

SCHOOL DISTRICT OF NEW LONDON **DPI AND ACCOUNTING DEFINITIONS**

A. *DPI Definition of Fund Balances*

1. The School District of New London (the "District") fund structure follows the Wisconsin Uniform Financial Accounting Requirements (WUFAR), as required by the Wisconsin Department of Public Instruction (DPI). The WUFAR allows the District to use the following funds:
 - a. **General Fund (Fund 10)**
 - b. **Special Projects Funds**
 - (1) Special Revenue Trust Fund (Fund 21) ⁽²⁾
 - (2) TEACH Fund (Fund 23)
 - (3) Special Education Fund (Fund 27) ⁽³⁾
 - (4) Other Special Projects Fund (Fund 29) ⁽²⁾
 - c. **Debt Service Fund**
 - (1) Non-Referendum Debt Service Fund (Fund 38) (2)
 - (2) Referendum Approved Debt Service Fund (Fund 39) (2)
 - d. **Capital Projects Funds**
 - (1) Capital Expansion Fund (Fund 41)
 - (2) ARRA--Qualified Zone Academy Bond Projects (Fund 44)
 - (3) ARRA—Qualified School Construction Bond Projects (Fund 45)
 - (4) TIF Capital Improvement Levy Fund (Fund 48)
 - (5) Other Capital Projects Fund (Fund 49)
 - e. **Food Service Fund (Fund 50)** ⁽²⁾
 - f. **Agency (Pupil Activity) Fund (Fund 60)** ⁽¹⁾
 - g. **Trust Funds**
 - (1) Private Purpose Trust Fund (Fund 72)
 - (2) Employee Benefit Trust Fund (Fund 73)
 - (3) Investment Trust Fund (Fund 76)
 - h. **Community Service Fund (Fund 80)**
 - i. **Package and Cooperative Program Fund**
 - (1) Packaged Services (Fund 91) (1)
 - (2) TEACH Program Consortium (Fund 93)

(3) Other Package and Cooperative Program Funds (Fund 99) (1)

⁽¹⁾ DPI does not allow a fund balance in this fund

⁽²⁾ DPI does not allow a fund deficit to be reported in this fund

⁽³⁾ DPI requires fund to be separate; however, for financial reporting purposes, will be consolidated with the general fund

2. Each fund is considered a self-balancing set of asset, liability, and fund balance accounts used to account for the district's financial transactions in accordance with laws, regulations, or restrictions. Fund balance is the difference between assets and liabilities as reported in the basic financial statements for governmental funds. The District is currently using the funds in bold print. Chapter 5 of the WUFAR further details the types of transactions to be recorded in each fund.
3. From time to time, the State of Wisconsin revises the WUFAR to add or delete funds which are available to be used by Wisconsin school districts. The fund balance policies of the District will be periodically updated to be consistent with the WUFAR, when considered necessary by the District's management.

B. **Accounting Definitions for Fund Balances** - GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", establishes fund balance classifications based upon the extent to which the District is bound to observe constraints imposed upon the use of the financial resources reported in governmental funds. Fund balance can now be reported in the following five classifications:

1. **Non-spendable fund balances (WUFAR Function 935 000)** cannot be spent and meet one of the following conditions.
 - a. Non-spendable Fund Balance (WUFAR Code 935 100) is not in spendable form and cannot be converted to cash. Examples include prepaid expenses and inventories. This fund balance classification can be reported in funds 10, 21, 50 and 80.
 - b. Corpus of Permanent Fund (WUFAR Code 935 200) is legally or contractually required to be maintained intact. This fund balance classification can be reported in funds 21 and 72.
2. **Restricted fund balances (WUFAR Function 936 000)** exist when net fund resources are subject to externally enforceable legal restrictions. Restrictions can be externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The WUFAR includes the following seven accounts within the restricted category:
 - a. Restricted for self-insurance (WUFAR Code 936 110) is the segregation of a portion of a fund balance that is restricted for self-insurance purposes. This fund balance classification can only be reported in fund 10.
 - b. Restricted for contractual obligations (WUFAR Code 936 120) is the segregation of fund balances for any contractual obligations. This fund balance classification can be reported in funds 10 and 21.
 - c. Restricted for debt refinancing (WUFAR Code 936 310) is the portion of a fund balance representing unexpended proceeds from debt incurred for refinancing. This fund balance classification can be reported in funds 38 and 39.
 - d. Restricted for other debt service retirement (WUFAR Code 936 320) is the remaining balance in debt service funds not previously coded to 936 310. This fund balance

classification can be reported in funds 38 and 39. Funds 38 and 39 contain only restricted fund balances.

- e. Restricted for food service programs (WUFAR Code 936 500) is the fund balance remaining in the food service fund at year end not coded to 936 800. This fund balance classification can be reported in fund 50.
 - f. Restricted for elderly nutrition programs (WUFAR Code 936 800) is the portion of fund balance restricted for elderly nutrition program. This fund balance classification can be reported in fund 50.
 - g. Restricted fund balance (WUFAR Code 936 900) is the portion of fund balance that is restricted, as defined within the paragraph immediately following #2 above, but not included in the any of the above bullet categories. This fund balance classification can be reported in funds 10, 21, 23, 29, 41, 48, 49, 72, 73, 76 and 93.
3. **Committed fund balance (WUFAR Function 937 900)** is amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School Board. Committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. This fund balance classification can be reported in funds 10, 21, 50, and 80.
- a. Committed funds may not be used for any other purpose unless changed or amended by the same School Board action that created the original commitment, such as resolution or ordinance.
 - b. Commitments must be made prior to the end of the fiscal year regarding purpose, although the amount may be determined subsequent to the fiscal year. Use of committed funds for intended purposes shall be authorized as part of the annual budget process. Addition of funds for commitments previously authorized shall be authorized in conjunction with budget adoption or year-end closing School Board action.
 - c. Donations and fund-raising activities not specifically restricted by a third party shall be considered committed. Funds may be used within the confines of the budgetary processes.
4. **Assigned fund balance (WUFAR Function 938 900)** is a District's intent to use funds for specific purposes provided that a restriction or commitment is not applicable. The School Board has authorized the Director of Business Services to assign funds. This fund balance classification can be reported in funds 10, 21, 50, and 80. The following amounts shall be treated as assigned amounts at fiscal year end.
- a. Budget assigned during the adoption of the budget for subsequent year expenditures.
 - b. The District uses encumbrance accounting which allows operating funds designated by a purchase order for a specific good or service to be carried forward into the next year's budget. Encumbrances outstanding at year end which will not lapse will be reported within the purpose of the expenditure (restricted, committed or assigned). General fund encumbrances not for restricted or committed projects will be considered assigned general fund balance.
 - c. The District could assign portions of its general fund to maintain sufficient working capital to finance operating expenditures to minimize short-term borrowing for cash flow purposes.

- d. Capital projects and grants that have not been completed and are not otherwise committed or restricted.
 - e. All governmental funds other than the general fund shall report all non-specified fund balances as assigned due to the nature and purpose of the fund to exist for its intended purpose.
5. ***Unassigned fund balance (WUFAR Function 939 900)*** is available expendable financial resources in the District's general fund that are not subject to tentative management plans. The only other time a governmental fund can be reported as unassigned is if the fund reports a deficit. All governmental funds may report a negative unassigned fund balance after first reducing all assigned fund balance available.