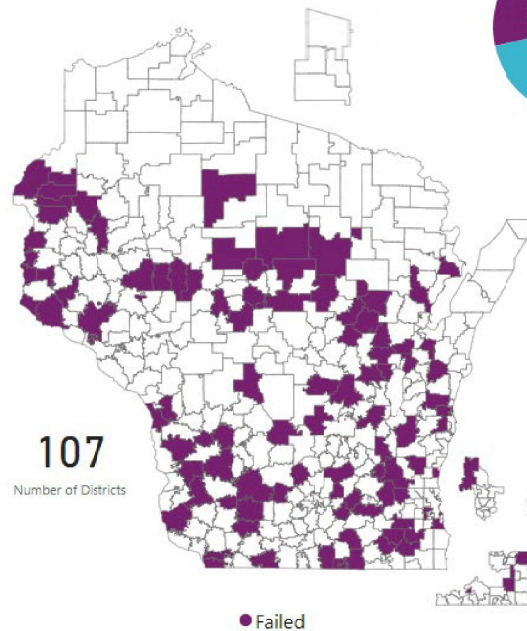
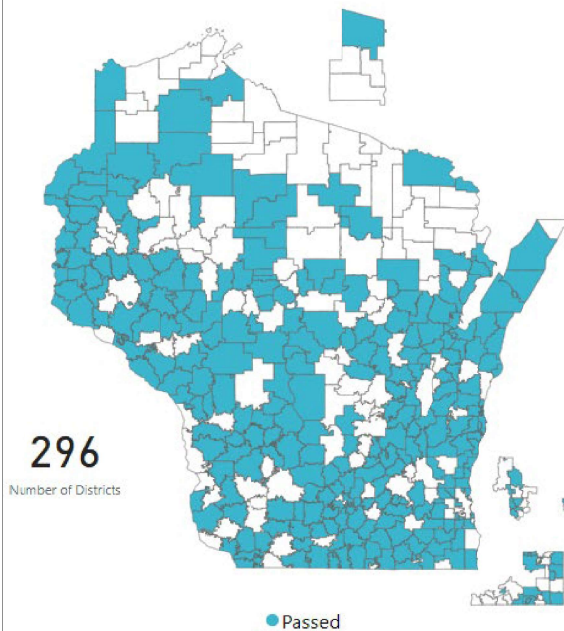
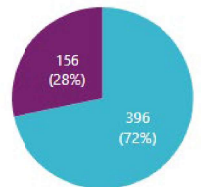
Source: Department of Public Instruction, dated through April 2024

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10 Year History - Debt Referenda

BAIRD

Questions Asked



Source: Department of Public Instruction, dated through April 2024

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Referendum Success Statistics

BAIRD

Based on Month (Since 2000)

Election Month	Issue Debt			Non-recurring			Recurring		
	Failed	Passed	Pass Percentage	Failed	Passed	Pass Percentage	Failed	Passed	Pass Percentage
February	44	68	60.7%	27	47	63.5%	30	23	43.4%
April	270	369	57.7%	192	379	66.4%	121	103	45.9%
August/September	19	22	53.7%	14	21	60.0%	8	6	42.9%
November (Non-Presidential)	39	123	75.9%	22	72	76.6%	16	32	66.7%
November (Presidential)	43	113	72.4%	21	52	71.2%	13	36	73.5%
Special (No longer an option)	105	87	45.3%	33	56	62.9%	50	35	41.2%
Total	520	782	60.0%	309	627	66.9%	238	235	49.6%

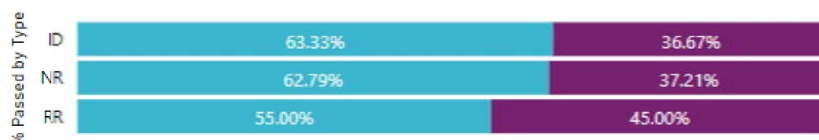
Source: Department of Public Instruction, dated through April 2024

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April 2024 Election Results

BAIRD

Type		Passed	Failed	Total
Issue Debt	# of ?s	19	11	30
	Total	\$473.3M	\$326.6M	\$799.9M
Non-Recurring	# of ?s	27	16	43
	Total	\$193.0M	\$138.6M	\$331.6M
Recurring	# of ?s	11	9	20
	Total	\$290.3M	\$31.9M	\$322.1M
Total	# of ?s	57	36	93
	Total	\$956.5M	\$497.1M	\$1,453.6M



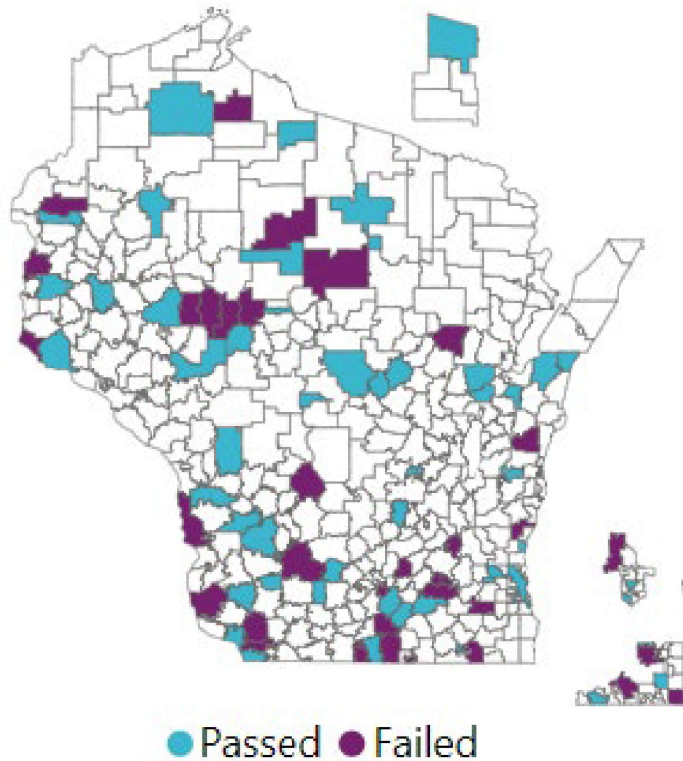
61%
of Questions Passed this Election

Source: Department of Public Instruction, dated through April 2024

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April 2024 Election Results

BAIRD



Source: Department of Public Instruction, dated through April 2024

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NR/RR/ID Information

BAIRD

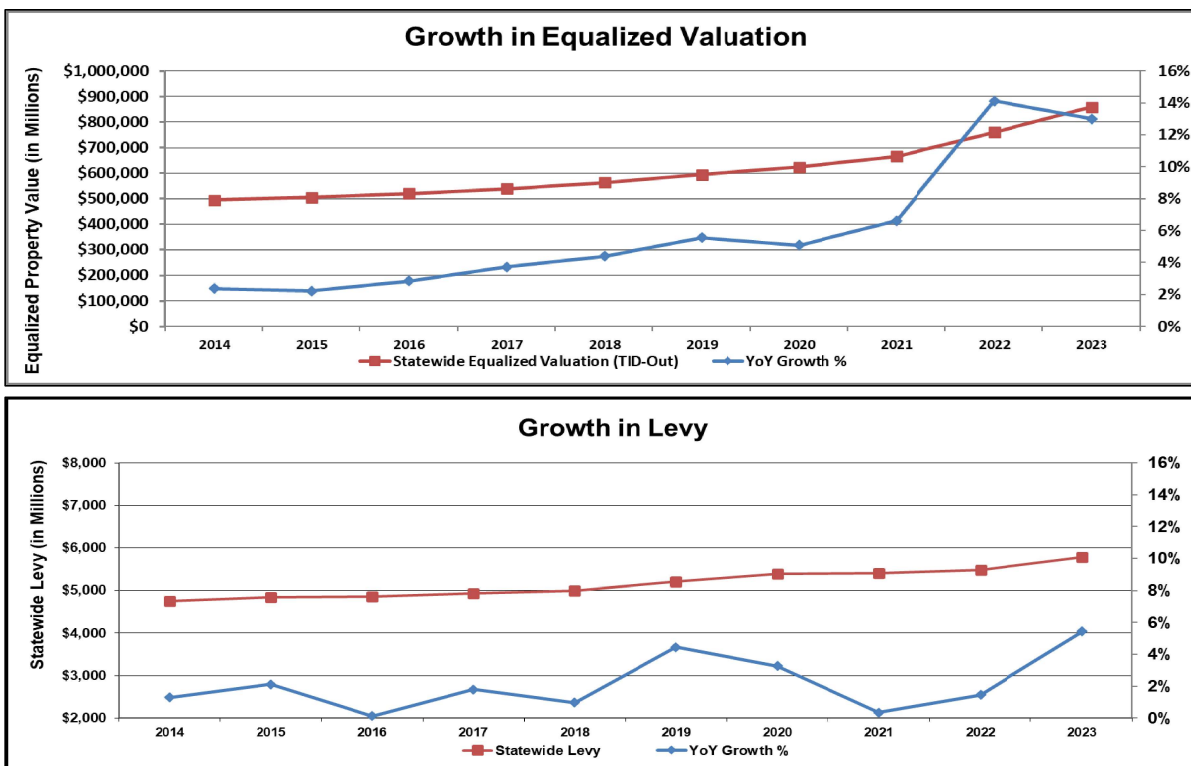
Election Year	Issue Debt			Non-recurring			Recurring		
	Failed	Passed	Pass Percentage	Failed	Passed	Pass Percentage	Failed	Passed	Pass Percentage
2000	45	67	59.8%	16	17	51.5%	23	26	53.1%
2001	49	35	41.7%	13	16	55.2%	33	20	37.7%
2002	35	24	40.7%	13	11	45.8%	18	2	10.0%
2003	44	13	22.8%	13	8	38.1%	24	5	17.2%
2004	17	32	65.3%	9	16	64.0%	13	10	43.5%
2005	25	17	40.5%	14	16	53.3%	13	10	43.5%
2006	22	40	64.5%	22	32	59.3%	11	10	47.6%
2007	25	31	55.4%	18	22	55.0%	14	9	39.1%
2008	27	30	52.6%	23	32	58.2%	19	10	34.5%
2009	14	13	48.1%	17	19	52.8%	10	3	23.1%
2010	16	26	61.9%	18	19	51.4%	8	2	20.0%
2011	20	13	39.4%	10	22	68.8%	1	4	80.0%
2012	11	29	72.5%	10	19	65.5%	3	4	57.1%
2013	16	19	54.3%	11	21	65.6%	3	1	25.0%
2014	18	33	64.7%	15	39	72.2%	7	8	53.3%
2015	19	27	58.7%	9	31	77.5%	0	4	100.0%
2016	18	64	78.0%	9	38	80.9%	5	20	80.0%
2017	17	23	57.5%	8	21	72.4%	6	8	57.1%
2018	9	75	89.3%	5	46	90.2%	2	19	90.5%
2019	10	16	61.5%	4	23	85.2%	1	6	85.7%
2020	6	43	87.8%	5	37	88.1%	5	15	75.0%
2021	17	19	52.8%	8	19	70.4%	3	5	62.5%
2022	17	57	77.0%	10	59	85.5%	6	17	73.9%
2023	11	18	62.1%	22	22	50.0%	4	6	60.0%
2024	14	21	60.0%	17	28	62.2%	11	12	52.2%
Total	522	785	60.1%	319	633	66.5%	243	236	49.3%

Source: Department of Public Instruction, dated through April 2024

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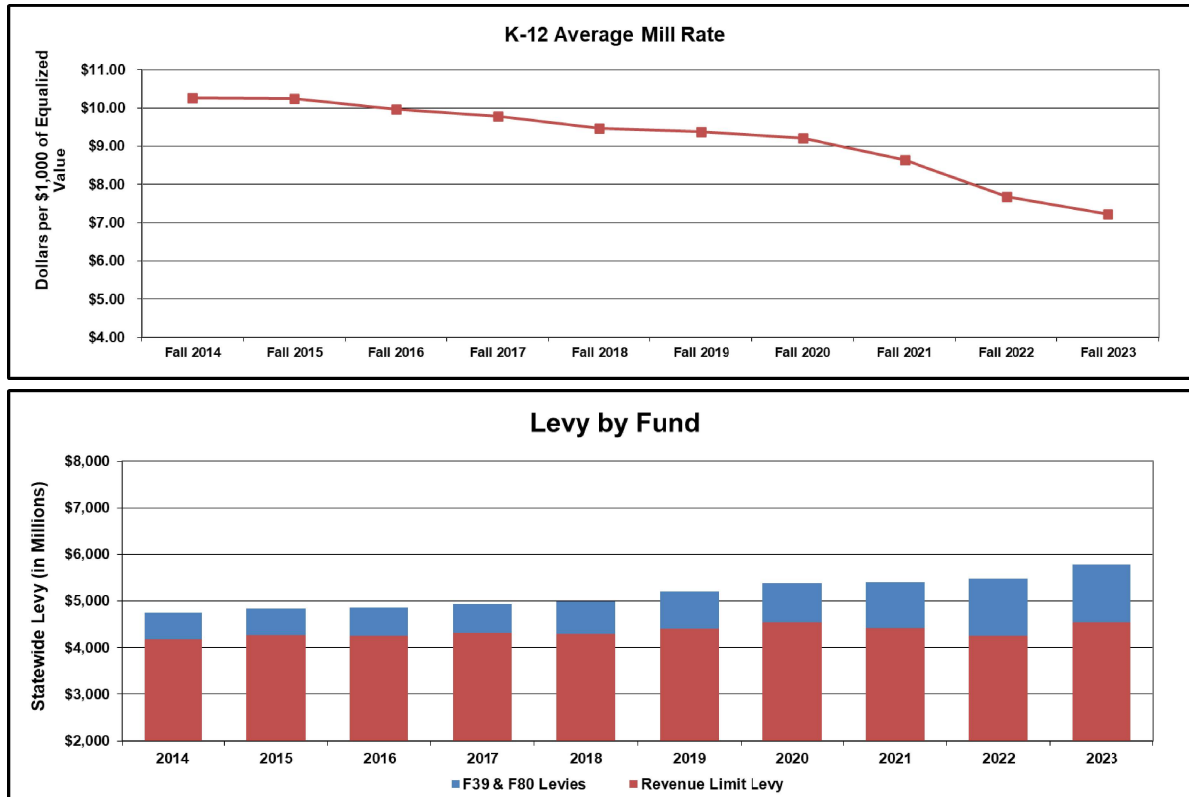
As A Result...

Valuation and Levy Growth



Mill Rate and Levy

BAIRD

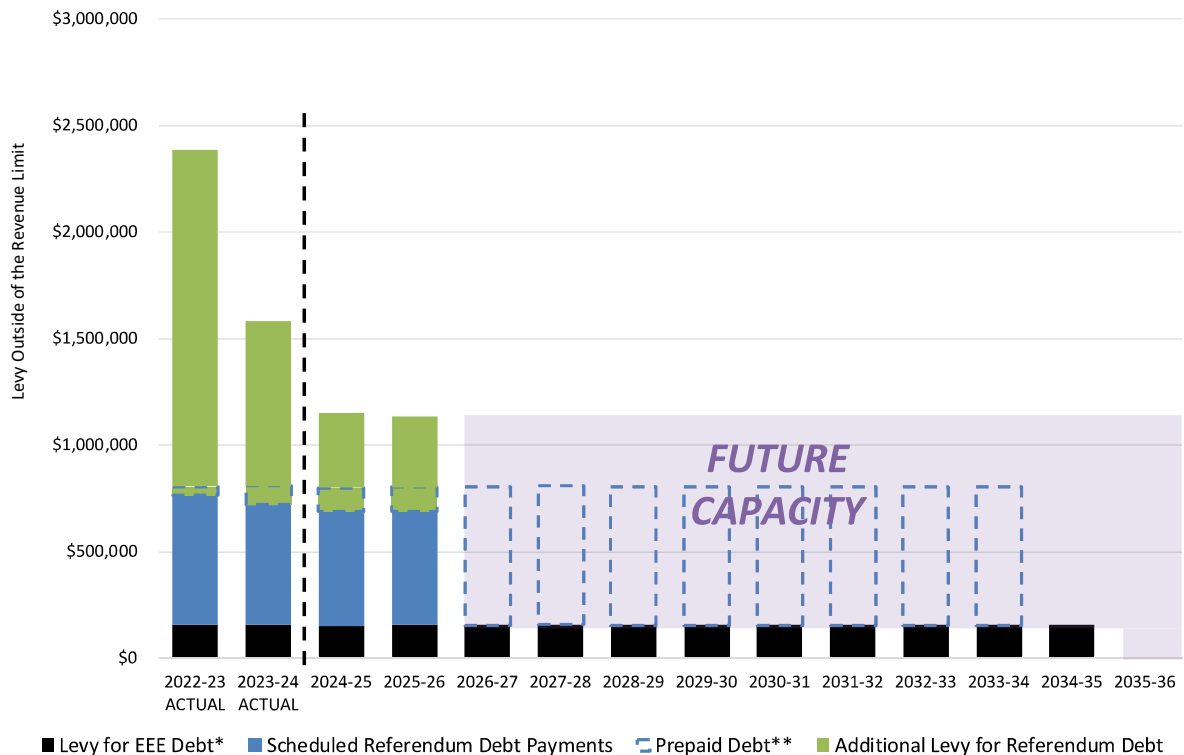


Source: Department of Public Instruction.

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Levy Management and Debt Prepayment

BAIRD



*For demonstration purposes only

Page 21

Cash Defeasance – High Escrow Earnings

BAIRD

ESCROW REQUIREMENTS

Cash Defeasance - Final

Period Ending	Interest	Principal Redeemed	Total
04/01/2024	8,450.00		8,450.00
10/01/2024	8,450.00		8,450.00
04/01/2025	8,450.00	520,000	528,450.00
	25,350.00	520,000	545,350.00

Sources:

Bond Proceeds:	
Cash Requirement	527,995.00
	527,995.00

Uses:

Refunding Escrow Deposits:	
SLGS Purchases	514,845.00
Cost of Issuance:	
Baird Consulting	5,000.00
Bond Counsel	4,500.00
Escrow Agent	1,150.00
CPA Verification	2,500.00
	13,150.00
	527,995.00

Bond Defeasance				
Dr. 38/39 E 000 675 281000 000	Long-Term Bond Principal	520,000		
Dr. 38/39 E 000 685 281000 000	Long-Term Bond Interest	(5,155)		
Dr. 38/39 E 000 690 281000 000	Other Debt Retirement-Closing Costs	13,150		
Cr. 38/39 R 000 968 500000 000	Debt Premium-Non-Refinancing Debt		-	
Cr. 38/39 B 000 000 711000 000	Cash		527,995	
		527,995	527,995	JE IN BALANCE

*For demonstration purposes only

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Fund 80 and Fund 50

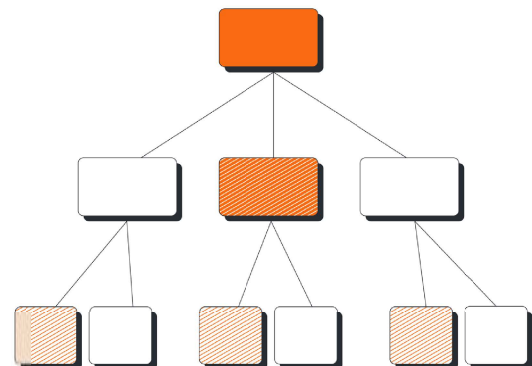
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Pool & Weight Room spreadsheet for % of Fund 80 use

	Hrs per day	7	8	9	10	11	12	1	2	3	4	5	6	Totals
COMMUNITY - Pool & Weight Room Open Hours														
Mondays: WR: 6-7:30 AM & 3:30-9:00 PM/Pool: 6-7:30 AM & 7-9 PM - 10.5 hours	10.5	52.5	42	42	52.5	42	42	52.5	42	52.5	42	42	42	546
Tuesdays: WR: 6-7:30 AM & 3:30-9:00 PM/Pool: 6-7:30 AM & 7-9 PM - 10.5 hours	10.5	52.5	42	42	52.5	42	42	52.5	42	52.5	42	42	42	546
Wednesdays: WR: 6-7:30 AM & 3:30-5:30 PM/Pool: 6-7:30 AM - 8.5 hours	8.5	42.5	34	34	42.5	34	34	42.5	34	42.5	34	34	34	442
Thursdays: WR: 6-7:30 AM & 3:30-9:00 PM/Pool: 6-7:30 AM & 7-9 PM - 10.5 hours	10.5	52.5	42	42	52.5	42	42	52.5	42	52.5	42	42	42	546
Fridays: WR: 6-7:30 AM/Pool: 6-7:30 AM - 3 hours	3	15	12	12	15	12	12	15	12	15	12	12	12	156
Total Community Use	43	215	172	172	215	172	172	215	172	215	172	172	172	2,236
Hours		744	744	720	744	720	744	744	696	744	720	744	720	8,784
Percent Community Use/Month		28.90%	23.12%	23.89%	28.90%	23.89%	23.12%	28.90%	24.71%	28.90%	23.89%	23.12%	23.89%	25%

Formula for hours per month is #hrs per day x #days of the month

How to offset costs but qualify within decision tree?



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Operational Funds

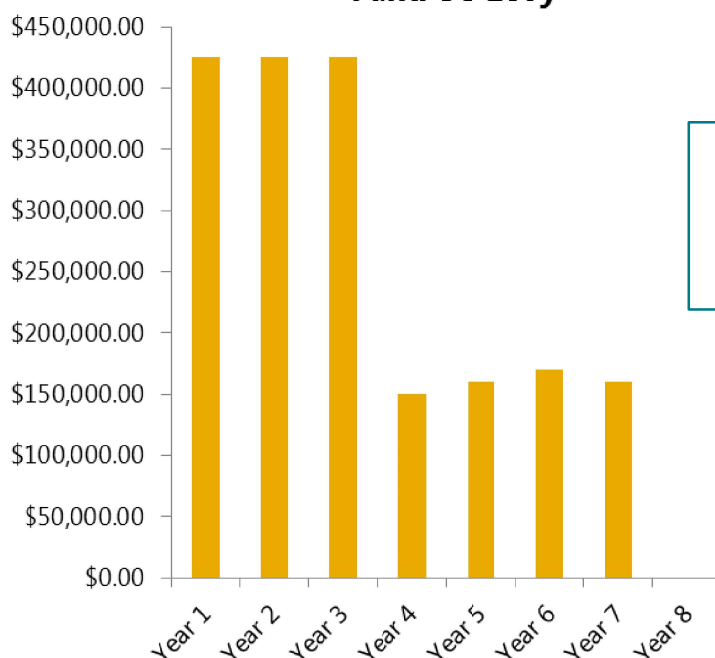
- Annual budget (Fund 10)
- Levy for projects (Fund 41)
- Fund balance (Fund 10)
- Facility “savings account” (Fund 46)
 - 10-year capital plan, 5-year wait
- **ALL Limited by Revenue Limit Formula**

Borrowed Funds

- **Revenue limit borrowing (Fund 38)**
 - \$1 million exemption (less for some)
 - Petition process for amounts over \$1 million
 - *Repaid within Revenue Limits*
- **Referendum borrowing (Fund 39)**
 - *Outside of Revenue Limit Formula*

Fund 38 Debt Impacts

Fund 38 Levy



Referendum **is not** required to replace or add to Fund 38 debt

If not replaced, it has a **budget impact.**

Sample Debt Impact to Budget

BAIRD

			SCENARIO 1			SCENARIO 2					
			\$1,400,000			\$1,600,000					
			G.O. PROMISSORY NOTES			G.O. PROMISSORY NOTES					
			Dated: July 10, 2024			Dated: July 10, 2024					
			(First Interest: March 1, 2025)			(First Interest: March 1, 2025)					
LEVY YEAR	YEAR DUE	EXISTING FUND 38 DEBT SERVICE	PRINCIPAL (3/1)	NET INT. (3/1 & 9/1)	TOTAL	COMBINED FUND 38 DEBT SERVICE	PRINCIPAL (3/1)	NET INT. (3/1 & 9/1)	TOTAL	COMBINED FUND 38 DEBT SERVICE	YEAR DUE
			AIC= 4.47%								
2023	2024	\$48,263				\$48,263				\$48,263	2024
2024	2025	\$46,958	\$70,000	\$19,372	\$89,372	\$136,329	\$90,000	\$17,002	\$107,002	\$153,959	2025
2025	2026	\$45,653	\$25,000	\$67,819	\$92,819	\$138,471	\$35,000	\$76,856	\$111,856	\$157,509	2026
2026	2027		\$70,000	\$65,325	\$135,325	\$135,325	\$80,000	\$73,838	\$153,838	\$153,838	2027
2027	2028		\$75,000	\$61,519	\$136,519	\$136,519	\$85,000	\$69,506	\$154,506	\$154,506	2028
2028	2029		\$80,000	\$57,450	\$137,450	\$137,450	\$90,000	\$64,913	\$154,913	\$154,913	2029
2029	2030		\$85,000	\$53,119	\$138,119	\$138,119	\$95,000	\$60,056	\$155,056	\$155,056	2030
2030	2031		\$90,000	\$48,525	\$138,525	\$138,525	\$100,000	\$54,938	\$154,938	\$154,938	2031
2031	2032		\$95,000	\$43,669	\$138,669	\$138,669	\$105,000	\$49,556	\$154,556	\$154,556	2032
2032	2033		\$100,000	\$38,550	\$138,550	\$138,550	\$110,000	\$43,913	\$153,913	\$153,913	2033
2033	2034		\$105,000	\$33,169	\$138,169	\$138,169	\$120,000	\$37,875	\$157,875	\$157,875	2034
2034	2035		\$110,000	\$27,525	\$137,525	\$137,525	\$125,000	\$31,444	\$156,444	\$156,444	2035
2035	2036		\$115,000	\$21,619	\$136,619	\$136,619	\$130,000	\$24,750	\$154,750	\$154,750	2036
2036	2037		\$120,000	\$15,450	\$135,450	\$135,450	\$140,000	\$17,663	\$157,663	\$157,663	2037
2037	2038		\$125,000	\$9,019	\$134,019	\$134,019	\$145,000	\$10,181	\$155,181	\$155,181	2038
2038	2039		\$135,000	\$2,869	\$137,869	\$137,869	\$150,000	\$3,188	\$153,188	\$153,188	2039
			\$140,873	\$1,400,000	\$564,997	\$1,964,997	\$2,105,869	\$1,600,000	\$635,677	\$2,235,677	\$2,376,549

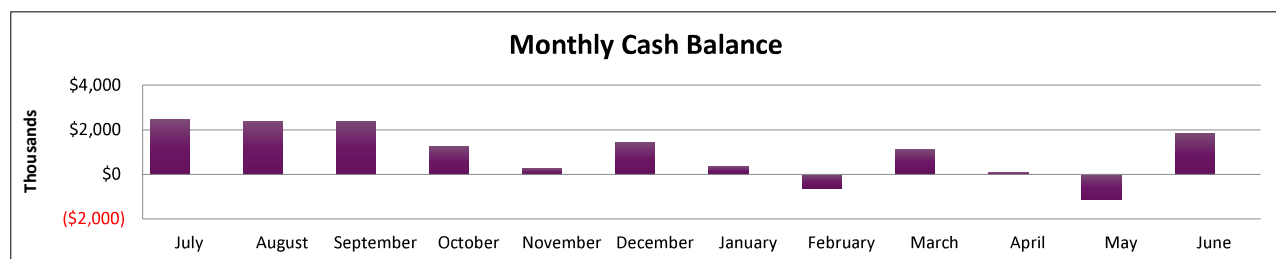
Hypothetical example for demonstration purposes only

Page 26

Manage Cash Flow

BAIRD

- Get cash in-hand as soon as possible
 - Why?
 - Limit cash flow borrowing needs
 - Increase funds available for investments
 - How?
 - Have a cash flow estimate
 - Budget management and cash management are two different things
 - Focus on revenue timing:
 - More frequent grant claims
 - Shared service agreements
 - Transited revenue, i.e. Medicaid or transit of categorical aid
 - Managing bill payment due date



*For demonstration purposes only

Page 27

- Federal legislation passed in 2022
- Offers a number of clean energy and clean vehicle tax credits for eligible projects
- Even though school districts do not pay taxes and are not typically eligible for tax credits, "applicable entities" may elect direct payments instead of tax credits for eligible projects or eligible equipment purchases
 - "Applicable entities" include states and political subdivisions

- To receive direct payments, applicable entities will need to:
 - Identify a capital project or capital equipment purchase that is eligible for one of the available credits
 - Complete the project or acquire the equipment
 - Complete pre-filing registration with the IRS before the tax return is due
 - File a timely tax return to claim the direct payments
 - Receive the direct payment
- *More to come on the filing specifics when additional guidance is released by the Treasury*

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