

Long Term Capital Improvement Trust Fund (Fund 46) **Wisconsin Statute 120.137 (2013 ACT 336)**

A school board with an approved long-term capital improvement plan (minimum of 10 years) may establish a “trust” that is funded with a transfer from the general fund. The contribution from Fund 10 to Fund 46 (Long-term Capital Improvement Trust Fund) is recorded as the expenditure for shared cost and equalization aid purposes. Future expenditures from Fund 46 are not part of shared costs. A school board is prohibited from removing money deposited into Fund 46 for a period of five years after the fund is created. After the initial five year wait period is over, funds may only be used for the purposes identified in the approved long-term capital improvement plan. Fund 46 assets may not be transferred to any other school district fund.

Although Fund 46 is not a legally established irrevocable trust, statutory restrictions give the Long-term Capital Improvement Trust Fund similar characteristics. Rather than funds being held in trust for another party (e.g. future employee benefits in an OPEB trust), funds are being held in “trust” for future capital improvement projects. The resources in Fund 46 may not be used for any purpose other than that for which the “trust” was established. For this reason a separate checking and/or investment account for these funds is required.

Board actions required by June 30th of fiscal year in which Fund 46 is established:

1. Approve the long-term capital improvement plan (minimum of 10 years).
2. Pass the resolution creating the Long-term Capital Improvement Trust Fund.

To utilize DPI accounts to record the Fund 10 transfer, provide copies of the following documents:

1. Official Board minutes approving the long-term capital improvement plan.
2. Signed resolution creating the Long-term Capital Improvement Trust Fund or official minutes documenting the creation of the fund.
3. Documentation that confirms the existence of a segregated bank/investment account.

Limitations regarding Fund 46 activities and access to funds:

1. Funds may only be accessed five years after the establishment of the “trust” fund.
2. Fund balance may not be used for general fund cash flow purposes.
3. Funds may not be transferred to another fund or liquidated.
4. Loaning of money for other purposes or to other funds is not allowed.
5. Funds must be physically deposited and held in a segregated bank/investment (separate and distinct from other district accounts) until they are expended for capital improvement projects per the district’s plan.
6. Funds invested as per sec. 66.0603, Wis. Stats.

Accounting Transactions

All accounting transactions must be cash transactions. The contribution must be a cash payment into the Fund 46 bank/investment account from the district’s general fund account(s). If the cash deposit to the Fund 46 account is posted by the financial institution after June 30th, but on or before July 30th, the district may record the transaction as a June 30th accrual.

For additional information or document submission contact Roger Kordus:
Roger.Kordus@dpi.wi.gov or (608) 267-3752.

WUFAR Transaction Codes

10E 411000 846	Transfer to Capital Improvement Trust Fund (contribution)
10B 812000	Due to Fund 46
46R 411000 110	Transfer from General Fund (contribution)
46R 000000 280	Earnings—Investments
46B 711000	Cash
46B 712000	Investments
46B 713300	Interest Receivable
46B 714000	Due from Fund 10
46B 936900	Restricted Fund Balance

Fund 46 Accounting Examples

District Transfer Prior to Year-End

Cash	DR	46B 711000	\$xxx,xxx	
Transfer from Fund 10		CR 46R 411000 110		\$xxx,xxx
Transfer to Fund 46	DR	10E 411000 846	\$xxx,xxx	
Cash		CR 10B 711000		\$xxx,xxx
(To record transfer from Fund 10 to Fund 46)				

District Transfer After Year-End (Deposit made between 7/1-7/30)

Due From Fund 10	DR	46B 714000	\$xxx,xxx	
Transfer from Fund 10		CR 46R 411000 110		\$xxx,xxx
Transfer to Fund 46	DR	10E 411000 846	\$xxx,xxx	
Due to Fund 46		CR 10B 812000		\$xxx,xxx
(To record transfer from Fund 10 to Fund 46)				

Cash	DR	46B 711000	\$xxx,xxx	
Due From Fund 10		CR 46B 714000		\$xxx,xxx
Due to Fund 46	DR	10B 812000	\$xxx,xxx	
Cash		CR 10B 711000		\$xxx,xxx
(To record cash payment from Fund 10 to Fund 46 in July)				