

Financial Reporting and Transparency Requirements for Beginners

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Michigan Department of Education



Michigan School Business Officials Annual Conference

New Business Managers Pre-Conference, Session 150h

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Agenda

- Introductions
- Financial Reporting Requirements
- Uses of Financial Data & Importance of Accurate Reporting
- Accounting Manual & Other Resources
- Budget Transparency Requirements



Financial Reporting Requirements

- Two primary required items
 - Financial Information Database (FID) (data upload)
 - Audited Financial Statements (incl. Single Audit if applicable)
- Both due November 1st each year
- State School Aid Act, Section 18(10) – requires MDE to withhold State Aid if either are not submitted OR if data between the two is inconsistent
 - General Fund Balance
 - Federal Revenues
 - Other key figures



Main Components of the FID System

- Three (sometimes four) primary file uploads
 - Balance Sheet
 - Revenues
 - Expenditures
 - Educational Service Provider file (ESP, managed charters only)
- .txt, .csv, or .xml format (depends on your system)
- District Data Entry screen
 - Keying in of Fund 91 and 92 data (capital assets & accumulated depreciation and long-term liabilities)
 - Data can also be included in Balance Sheet file instead
- District File Status screen – “main” screen with error and warning checks
- Multiple system reports for internal and external use



Uses of Financial Data

- Publication of financial data files to the public
 - Used by everyone from residents, other districts, researchers, legislators, state departments, federal government, auditors, even realtors.
 - First thing that happens following data submission (around December/January following November 1st submissions)
- Bulletins [1011](#) & [1014](#)
 - Organized publications and data files of most used data items
 - 1011: Statewide and “grouped” data
 - 1014: District-level data including “rankings”
 - Finalized and published around February each year
 - Often used by media, outliers (bad data) targeted in stories



Uses of Financial Data (cont.)

- Federal reporting
 - National Public Education Finance Survey (NPEFS)
 - Annual Survey of School System Finances (F-33)
 - School Level Finance Survey (SLFS)
 - School-level expenditure reporting required by ESSA
- USED/Census involvement
- Accurate (or inaccurate) data drives future **statewide** Title I and other allocations
- Finalized April through June of the following year
- Maintenance of Effort Calculations
- Indirect Cost Rate Calculations



Accounting Manual & Other Resources

- [Michigan Public School Accounting Manual](#)
 - Prescribed chart of accounts and other guidance required to be used by districts by statute
 - Established decades ago, last major update in 2004, regular updates (through Change Notices)
 - Guidance and addition/changes to codes related to new GASB statements, addition of Grant Codes for new funding sources, etc.
 - Accounting Manual Referent Group
- Separate MSBO certification class on “Accounting Manual and Chart of Accounts” that goes into much more detail



Resources

FID User Guide

- Full instructions on uploads and reporting
- File format examples

FID Frequently Asked Questions

- Resource to assist with unsuccessful uploads, errors, etc.

Michigan Public School Accounting Manual

- Chart of Accounts (Appendix) and other guidance
- Change Notices

Accounting for State School Aid Revenues

- Updated with new FY24 categoricals



Questions?

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Budget Transparency Reporting



Questionable Material

- What must be posted on my budget transparency page?
- When must it be posted?
- Who must post it?
- Where can I find more information on this fascinating topic?



The Fine Print

- Section 18 of the State School Aid Act ([MCL 388.1618](#))
- Subsection 2
 - Lists the information districts must post
- Subsection 3
 - Notes the information ISDs must post
- Subsection 11
 - Requires the withholding of state aid payments for noncompliance



Taxpayer Dollars At Work

- Annual reviews start 30 days after FID due date
 - You can request an early review by emailing me
- If items need to be updated, an email is sent to the business manager
 - Please enter your contact info in the [Educational Entity Master](#)
- You have 30 days after my email to make updates
- If updates aren't made within 30 days, one week is given to make updates before state aid is withheld



Livin' La Vida Logo

- For statewide consistency and public visibility, please use the standard logo as your home page link
- Should be immediately viewable after your home page has loaded
- Should link directly to your budget transparency page
- At a minimum, the logo must measure 150 x 150 pixels



Balancing Act

- What
 - **Current Year** Board Approved Budgets and Amendments
- When
 - Updated within 15 days of board adoption
- Who
 - Districts and ISDs
- Specifics
 - Detailed at the function level
 - Include beginning and ending fund balances



REVENUES	2022-23 Audited	2023-24 Initial	2023-24 Amended
Local	\$12	\$12	\$13
State	\$1	\$1	\$1
Federal	\$1	\$1	\$1
Other financing sources	\$1	\$1	\$1
Total Revenues	\$15	\$15	\$16

EXPENDITURES	2022-23 Audited	2023-24 Initial	2023-24 Amended
Basic programs	\$1	\$1	\$1
Added needs	\$1	\$1	\$1
Adult education	\$1	\$1	\$1
Pupil support	\$1	\$1	\$1
Instructional staff support	\$1	\$1	\$1
General administration	\$1	\$1	\$1
School administration	\$1	\$1	\$1
Business services	\$1	\$1	\$1
Operations and maintenance	\$1	\$1	\$1
Transportation	\$1	\$1	\$1
Central support	\$1	\$1	\$1
Other support	\$1	\$1	\$1
Community services	\$1	\$1	\$1
Other financing uses	\$1	\$1	\$1
Total Expenditures	\$14	\$14	\$14

FUND BALANCE SUMMARY	2022-23 Audited	2023-24 Initial	2023-24 Amended
Revenues Over/(Under) Expenditures	\$1	\$1	\$2
Fund Balance, July 1	\$10	\$11	\$11
Fund Balance, June 30	\$11	\$12	\$13

Function Level Budget with Beginning/Ending Fund Balances Example

3.14159

- What
 - **Previous Fiscal Year** Personnel and Current Operating Expenditures Pie Charts
- When
 - Update within 30 days of your FID submission, no later than December 1
- Who
 - Districts and ISDs (ISDs only need to post the Personnel pie chart)
- Specifics
 - You download them directly from the Financial Information Database
 - If you submit an Educational Service Provider file, two additional pie charts will be generated in the FID and must also be posted

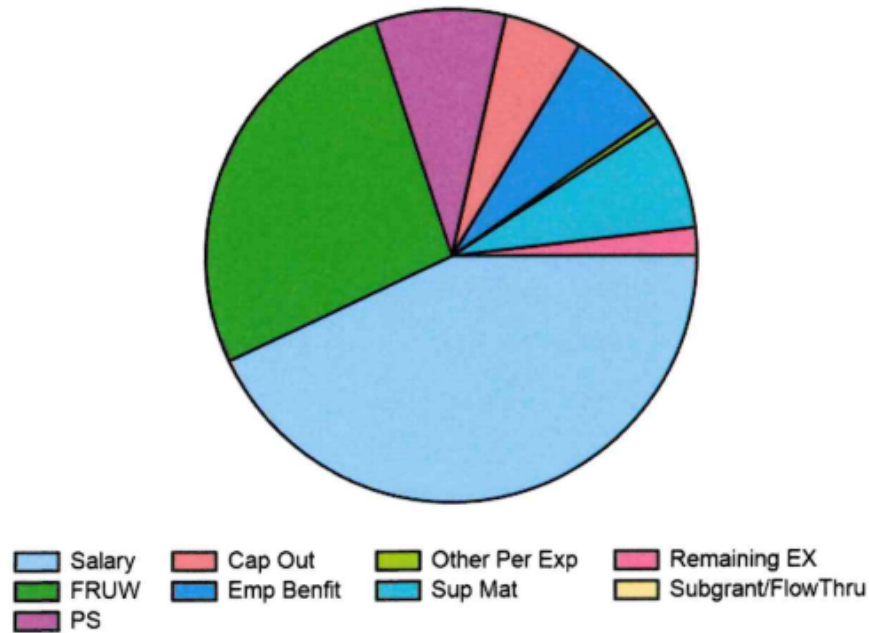


Budget Transparency Report: Personnel Expenditures

School District: New Lothrop Area Public Schools (78070)

Fiscal Year: 2022-2023

Fund: General Fund (11)



Expenditure Pie Chart Example

Personnel Expenditures		
Salary (1xxx)	\$5,102,622	43.05 %
Employee Insurance Benefits (21xx)	\$797,085	6.72 %
FICA/Retirement/Unemployment/WC (28xx)	\$3,189,526	26.91 %
Other Personnel Expenditures (22x - 24xx, 29xx)	\$53,820	0.45 %
Total Personnel Expenditures	\$9,143,053	77.13 %
Remaining Expenditures		
Professional and Technical Purchased Services (31xx)	\$507,608	4.28 %
Client/Pupil Transportation Purchased Services (33xx)	\$0	0.00 %
Other Purchased Services (32xx, 34xx - 4xxx)	\$460,230	3.88 %
Supplies and Materials (5xxx)	\$861,997	7.27 %
Capital Outlay (6xxx)	\$617,850	5.21 %

Can't We All Just Get Along?

- What
 - **Current** Bargaining Agreements
- When
 - Update within 30 days of any changes made to the agreement
- Who
 - Districts and ISDs
- Specifics
 - If you don't have bargaining agreements, provide a statement explaining that
 - Our staff does not work under bargaining agreements




Doctor, Doctor, Give Me The News

- What
 - **Current Year** Employer Sponsored Health Care Plans
- When
 - Update within 30 days of any changes made to the health care plan
- Who
 - Districts and ISDs
- Specifics
 - Post a copy of the plan summary documents for medical, dental, vision, disability, long-term care, etc.
 - For bargaining units and individual employees
 - If you don't sponsor health care plans, provide a statement explaining that
 - We do not sponsor health care plans for our staff



Health Care Plan Summary Document Example

MESSA Super Care 1
Medical Plan Highlights



MESSA
Good health. Good business. Great schools.

1475 Kendale Blvd., P.O. Box 2560
East Lansing, Michigan 48826-2560
517.332.2581 • 800.292.4910
www.messa.org

Health Care Benefits for You and Your Covered Dependents

All services must be **medically necessary** and performed by a qualified provider. Life threatening emergency care, prescription drugs, human organ transplant charges, riders and services covered at 100% are not subject to the deductible.

Plan Maximums

■ **Deductible Maximum** *(per calendar year)*
(amounts incurred for services received in the last three months of the year accrue towards the following year's deductible requirement)

■ **Out-of-pocket Maximum** *(per calendar year)*
(not all out-of-pocket expenses accrue towards this maximum)

■ **Lifetime Benefit Maximum**

For your specific plan information check the "My Benefits" link in the Member section of the home page at **www.messa.org**. This information is also available at your Business Office and in your Collective Bargaining Agreement, if applicable.

\$1,000 total (single or family)

Unlimited

Type of Service

Coverage

Just Another Person's Opinion

- What
 - **Previous Fiscal Year** Audited Financial Statements
- When
 - Update within 30 days of your audit submission to MDE, no later than December 1
- Who
 - Districts and ISDs
- Specifics
 - Provide a complete copy of your annual audit



You Get What You Pay For

- What
 - **Most Recent** Medical Benefit Plan Bids
- When
 - Update within 30 days of your most recent bid request
- Who
 - Districts and ISDs
- Specifics
 - Provide the 4 or more latest bids solicited from different carriers every 3 years when renewing or continuing medical benefit plans
 - Required in [MCL 124.75](#) (Public Employees Health Benefit Act)
 - If you are part of a consortium, provide a statement explaining that



Medical Benefit Plan Bids Example



Medical Rate Summary

Fremont Public Schools

Teachers & Administrators

Assumed Effective Date: 7/1/2013

Current Plan(s) and Segment:			1P	2P	FF	Admin/ Deductible Funding	Composite	Total Cost
Teachers		Census	13	16	62			
	MESSA Choices II	Rate	\$597.47	\$1,342.42	\$1,670.21		\$1,459	\$1,593,586
Administrators		Census	3	1	7			
	BCBSM SB HSA 3000-0%; 5/25/50 Rx	Rate	\$364.63	\$875.12	\$1,093.89		\$875	\$115,515
Teachers with SuperCare		Census		1	1			
	MESSA SuperCare	Rate	\$715.58	\$1,608.19	\$2,000.94		\$1,805	\$43,310
TOTALS:			16	18	70	104	\$1,404	\$1,752,411

Equivalent Rates
(Including Deductible Funding and Fees as Applicable)

Product Name	1P	2P	FF	Composite	Total Cost	Estimated Annual Savings	Worst Case Exposure
BCN 5 & 10 Options							
BCN 5; 500/1000 Ded; 20% Coins; 30 OV; 10/40/80 Rx	\$572	\$1,314	\$1,572	\$1,373	\$1,713,818	\$38,592	\$1,713,818
BCN 10; 1000/2000 Ded; 20 OV; 10/40/80 Rx	\$450	\$1,034	\$1,237	\$1,080	\$1,348,433	\$403,978	\$1,348,433
BCN 10; 1500/3000 Ded; 20 OV; 10/40/80 Rx	\$425	\$978	\$1,169	\$1,021	\$1,274,532	\$477,879	\$1,274,532
BCN 10; 2000/4000 Ded; 20 OV; 10/40/80 Rx	\$406	\$934	\$1,116	\$975	\$1,217,337	\$535,074	\$1,217,337

Administrative Red Tape

- What
 - **Current** Board Approved Procurement & Expense Reimbursement Policies
- When
 - Update within 30 days of any changes made to the policy
- Who
 - Districts and ISDs
- Specifics
 - Policy on procurement of supplies, materials, and equipment
 - Policy on reimbursable expenses for employees and board members



Choose Your Own Adventure

- What
 - **Previous Fiscal Year** Accounts Payable Check Register
 - **OR** –
 - **Previous Fiscal Year** Statement of Reimbursed Expenses
- When
 - Update within 30 days of your FID submission, no later than December 1
- Who
 - Districts and ISDs
- Specifics
 - AP Check Register for all funds
 - Statement of reimbursed expenses should include employees and board members, even if the amount is \$0 for the year



Accounts Payable Check Register Example

ACCOUNTS PAYABLE CHECK REGISTER
 Check Date: 07/01/2022 to 06/30/2023
 Fund Code : ALL FUNDS

NEWAYGO PUBLIC SCHOOL

(SUMMARY-ONLY)

Date: 12/19/2023
 Time: 10:23:40
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Check No.	Check Type	Status	Vendor	Vendor Name	Amount	Description	Date
1009	EFT	Cleared	105056	Health Equity	\$4,112.88	HSA Employee (Health Equity)	07/01/2022
1020	EFT	Cleared	500	Grand Rapids City Treasurer	\$46.35	Payroll - Local Tax Payable	07/01/2022
1023	EFT	Cleared	143	State of Michigan	\$8,774.77	Payroll - State Tax Payable	07/01/2022
97815	PAPER	Cleared	155	Michigan State Disbursement	\$354.25	MI State Disbursement	07/01/2022
97816	PAPER	Cleared	105971	U.S. Dept Of Justice	\$250.00	U.S. Department Of Justice	07/01/2022
97822	PAPER	Cleared	103387	MEA Financial Services Inc	\$921.45	Life Insurance Premiums	07/01/2022
97823	PAPER	Cleared	25097	Messa	\$13,669.28	Insurance Premiums July 2022	07/01/2022
97824	PAPER	Cleared	94147	Seg Workers Compensation Fund	\$3,505.00	Worker Comp 1st Quarter 2022-2023	07/01/2022
97825	PAPER	Cleared	105210	EnviroSafe, Inc	\$3,000.00	Pest Management 7/1/22-7/31/22	07/05/2022
97826	PAPER	Cleared	37061	SET SEG	\$97,294.33	Dental; Vision; Disb; Life; Options; Medical Premiums	07/05/2022
4301	PAPER	Printed	106087	Parts Town, LLC	\$282.14	Maintenace Parts For Food Service Work	07/12/2022
4302	PAPER	Printed	92338	Times-Indicator	\$135.00	Summer Lunch Ad; Boad Of Ed Budget Meeting	07/12/2022
97827	PAPER	Cleared	102571	MASB-SEG Property/Casualty Pool	\$116,969.00	Property And Casualty Insurance 7/1/22-7/1/23	07/12/2022
97828	PAPER	Cleared	11015	First Agency, A Gallagher Company	\$14,957.00	Student Insurance Renewal 22/23	07/12/2022
97829	PAPER	Cleared	101176	Integrity Business Solutions LLC	\$956.72	High School Supplies; Elementary Supplies; Admin Supplies	07/12/2022
97830	PAPER	Cleared	25058	MASA	\$894.74	Admin (J Wright) 2022-2023 Renewal	07/12/2022
97831	PAPER	Cleared	105878	Motivating Systems, LLC.	\$1,304.69	Goes With PO#14928 From 21/22	07/12/2022
97832	PAPER	Cleared	104971	Republic Services #239	\$1,777.32	Garbage Pickup 7/1/22-7/31/22	07/12/2022
97833	PAPER	Cleared	90533	Schultz Septic Service LLC	\$635.00	Porta Jon Rental/Cleaning Baseball Field; Porta Jon Rental/C	07/12/2022
97834	PAPER	Cleared	106023	Team Financial Group	\$2,393.00	Copiers	07/12/2022
97835	PAPER	Cleared	92338	Times-Indicator	\$450.94	Summer Lunch Ad; Boad Of Ed Budget Meeting	07/12/2022

Statement of Reimbursed Expenses Examples

Board Member Reimbursements	\$0
Employee Reimbursements	\$500
Total	\$500

Board Member Reimbursements	\$500
Employee Reimbursements	\$0
Total	\$500

Board Member Reimbursements	\$0
Employee Reimbursements	\$0
Total	\$0

Big Bucks, Big Bucks, No Whammies!!

- What: **Previous Calendar Year** Employee Compensation Information
- When: Update within 30 days of W2 issuance, no later than March 1
- Who: Districts
- Specifics
 - Provide total salary and cost of each fringe benefit included in compensation package for superintendent or public school academy equivalent
 - Must be provided regardless of salary amount
 - The same salary and benefit information must also be disclosed for all employees whose salary exceeds \$100,000
 - Salary is defined as Medicare wages on employee's most current W2



Position	Superintendent	High School Principal
Base Salary	\$150,000	\$110,000
Flex Day Payout	\$1,000	\$500
Taxable Life Insurance	\$500	\$500
Longevity	\$1,000	\$1,000
Car Allowance	\$1,000	\$0
Phone Allowance	\$500	\$0
Tax Sheltered Annuity Contribution	\$5,000	\$0
Evaluation Incentive	\$1,000	\$0
Student Performance Incentive	\$0	\$500
Cost of Insurance	-\$2,000	-\$3,000
Retirement Health Care Deduction	-\$1,000	-\$500
2019 Medicare Earnings	\$157,000	\$109,000

Health Insurance	\$10,000	\$10,000
Dental Insurance	\$1,000	\$1,000
Vision Insurance	\$300	\$300
Long Term Disability	\$800	\$800
Short Term Disability	\$100	\$100
Life/ADD Insurance	\$400	\$400
Total Insurance Costs Paid By The District	\$12,600	\$12,600

FICA	\$9,800	\$8,000
Retirement	\$38,000	\$28,000
Workers' Compensation Coverage	\$100	\$75
Total Mandatory Benefit Costs	\$47,900	\$36,075
Total Compensation	\$217,500	\$157,675

Employee Compensation Information Example

Cost of MSBO Membership: Priceless

- What
 - **Previous Fiscal Year** District Paid Association Dues
- When
 - Update within 30 days of your FID submission, no later than December 1
- Who
 - Districts
- Specifics
 - Itemized list of association dues paid on behalf of the district or its staff
 - Includes local, state, and federal associations
 - If you don't have district paid association dues, provide a statement explaining that
 - There were no district paid association dues for 2022-23



Association Dues Example

Association	Amount
Michigan Elementary and Middle School Principals Association	\$350
Michigan School Business Officials	\$500
Total Dues Paid	\$850

An Offer You Can't Refuse

- What
 - **Previous Fiscal Year** District Paid Lobbying Costs
- When
 - Update within 30 days of your FID submission, no later than December 1
- Who
 - Districts
- Specifics
 - Itemized list of amounts paid for lobbying or lobbying services as defined in [MCL 4.415](#) (Lobby Act)
 - If you don't have district paid lobbying costs, provide a statement explaining that
 - There were no district paid lobbying costs for 2022-23



Lobbying Costs Example

Lobbying Firm	Amount
Shady, Crooks, and Associates	\$75,000

Make A New Plan, Stan

- What
 - **Current** Deficit Elimination Plan
- When
 - Update within 30 days of the most recent state approval
- Who
 - Districts and ISDs
- Specifics
 - If you are not currently in deficit, provide a statement explaining that
 - The district has not incurred a deficit



Take It To The Limit, One More Time

- What
 - **Current** Credit Card Information
- When
 - Update within 30 days of any changes made to a district credit card
- Who
 - Districts
- Specifics
 - Provide the type, credit limit, authorized individual(s), and authorized dollar limit(s) of all credit cards maintained by the district
 - If you don't have district credit cards, provide a statement explaining that
 - The district does not issue credit cards



Credit Card Information Example

Card Type	Credit Limit	Authorized User	User Limit
VISA	\$10,000	Arlene Menu	\$10,000
VISA	\$10,000	Chuck Roast	\$5,000
MasterCard	\$8,000	Dinah Lone	\$8,000

Two Tickets To Paradise

- What: **Previous Fiscal year** District Paid Out of State Travel
- When: Update within 30 days of your FID submission, no later than December 1
- Who: Districts
- Specifics
 - For each instance of out-of-state travel by a **district administrator**, provide the cost, each individual on the trip, the destination, and purpose of the trip
 - **District administrators** include: superintendent, assistant superintendent, chief business official, principal, or assistant principal
 - Includes costs paid for with local, state, and federal dollars
 - If you don't have out of state travel, provide a statement explaining that
 - There was no out of state travel to report for 2022-23



Out of State Travel Example

Destination	Purpose	District Personnel	District Costs
Tampa, FL	Federal Grant Program Convention	Sandy Beech, Superintendent	\$1,570

Never Sit Through Another Budget Transparency Session Again

- Transparency guidance updated annually, after State School Aid Act passed
 - I send an email with the updated guidance, noting any changes from the previous year
 - Please let me know if you want to receive this annual email
 - A copy of this guidance can be found at www.Michigan.gov/sasf



Questions?

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