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Accounting Manual and Chart of Accounts

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Materials

<https://www.msbo.org/msbo-certification-program/msbo-certification-class-materials/>

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Introduction

- ▶ Introduction
- ▶ Content of today's presentation
- ▶ Audience
- ▶ Q&A

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Introduction (cont.)

- ▶ Outline:
 - ▶ Background and authority of Accounting Manual
 - ▶ Overview of each section of the manual
 - ▶ Explanation of coding dimensions found in typical records
 - ▶ Tips for maintaining and submitting quality financial data
 - ▶ "I clicked submit, now what?"
 - ▶ What's new and upcoming?
 - ▶ LOTS of questions!!!

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Introduction (cont.)

- ▶ What we hope you'll take away:
 - ▶ A new or better understanding of the accounting manual
 - ▶ "Quick reference" material from the presentation to help you find information in the future
 - ▶ The importance of proper coding at all levels of the district
 - ▶ How properly (or improperly) coded data is used and its impacts
 - ▶ Update on current accounting topics and the upcoming changes

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Michigan Public School Accounting Manual

- ▶ Also known as "Bulletin 1022"
- ▶ Adopted in 1963
 - ▶ Major revisions in 1976, 1988, and 2004
- ▶ Legislatively mandated by the State School Aid Act
 - ▶ Section 18 (MCL 388.1618)
- ▶ Conforms to Financial Accounting for Local and State School Systems (federal manual equivalent)
 - ▶ Some differences

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Basis of Accounting

- ▶ Modified Accrual (fund-level)
 - ▶ *Most funds
 - ▶ How this compares to regular Accrual
- ▶ Standard fiscal year for all school districts (July 1 – June 30)
- ▶ Uniform Budgeting and Accounting Act (UBAA)

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Cash Basis

Transactions recorded when cash is exchanged

Not GAAP

Modified Accrual

Revenues recognized when measurable and available; expenditures when incurred

Unique to state and local governments

Accrual Basis

Records effects of transactions/events when they occur, regardless of the timing of related cash flows

Used by private sector businesses; GAAP compliant

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Budgeting

- ▶ Must be adopted by Board by July 1st or prior to spending any funds
- ▶ Municipal Finance Act Section 141.436 – “The General Appropriations Act shall be consistent with the uniform chart of accounts prescribed....”
- ▶ Violations in absence of reasonable procedures in place to detect such violations shall be disclosed in the audit

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Budgeting – Minimum Level of Detail

- ▶ Revenue
 - ▶ Local
 - ▶ Other Political Subdivisions (Not ISDs)
 - ▶ State
 - ▶ Federal
 - ▶ Other Financing Source
 - ▶ Fund Modifications

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Budgeting - Minimum Level of Detail (cont.)

- | | |
|------------------------|------------------------|
| ▶ Instruction | ▶ Transportation |
| ▶ Pupil Support | ▶ Other Central |
| ▶ Instr. Staff Support | ▶ Student Services |
| ▶ General Adm. | ▶ Community Services |
| ▶ Principal's Office | ▶ Facility Acquisition |
| ▶ Business Office | ▶ Other Financing Uses |
| ▶ Opns. & Maint. | ▶ Fund Modifications |

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Budgeting – Fund Balances

- ▶ DEFICIT FUND BALANCES PROHIBITED
 - ▶ Exception: Special Revenue Funds if sufficient fund balance exists in General Fund to cover deficit
- ▶ State School Aid Act, Section 102
 - ▶ Deficit Elimination Plan (DEP) requirement
- ▶ MDE and TREASURY CLOSELY MONITOR
- ▶ Will continue to be determined on a fund by fund basis, not on district-wide net position, which is often negative

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Accounting Manual Revisions

- ▶ Generally made on a semi-annual basis
- ▶ Michigan Public School Accounting Manual Referent Group
 - ▶ Business Managers, CPAs, State-level representation
- ▶ Change Notices
 - ▶ Grant Codes often added throughout the year

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State School Aid Act Excerpts

- ▶ **18(4)(d)** ...The pupil and financial accounting records and reports, audits, and management letters are subject to requirements established in the auditing and accounting manuals approved and published by the department...
- ▶ **18(5)** ...The department shall ensure that the prescribed Michigan public school accounting manual chart of accounts includes standard conventions to distinguish expenditures by allowable fund function and object...

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Financial Reporting Requirements

- ▶ Section 18(10) requires the submission of audited financial statements and financial data through the Financial Information Database (FID) to the State
 - ▶ By November 1st of each year
 - ▶ State Aid withholding if late
- ▶ Recent addition to Section 18(10): FID consistency with audited financial statements
 - ▶ State Aid withholding if inconsistent (and unable to be resolved with district in timely manner)

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General Fund

- ▶ All transactions related to the operation of the school, EXCEPT those required by law to be entered in other funds
- ▶ Revenues - State School Aid Foundation Allowance, Local Taxes, Fund Raisers, Investment Earnings
- ▶ Expenditures - Instructional, Operations, Transportation, Administration, and Athletic programs that derive a substantial portion of support from general fund revenues.

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Special Revenue Funds

- ▶ Beginning with FISCAL YEAR 2010-11, GASB #54 requires that governmental entities use Special Revenue funds only when there is a need to report for the proceeds of specific revenue sources that are "restricted" or "committed" to expenditures for specified purposes.
- ▶ Examples, School Meals Programs, Community Recreation or Athletics that is substantially paid for with user fees or gate receipts.
- ▶ This includes most activities – (non-instructional) where there is a fee involved to participate, and
- ▶ The fee charged is **sufficient to cover the cost of operating** the program/activity

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Debt Service Funds

- ▶ The receipt of funds for the payment of interest, principal, and other expenditures on long-term bonded debt are recorded in the Debt Service Fund. Primary sources of revenue for this fund are debt retirement tax levies and earned interest.

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Capital Projects Funds

- ▶ The purpose of a Capital Project Fund is to account for the receipt of Capital Assets, including equipment acquisition
- ▶ Other non-routine items, buildings, improvements, capital leases
- ▶ 20 % of State School Aid may be transferred from General Fund
 - ▶ Exception: Local Revenues
- ▶ Capital Projects paid for by Bond issues
- ▶ Sinking Funds - levy up to 5 mills for up to 20 yrs.

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Trust Funds

- ▶ Trust Funds are used for assets under the administrative control of the school functioning in a “Trustee” capacity
- ▶ The district typically exercises discretionary authority over the investment of the trust fund assets, and as trustee must take responsibility for the expenditures of assets for their intended purpose.
- ▶ Examples - Endowments, Gifts and Bequests, Foundations

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Agency Funds

- ▶ Agency Funds are custodial in nature. They are used to report assets received and disbursed for student groups. The school acts as the receiving and paying agent for those groups
- ▶ Agency Funds do not generate revenues or expenditures since they do not conduct operations
- ▶ All funds in an agency fund are liabilities to the school. Every dollar the school receives from the student group is due back to that student group along with any interest accrued to that dollar.
- ▶ **Treatment of certain Agency Funds will change with GASB #84**

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Proprietary Funds - Enterprise

- ▶ This fund type may be used to report an activity for which a fee is charged to external users for goods and services.
- ▶ We encourage districts to check with Generally Accepted Accounting and Reporting for governmental units and their local school district auditor before establishing an enterprise fund as this type of fund utilizes different accounting and reporting standards.

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Proprietary Funds - Internal Service

- ▶ Used to account for activities that involve the governmental entity providing goods or services to other funds or activities of the school district.
- ▶ Some examples may include a district wide print shop operation or a self-funded insurance program.
- ▶ We encourage districts to check with Generally Accepted Accounting and Reporting for governmental units and their local school district auditor before establishing an internal fund as this type of fund utilizes different accounting and reporting standards.

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District-Wide Funds – Capital Assets

- ▶ This account group is used to account for capital assets (land, buildings, vehicles and equipment) owned by the school district.
- ▶ Capital assets do not represent financial resources available for expenditure but are items for which financial resources have been used.
- ▶ The cost of capital assets acquired are charged as expenditures in another governmental fund as incurred while accountability for those assets should be maintained in the Capital Asset Account Group throughout the life of the asset.

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District-Wide Funds – Long-term Liabilities

- ▶ This account group is used to account for the unmatured principal of bonds, notes and other forms of non-current liabilities or long-term general obligation indebtedness that is not a specific liability of any other fund.
 - ▶ Unmatured principal of bonds
 - ▶ Compensated absence liability
 - ▶ Self Insurance
 - ▶ Capital Leases
 - ▶ NEW – Net Pension Liability (GASB #68)
 - ▶ NEW – Other Post-Employment Benefits (OPEB) Liability (GASB #75)

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Accounting Manual Contents

- ▶ Section I - Introduction
 - ▶ History, purpose, and usage
 - ▶ Distribution and revision
 - ▶ Management Information
 - ▶ Previously a separate section

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Accounting Manual Contents

- ▶ Section II - Requirements
 - ▶ Section A – Accounting Principles and Basis of Accounting
 - ▶ GAAP, transparency, compliance, internal controls
 - ▶ Section B – Fund Accounting
 - ▶ “Modified Accrual” basis of accounting
 - ▶ Several references and examples (one page)

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Accounting Manual Contents

- ▶ Section II – Requirements (cont.)
 - ▶ Section B – Fund Accounting (cont.)
 - ▶ **Types of Funds**
 - ▶ Descriptions of all fund types
 - ▶ Special guidelines for Special Revenue, Agency, and Proprietary Funds

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Accounting Manual Contents

- ▶ Section II – Requirements (cont.)
 - ▶ Section C – State Requirements
 - ▶ Accounting, Auditing, Budgeting, and Reporting
 - ▶ Millage Levies & Headlee Amendment
 - ▶ Budget Transparency Guidance & Requirements
 - ▶ Section D – Federal Requirements
 - ▶ Accounting records and supporting documentation
 - ▶ Single audit requirements (including SEFA)

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Accounting Manual Contents

- ▶ Section II – Requirements (cont.)
 - ▶ Section E – Accounting Issues
 - ▶ Frequently updated with new sections on current accounting issues
- ▶ Most frequently referenced include:
 - ▶ Indirect cost recovery accounting
 - ▶ Fund balance definitions
 - ▶ Internal service funds
 - ▶ Supplies vs. Equipment
 - ▶ GASB #68 guidance

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Accounting Manual Contents

- ▶ Section III – Coding Structure
 - ▶ Definitions and structure of each coding dimension
 - ▶ Balance Sheet, Revenue, Expenditure
 - ▶ Numerous examples of frequent accounting entries along with those requiring special treatment
 - ▶ Bus purchases, compensated absences, long-term debt, and capital asset transactions

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Accounting Manual Contents

- ▶ Section IV – Budget Preparation and Management
 - ▶ Compliance and state law requirements pertaining to budgeting
 - ▶ Calendar, timelines, amendments, deficits
 - ▶ Budgeting best practices including several examples

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Accounting Manual Contents

- ▶ Section V – Internal Controls
 - ▶ Brief section on favorable control environments, assessing risk, responsibilities of the Board, and fraud prevention
- ▶ Section VI – Program Cost Systems
 - ▶ Cost accounting; measuring and comparing expenditures, program and non-program costs, and program requirements
 - ▶ Several templates included for analysis

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Accounting Manual Contents

- ▶ Section VII – Financial Reporting
 - ▶ Types and purpose of various internal and external financial reporting
 - ▶ Financial Statements
 - ▶ Fund-level
 - ▶ Government-Wide level
 - ▶ Notes & Required Supplementary Information (RSI)

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Accounting Manual Contents

- ▶ Appendix – Definitions of Account Codes
 - ▶ Most commonly referenced section of the manual
 - ▶ Recap of coding dimension definitions and structures (3)

Balance Sheet	Revenue	Expenditure
Fund	Fund	Fund
Major Class	Major Class	Function
	Suffix	Object
	Grant*	Program*
		Grant†*

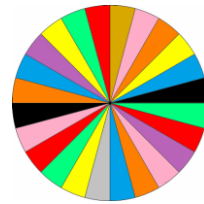
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15-minute break...



When we
return, we'll
spin the
wheel for a
gift card
prize!



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Fund Codes

- ▶ 11 – General Fund
- ▶ 2x – Special Revenue Funds
 - ▶ 25 – Food Service
 - ▶ 27 – Cooperative Activities
 - ▶ *22 – Special Education, *26 – Vocational Education
- ▶ 3x – Debt Service
- ▶ 4x – Capital Projects
- ▶ 9x – Government-Wide (Capital Assets, Long-Term Liabilities)

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Balance Sheet Account Codes

- ▶ Major Class Code
 - ▶ 1xx – Current Assets (Cash, Receivables, "Due From's", Inventory)
 - ▶ 2xx – Fixed Assets (Land, Buildings, Equipment, Vehicles)
 - ▶ 4xx – Current Payables (AP, "Due To's", Unearned Revenue)
 - ▶ 5xx – Long-Term Liabilities (Bonds, Loans, Capital Leases)
 - ▶ **7xx – Fund Balance** (Restricted, Committed, Assigned, Unassigned)
 - ▶ Unassigned fund balance to be used for reporting deficit in any fund

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Revenue Account Codes

- ▶ Major Class Codes
 - ▶ 1xx – Local Revenue
 - ▶ 2xx – Non-Educational Entity or Political Subdivision Revenue
 - ▶ 3xx – State Revenue (incl. rec'd through another district)
 - ▶ 4xx – Federal Revenue (incl. rec'd through State or another district)
 - ▶ 51x – Local Revenue Received from Other District (tuition, ISD millage, payment for services)
 - ▶ 5xx – Other Transactions (extra-ordinary revenue, (+) prior period adjustments, loan/bond proceeds)
 - ▶ 6xx – Fund Transfers

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Revenue Account Codes (cont.)

- ▶ Suffix Codes
 - ▶ 0010 – State Aid Foundation
 - ▶ 0120 – Special Education
 - ▶ 0160 – Career & Technical Education
 - ▶ 0140 – Title I
 - ▶ 0150 – Title V
 - ▶ **0000 – Not associated with any defined Suffix Code**

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Expenditure Account Codes

- ▶ Function Codes
 - ▶ 1xx – Instruction (basic programs, added needs, adult education)
 - ▶ 2xx – Support Services (pupil, staff, and district)
 - ▶ 3xx – Community Services (community programs, recreation, child care)
 - ▶ Includes instructional programs for students not in school system
 - ▶ 41x – Subgrantee/Flowthrough Payments
 - ▶ 45x – Facilities Acquisition, Construction, Improvements
 - ▶ 51x – Long-Term Debt Service
 - ▶ 6xx – Fund Transfers

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Expenditure Account Codes (cont.)

► Object Codes

- 1xxx – Salaries
- 2xxx – Benefits
- 3xxx & 4xxx – Purchased Services
- 5xxx – Supplies
- 6xxx – Capital Outlay
- 7xxx – Other (debt, interest, depreciation, "miscellaneous")
- 82xx – Payments to Other Districts

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Expenditure Account Codes (cont.)

► School/Building Code

- Unique 5-digit code assigned to every school building in state
- Key role in new school-level expenditure reporting under the Every Student Succeeds Act (ESSA)

► Required to be used with Functions 11x, 12x, and 24x

- Some exclusions
- Highly encouraged to be used in other Functions when able

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Expenditure Account Codes (cont.)

- ▶ Program Codes
 - ▶ Used to define expenditures attributable to certain Special Education and Career & Technical Education areas

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Expenditure Account Codes (cont.)

- ▶ Grant Codes
 - ▶ 100-399 – State Programs
 - ▶ 400-899 – Federal Programs
 - ▶ 9xx – Local Tracking of Revenues (make your own)
- ▶ Grant Codes are four digits long – last digit can be used for internal tracking purposes (most commonly for fiscal year)
- ▶ Grant Codes are required when expending any type of restricted revenue source, optional for unrestricted.
 - ▶ Exception: Section 147 funds

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Revenue Reconciliation

- ▶ Local Revenue
 - ▶ Taxable Values
 - ▶ Millage Rates
- ▶ State School Aid Payment
 - ▶ State School Aid Act
 - ▶ State Aid Status Reports
 - ▶ State Aid Updates
 - ▶ Spreadsheet on PY Adj.
 - ▶ Foundation Allowance
 - ▶ Non-Resident Pupils
- ▶ Federal Revenue
 - ▶ MEGS
 - ▶ CMS
 - ▶ Medicaid
- ▶ Other Financing Sources
 - ▶ ISD
 - ▶ Other Public Schools

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Additional Resources

- ▶ Accounting Manual FAQ document
- ▶ Accounting for State School Aid Revenues
 - ▶ Both updated frequently and available on accounting manual webpage

Accounting for State School Aid Revenues Last Updated 03/12/2018

Current Year State Aid Revenues	DESCRIPTION	Fund	Protected	Major Class Code	Revenue Suffix Code	Grant/ State Code
1131	Pik Protected	General	Yes	011	0010	101a
1132	School Bond Redemption	State	No	012	0000	101b
20P	Hold Harmless Provision	General/Special Revenue	No	011	0010	101a
20G	District Discontinuation Transition	General	No	011	0010	101a
20m	Foundation Allowance Supplemental Payments	General	No	011	0010	101a
21	State School Reform/R redesign	General	No	011	0000	101a
21b	Partnership Model Districts	General	No	012	0000	213a
22	Competency-Based Education Districts	General	No	012	0000	214a
22a	Proposal A Obligation	General	Yes	011	0010	101a
22b	Performance Payment	General	No	011	0010	101a
22P	Isolated District	General	No	011	0010	101a
22m	Tech. Regional Data Hubs	General/Special Revenue	No	012	0000	215a
22n	Mid-Pac-Puget Sound	General	No	011	0010	216a
24	Court Placed Children	General/Special Ed	No	012	0000	101a
24a	Juvenile Detention Facilities	General/Special Ed	No	012	0000	101a
24c	Challenge Program	General/Special Ed	No	012	0000	101a
25P	Strict Discipline Academies	General	No	011	0010	101a
26G	Post-Secondary L & F TE	General	No	011	0010	101a
26a	Remediation Zone	General/ Voc Ed/Special Ed	No	011	0000	101a
26c	Promote Zone	General	No	011	0010	101a
31a	At-Risk Children	General/Food Service	No	012	0010	101a
31a(7)	Teen Health Centers	General	No	012	0000	101a
31a(8)	Visions/Hearing Screening	General	No	012	0000	101a
31b	New Sound Schools Pilot Program	General/Central Projects Fund	No	012	0000	101a
31c	Drug Prevention	General	No	012	0000	101a
31d	School Lunch Programs	Food Service	Yes	012	0110	101a
31P	School Breakfast	Food Service	No	012	0110	101a
31h	Cooperative Education	General	No	012	0000	101a
31i	Local Produce in School Meals	Food Service	No	012	0110	101a
32P	Green Street 501-515	General	No	012, 017, 518	0100	101a
32P	Early Childhood Block Grant	General	No	012, 017, 518	0100	101a
35a(2)	Early Literacy Professional Development	General	No	012, 017, 518	0000	101a
35a(3)	Early Literacy Accessible Tools	General	No	012	0000	101a
35a(4)	Early Literacy Coaches	General	No	012	0000	101a
35a(5)	Early Literacy Additional Instructional Time	General	No	012	0000	101a
41	Bilingual Education	General	No	012	0000	101a
51a(2)	Special Ed Foundations (SD)	Special Ed	No	012	0110	101a
51a(3)	Special Ed Foundations (SD)	Special Ed	No	012	0110	101a

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Additional Resources (sample)

XX-	1-XXX-	XXXX-	XXX-	XXXX-	XXXX-	XXXX-
Fund	Function	Object	Program	State Funding Type	Facility	
11 General Fund	111 Elementary Instruction	1000 Salaries/ Wages	000 None specified	0000 None specified	00000 District	
23 Community Services (Includes Athletics)	112 Middle School Instruction	1240 Teaching	011 SpEd-OT	2020 Special Ed	02362 Jenkins Early Child	
25 Food Services	113 High School Instruction	1620 Clerical	013 SpEd-PT	2030 Court Placed	08989 Bates-K-2	
30 Debt Retirement	122 Special Education	1630 Aides	015 Nurse	2070 Best Practices	08040 Cornerstone-K-2	
35 Durant Debt	125 Grants	1760 Term Pay	021 SpEd-Psych	2080 MPERS Offset	00214 Wylie 3-4	
48 Capital Projects	127 Career Education	1870 Temp Teaching	031 SpEd-Speech	2100 Tech Infrastruct	04609 Creekside 5-6	
66 Internal Activity	212 Guidance Counselors	2000 Benefits	041 SpEd-Social	3060 At Risk	08039 Mill Creek 7-8	
	213 Health Services	2130 Ben Insurances	061 SpEd-TC-MI	3090 Durant 11g	00913 High School 9-12	
	214 Psychology Services	2820 Ben Retirement	062 SpEd-TC-EI	3400 GSRP 32d	02949 Alternative Ed	
	215 Speech Services	2830 Ben FICA	063 SpEd-TC-LD	3440 Voc Ed 61	09078 Transportation	
	216 Social Work Services	3000 Purchased Services	194 SpEd-Res Rm	3490 Robotics 99h	09079 B&G	
	218 Teacher Consultant	3110 Instructional Sv	196 SpEd-LRE	3700 Data Collection	09931 Copeland	
	219 General Education	3130 Pupil Services	400 IB - Int'l	4900 Title IID	06147 WISD (F&N)	
	221 Improvement of Instruction	3210 Travel	500 Baccalaureate	6010 Title I		
	222 Media Services	3220 Worksh/Conf		6011 Title I-carryovr		
	225 Technology	4000 3450 Software Lic		6380 ARRA-IDEA		
	226 Special Education	5000 Repairs/Maintenance		6390 ARRA-Presch		
	229 Consortium	4120 Maint Equip		6400 ARRA-Early on		
	231 Board of Education	Supplies		6410 ARRA-Stabiliz		
	232 Superintendent/Asst	5110 Teaching Sup		6460 ARRA-EDJobs		
	241 Building Principals	5210 Textbooks		6990 Drug Free		
	252 Business Office	5610 Food		6840 Title III-ESL		
	259 Other Business Costs	5910 Office Supplies		7570 IDEA-Early On		
	261 Building Operations/Maintenance	6000 5990 Other Supplies		7630 Title IIA-carryovr		
	266 Security Services	Capital Outlay		7640 Title IIA-PD		
	271 Transportation Services	7000 6420 Equipment		8010 IDEA-Flowthr		
	283 Personnel	Other Expenses		8050 IDEA-Presch		
	297 Food Services	8000 7410 Dues and Fees				
	311 Community Services	Transfers				
	321 Community Recreation					

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Additional Resources (sample)

XX-	1-XXX-	XXXX-	XXX-	XXXX-	XXXX-	XXXX-
Fund	Function	Object	Program	Sport AND Internal 66-2431-xxxx	Facility	
11 General Fund	111 Elementary Instruction	1000 Salaries/ Wages	000 None specified	9100 Athletic Administration	00000 District	
23 Community Services (Includes Athletics)	112 Middle School Instruction	1160 Program Mgr	011 SpEd-OT	9102 Athletic Programs	02362 Jenkins Early Child	
25 Food Services	113 High School Instruction	1170 Dept Mgr	013 SpEd-PT	9118 Fall Cheerleading	08989 Bates-K-2	
30 Debt Retirement	122 Special Education	1240 Teaching	015 Nurse	9121 Fall Cross Country	08040 Cornerstone-K-2	
35 Durant Debt	125 Grants	1560 Coaches/Rec	021 SpEd-Psych	9122 Fall Cross Country	00214 Wylie 3-4	
48 Capital Projects	127 Career Education	1620 Clerical	031 SpEd-Speech	9124 Fall Equestrian	04609 Creekside 5-6	
66 Internal Activity	212 Guidance Counselors	1630 Aides	041 SpEd-Social	9126 Fall Field Hockey	08039 Mill Creek 7-8	
	213 Health Services	1760 Term Pay	061 SpEd-TC-MI	9129 Fall Football	00913 High School 9-12	
	214 Psychology Services	1870 Temp Teaching	062 SpEd-TC-EI	9132 Fall Golf	02949 Alternative Ed	
	215 Speech Services	2000 Benefits	063 SpEd-TC-LD	9141 Fall Soccer	09078 Transportation	
	216 Social Work Services	2130 Ben Insurances	194 SpEd-Res Rm	9146 Fall Swim & Dive	09079 B&G	
	218 Teacher Consultant	2820 Ben Retirement	196 SpEd-LRE	9149 Fall Tennis	09931 Copeland	
	219 General Education	2830 Ben FICA	400 IB - Int'l	9154 Fall Volleyball	06147 WISD (F&N)	
	221 Improvement of Instruction	3000 Purchased Services	Baccalaureate	9155 Fall Water Polo		
	222 Media Services	3110 Instructional Sv	500 Virtual learning	9213 Winter Basketball		
	225 Technology	3130 Pupil Services	991 Athletics	9214 Winter Basketball		
	226 Special Education	3150 Edstaff Coach		9218 Winter Cheerleading		
	229 Consortium	3160 Security		9235 Winter Ice Hockey		
	231 Board of Education	3190 Officials/Trainer/ Sub		9245 Winter Swim & Dive		
	232 Superintendent/Asst	3220 Worksh/Conf		9257 Winter Wrestling		
	241 Building Principals	3310 Transportation		9311 Spring Baseball		
	252 Business Office	3450 Software Lic		9331 Spring Golf		
	259 Other Business Costs	4000 Repairs/Maintenance		9337 Spring Lacrosse		
	261 Building Operations/Maintenance	4110 Building		9338 Spring Lacrosse		
	266 Security Services	4120 Equipment		9342 Spring Soccer		
	271 Transportation Services	5000 Supplies		9344 Spring Softball		
	283 Personnel	5110 Teaching Sup		9350 Spring Tennis		
	291 Athletics	5210 Textbooks		9351 Spring Track & Field (Use as Coed)		
	297 Food Services	5610 Food		9352 Spring Track & Field		
	311 Community Services	5910 Office Supplies		9421 Middle School		
	321 Community Recreation	6000 Other Supplies				

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Where Do I Go With Questions?

- ▶ Accounting for State School Aid Revenues document:
http://www.michigan.gov/documents/saacct03_45776_7.pdf
- ▶ State Aid "Who to Call" List:
http://www.michigan.gov/documents/mde/Who_To_Call_List_614563_7.xlsx
- ▶ MSBO
- ▶ Talk to your MDE consultants & program offices
- ▶ Call or email Chris with any coding questions

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How to Perfect Financial Reporting

- ▶ Consistency with audited financial statements is #1!
 - ▶ General Fund Balance
 - ▶ Total Federal Revenue
 - ▶ USDA Entitlement and Bonus Commodities
 - ▶ Net Pension Liability

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How to Perfect Financial Reporting

- ▶ Reconcile state revenues (including proper suffix codes) with your State Aid Status Report
- ▶ Ensure average teacher salary, current operating expenditures, etc. are accurate and **reasonable**
- ▶ Review all warnings prior to submission
- ▶ MDE Program Offices (Food Service, Special Education, etc.)

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Audit vs. FID Examples

Balance Sheet Governmental Funds June 30, 2017

	General Fund
Assets	
Cash and investments	\$ 2,035,066
Accounts receivable	16,228
Due from other governments	4,285,940
Due from other funds	-
Inventories	19,825
Prepaid items	57,485
Total assets	\$ 6,414,544

FUND : 11 - General Fund

Major Class	Major Class Description	Ending Balance
10	Cash Accounts	\$ 2,035,066.35
12	Accounts Receivable	\$ 16,227.92
14	Due From Other Governmental Units	\$ 4,285,939.55
17	Inventory	\$ 19,824.58
19	Other Current Assets	\$ 57,484.92

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Audit vs. FID Examples

Fund balances

Nonspendable:

Inventories	19,825
Prepaid items	57,485

Restricted:

Debt service	-
Food service	-

Committed:

Capital projects	-
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Assigned:

Childcare program	39,300
Student technology	70,211

Unassigned	3,096,883
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71	Non-Spendable Fund Balance	\$	-77,309.50
74	Assigned Fund Balance	\$	-109,511.31
75	Unassigned Fund Balance	\$	-3,096,881.59

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Audit vs. FID Examples



Revenues

Local sources:	
Property taxes	\$ 1,885,064
Other sources	2,286,536
State sources	23,060,836
Federal sources	500,795
Total revenues	27,733,231

General Fund

Major Class	Suffix Code	Major Class Description	Amount
111	0000	Property Tax Levy	-1,877,872.32
119	0000	Penalties and Interest on Delinquent Taxes	-7,193.17
131	0000	Tuition	-6,235.81
141	0000	Transportation Fees	-41,322.06
151	0000	Earnings on Investments and Deposits	.900.97
171	0000	Admissions	-104,789.13
181	0000	Revenue from Community Service Activities	-292,561.15
191	0000	Rentals	-43,594.28
192	0000	Private Sources (Contributions)	-30,814.76
199	0000	Miscellaneous Local Revenues	-80,005.75
311	0000	Unrestricted State Revenues	-41,062.44
311	0010	Unrestricted State Revenues	-19,234,940.80
312	0000	Restricted State Revenues	-2,040,366.33
312	0020	Restricted State Revenues	-403,871.51
312	0100	Restricted State Revenues	-113,135.30
312	0120	Restricted State Revenues	-1,009,081.47
317	0000	Restricted State Revenues received through another Michigan Public School	-11,163.55
321	0000	State Payments in Lieu of Taxes	-20,830.10
414	0140	Restricted Received from Federal Government Through the State	-424,160.00
414	0210	Restricted Received from Federal Government Through the State	-65,126.18
415	0000	Restricted Revenue received from Federal Govt through another Govt agency	-6,710.00
417	0000	Restricted Revenue received from Federal Govt through another Public School	-4,798.26
513	0000	County Special Education Tax received from Other Public Schools (ISDs)	-1,621,014.00
519	0000	Other distributions received from Other Public Schools (LEAs, ISDs, PSAs)	-51,876.54
593	0000	Proceeds from the Sale of Capital Assets	-67,280.12
Total for 11 - General Fund			-27,800,506.90

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Audit vs. FID Examples

Expenditures	
Instruction:	
Basic programs	14,427,084
Added needs	4,262,728
Total instruction	18,689,812
Support services:	
Pupil	803,495
Instructional services	393,441
General administration	368,144
School administration	1,790,759
Business	500,518
Maintenance	1,629,302
Transportation	1,316,287
Central services	865,540
Athletics	714,229
Food service	-
Total support services	8,381,715
Community services	
	302,918
Debt service:	
Principal	-
Interest and fiscal charges	-
Total debt service	-
Capital outlay	
	361,100
Total expenditures	27,735,545

Fund: 11 - General Fund				
Function: 111 - Elementary				
Object	Object Description	Grant Code	Program Code	Amount
12	Salary, Professional Ed	101		\$3,385,871.69
16	Salary, Operations	101		\$52,413.44
18	Salary, Temporary	101		\$17,218.56
21	Benefits, Insurance	101		\$779,118.51
28	Benefits, Mandatory Coverage	101		\$259,990.95
28	Benefits, Mandatory Coverage	208		\$1,297,365.31
29	Benefits, Other	101		\$46,850.00
31	Purchased Services, Professional-Technical	101		\$65,505.19
31	Purchased Services, Professional-Technical	635		\$410.00
51	Supplies, Teacher/Testing			\$1,460.61
51	Supplies, Teacher/Testing	101		\$117,366.86
51	Supplies, Teacher/Testing	359		\$8,459.34
64	Capital Outlay, Equipment & Furniture	101		\$1,713.05
Function Total: 111 - Elementary				\$6,033,743.51

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Cash vs. Fund Balance

- ▶ A district could be considered "in deficit" and still have cash/other current assets

Fund balances (deficits) (Note 9)	
Nonspendable	2,252,428
Restricted	925,808
Unassigned	(219,110,153)
Total fund balances (deficits)	(215,931,917)

General Fund	
Assets	
Cash and cash equivalents	\$ 44,696,265
Receivables (Note 4):	
Due from other governmental units	94,988,283
Taxes	8,318,139
Land contract	2,836,353
Other	6,369,109
Due from other funds (Note 6)	-
Prepays	2,252,428
Restricted assets: (Note 8)	
Cash and cash equivalents (Note 3)	17,617
Total assets	\$ 159,478,194

- ▶ Similarly, a district could theoretically have zero cash and a positive fund balance

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"I Clicked Submit, Now What?"



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"I Clicked Submit, Now What?"

- ▶ MDE begins analysis of data, contacting districts with questions about coding, consistency, etc.
 - ▶ November-December
 - ▶ Timely response/correction is critical (**Section 18(10)**)
- ▶ Data typically made public late January
- ▶ Publications such as the Bulletins 1011 and 1014 are typically published in February
- ▶ Federal survey reporting due mid-March

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"I Clicked Submit, Now What?"

- ▶ Uses of financial data:
 - ▶ Bulletins 1011 & 1014 (media and researchers)
 - ▶ Federal surveys – National Public Education Finance Survey & Annual Survey of School System Finances
 - ▶ These play a role in future Title I and other federal funding!!
 - ▶ Indirect Cost Rates
 - ▶ Maintenance of Effort compliance
 - ▶ Special Education, School Nutrition, and other MDE program office monitoring and compliance
 - ▶ Deficit and Early Warning monitoring

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Who Uses Our Financial Data?

- ▶ State Agencies & Legislators (policy decisions)
- ▶ Federal Government (future funding implications)
- ▶ Realtors
- ▶ Constituents
- ▶ PSA Chartering Agents
- ▶ Researchers – Education, Public Policy, etc.

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New Developments in Accounting and Financial Reporting

ESSA SCHOOL-LEVEL
EXPENDITURE REPORTING

GASB #68 – PENSIONS

GASB #75 – OPEB

GASB #84 - CUSTODIAL FUNDS

COVID-19

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ESSA School-Level Expenditure Reporting

- ▶ Required on State and LEA ESSA Report Cards:
 - ▶ The per-pupil expenditures of Federal, State, and local funds, including actual personnel and actual nonpersonnel expenditures of Federal, State, and local funds disaggregated by source of funds, for each local education agency and each school in the State for the preceding fiscal year.

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ESSA School-Level Expenditure Reporting

- ▶ Previous US DOE guidance repealed as a result of a Congressional Review Act (CRA) action
 - ▶ Revised guidance was expected by end of 2017
 - ▶ Feedback submitted to give States flexibility to determine what makes sense to require and report at building-level

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ESSA School-Level Expenditure Reporting

- ▶ Enhanced reporting beginning 2017-18
 - ▶ Error check - 100% of Function Code 11x, 12x, and 24x expenditures must include school code



Building Level Expenditures are Reported for the Required Functions.

Functions 1XX and 24X must be reported at the building level. A valid building code must be reported with these expenditures

- ▶ **Excludes Capital Outlay (6xxx) and Payments to Other Districts (82xx) Object Codes**
 - ▶ Additional Function Codes at building level (support services) may be required in the future
 - ▶ “Comparability over Complexity”

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		• District 1 •		
Criteria		Elementary School #11	Elementary School #12	Middle School #17
A	Enrollment	375	511	992
Site-Level Expenditures				
B	Federal	\$456	\$209	\$164
C	State/Local	\$6,111	\$4,756	\$5,998
D	Site-Level Total (Sum of B+C)	\$6,567	\$4,965	\$6,162
Site Share of Central Expenditures				
E	Federal	\$161	\$161	\$161
F	State/Local	\$5,378	\$5,378	\$5,378
G	Site Share of Central Total (Sum of E+F)	\$5,539	\$5,539	\$5,539
H	Total School Expenditures (Sum of D+G)	\$12,106	\$10,504	\$11,701

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Expenditure Report

Comparison Options

School Year

2019-20

Select District

Dexter Community School District (81050)

Select School

All

Reset Selection

Dexter Community School District for 2019-20

Expenditures Report

Per-Pupil Expenditures

Change Layout

	Bates	Creekside Intermediate School	Dexter Alternative School	Dexter Early Elementary Complex	Dexter High School	Mill Creek Middle School	Wylie Elementary School
Enrollment	7.00	521.97	10.00	818.89	1182.53	578.96	495.06
Federal Expenditures Per-Pupil	\$0.00	\$4.32	\$0.00	\$495.59	\$511.46	\$0.00	\$190.24
State/Local Expenditures Per-Pupil	\$4,121.52	\$9,666.48	\$32,000.68	\$9,633.25	\$7,784.12	\$9,379.81	\$8,112.32
Total Site-Level Expenditures Per-Pupil	\$4,121.52	\$9,670.80	\$32,000.68	\$10,128.83	\$8,295.57	\$9,379.81	\$8,302.56
Districtwide Federal Expenditures Per-Pupil	\$378.56	\$378.56	\$378.56	\$378.56	\$378.56	\$378.56	\$378.56
Districtwide State/Local Expenditures Per-Pupil	\$2,462.84	\$2,462.84	\$2,462.84	\$2,462.84	\$2,462.84	\$2,462.84	\$2,462.84
Total Districtwide Expenditures Per-Pupil	\$2,841.40	\$2,841.40	\$2,841.40	\$2,841.40	\$2,841.40	\$2,841.40	\$2,841.40
Total Expenditures Per-Pupil	\$6,962.92	\$12,512.20	\$34,842.08	\$12,970.23	\$11,136.97	\$12,221.21	\$11,143.96

District-Level Exclusions

Exclusions Help

District	Excluded Expenditures	Preschool Instructional Expenditures	Nonpublic Expenditures	Other School's Expenditures
Dexter Community School District	\$24,006,325.96	\$90,262.24	\$0.00	\$0.00

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GASB #68 – Pension Liability

- ▶ Pronouncement requiring additional disclosures related to public pension liabilities (MPSERS).
- ▶ 2014-15 implementation
- ▶ Resulted in several new pages of information in audited financial statements and additional reporting in FID
 - ▶ Net Pension Liability
 - ▶ Deferred Outflows
 - ▶ Deferred Inflows
- ▶ Significantly impacts government-wide net position (doesn't affect deficit determinations)



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GASB #75 – OPEB Liability

- ▶ Pronouncement requiring additional disclosures related to Other Post-Employment Benefit (OPEB) liabilities
- ▶ 2017-18 implementation
- ▶ Very similar to GASB #68
- ▶ Resulted in several new pages of information in audited financial statements and additional reporting in FID
 - ▶ OPEB Liability
 - ▶ Deferred Outflows (OPEB)
 - ▶ Deferred Inflows (OPEB)

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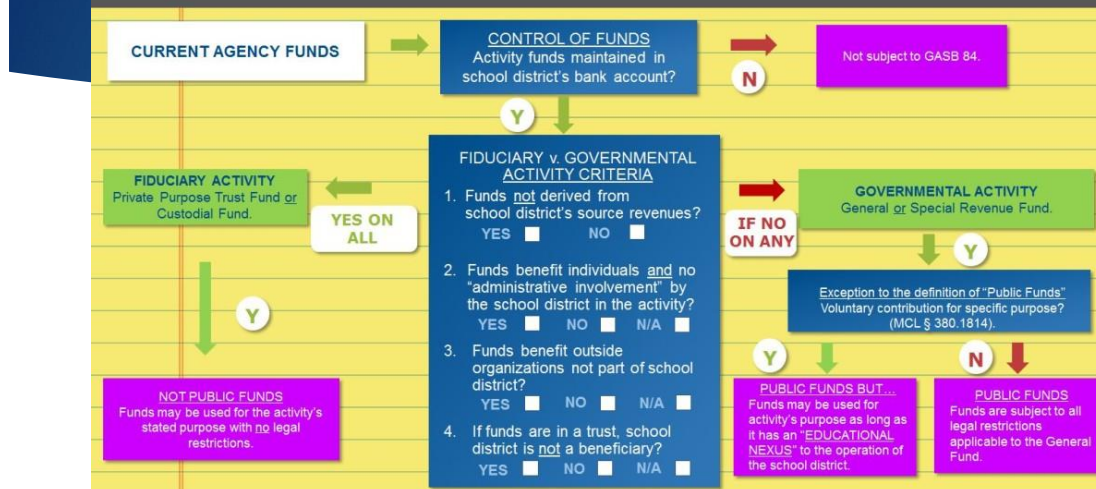
GASB #84 – Fiduciary Activities/Custodial Funds

- ▶ Pronouncement redefining and changing the treatment of activities previously reported as Agency Funds
- ▶ “Agency Funds” now “**Fiduciary Funds**”
- ▶ 2019-20 implementation (GASB #95 extended to 2020-21)
- ▶ Administrative “control” of funds and source of revenue plays significant role in determining classification
- ▶ MDE guidance included in accounting manual on specifics of accounting and financial reporting changes, classification considerations, etc.
 - ▶ Implementation and ongoing “new” funds/activities require working closely with auditor and/or legal counsel as needed
 - ▶ Most “student activity” and “building accounts” are now reported as governmental funds

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GASB 84: Legal Considerations for Public Schools



- ▶ Source: Miller Canfield
- ▶ *Not formal MDE guidance, seek assistance from auditor/legal counsel as needed

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COVID-19

- ▶ Numerous new state and federal funding sources
 - ▶ Increased revenues, more expenditures (**over multiple years**), new accounting implications
- ▶ ESSER I, II, & III
- ▶ GEER I & II
- ▶ Coronavirus Relief Funds (CRF)
- ▶ School nutrition (additional funding and new programs)
- ▶ Child care (substantially increased funding and new programs)
- ▶ State grants/categoricals/equalization payments



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COVID-19 (cont.)

- ▶ MDE Financial Accounting Guidance During the COVID-19 Pandemic
- ▶ http://www.michigan.gov/documents/mde/COVID-19_Accounting_Guidance_691616_7.pdf
- ▶ Recently updated to include:
 - ▶ Emergency Connectivity Fund (ECF) accounting
 - ▶ New Fall 2021 Child Care Relief
 - ▶ Accounting for new school nutrition funds (Emergency Operations, Seamless Summer Option, Pandemic EBT Local Costs, etc.)
 - ▶ Revenue recognition/reclassifying expenditures
- ▶ Updates will continue as additional guidance is needed on new and existing funding sources, unique accounting situations, etc.
- ▶ **Bookmark and reference frequently**

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Conclusion

- ▶ What we hope you'll take away:
 - ▶ A new or better understanding of the accounting manual
 - ▶ "Quick reference" material from the presentation to help you find information in the future
 - ▶ The importance of proper coding and how to catch mistakes before data submission
 - ▶ How properly (or improperly) coded data is used and its impacts
 - ▶ Update on current accounting topics and upcoming changes

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Finalize Credit for Attendance

Return form to MSBO by January 27, 2022

- ✓ Return form to MSBO by January 27, 2022
 - E-mail – cbyam@msbo.org
- ✓ Receive e-mail from MOECS-noreply@michigan.gov to fill out an evaluation for SCECHs.
- ✓ Receive an email from survey monkey for the MSBO evaluation.