



Bulletin 1022 Accounting Manual Overview

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Christopher May, CFO, CFE, CGFM

Financial Specialist

MDE – Office of Financial Management

Rhonda Kribs

Chief Financial Officer

Grand Rapids Public Schools

Introduction

- ▶ 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?”
 - ▶ How properly (or improperly) coded data is used and its impacts
 - ▶ Recent changes and updates to the accounting manual/reporting
- ▶ More extensive version of “Accounting Manual and Chart of Accounts” offered as an MSBO Certification course

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)

Basis of Accounting

- ▶ Modified Accrual (fund-level, *most funds)
 - ▶ Revenue measurable and available
- ▶ Standard fiscal year for all school districts (July 1 – June 30)
 - ▶ State fiscal year October 1 – September 30
- ▶ Uniform Budgeting and Accounting Act (UBAA)
- ▶ Administrative Rule (force of law)
 - ▶ Addresses both basis of accounting and chart of accounts

Accounting Manual Revisions

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

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...
- ▶ Also Administrative Rules 340.851-853
 - ▶ Accounting records, charts of accounts, systems of accounting

Accounting Manual Contents

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

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)

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 Fiduciary Funds

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)

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 Statements

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

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

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

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)

Accounting Manual Contents

▶ Appendix – Definitions of Account Codes

- ▶ Most referenced section of the manual
- ▶ Recap of coding dimension definitions and structures (digits)

Balance Sheet	Revenue	Expenditure
Fund (2)	Fund (2)	Fund (2)
Major Class (3)	Major Class (3)	Function (3)
	Suffix (4)	Object (4)
	Grant* (3-4)	School/Building (5)
		Program* (3)
		Grant* (3-4)

Fund Codes

- ▶ 11 – General Fund
- ▶ 2x – Special Revenue Funds (see Appendix for complete list)
 - ▶ 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)

General Fund (11)

- ▶ 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.

Special Revenue Funds (2x)

- ▶ 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

Debt Service Funds (3x)

- ▶ 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.

Capital Projects Funds (4x)

- ▶ 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.

Trust Funds (5x)

- ▶ 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

Fiduciary Funds (6x), prev. Agency Funds

- ▶ Custodial Funds
- ▶ Private Purpose Trust Funds
- ▶ **Treatment/classification changed with GASB Statement #84**
 - ▶ Agency Funds previously contained many student activities, scholarships, etc.
 - ▶ New criteria requires activities to be in governmental funds if there is administrative involvement of district/staff among other factors

Proprietary Funds – Enterprise (7x)

- ▶ 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.

Proprietary Funds - Internal Service (8x)

- ▶ 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.

District-Wide Funds – Capital Assets (91)

- ▶ 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.

District-Wide Funds – Long-term Liabilities (92)

- ▶ 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)

Balance Sheet Account Codes

▶ Major Class Codes

- ▶ 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
- ▶ FID checks all three digits (no “custom” account codes)

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
- ▶ FID checks all three digits (no “custom” account codes)

Revenue Account Codes (cont.)

- ▶ **Suffix Codes** (see Appendix for complete list)
 - ▶ 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**
- ▶ FID checks all four digits (no “custom” account codes)

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
- ▶ FID checks all three digits (no “custom” account codes)

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”)
 - ▶ 8110 – Fund Modifications (subsidizing other funds)
 - ▶ 82xx – Payments to Other Districts
 - ▶ 9990 – Indirect Cost Recovery
-
- ▶ FID checks first three digits (fourth digit may be used for internal tracking/custom coding purposes)

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 (21x and possibly 22x to be added in FY25)**

- ▶ Some exclusions
- ▶ Highly encouraged to be used in other Functions when able
- ▶ Do not use “custom” school codes – will impact actual district expenditures
- ▶ Run “School Level Expenditures Report” in FID before submitting

Expenditure Account Codes (cont.)

▶ Program Codes

- ▶ Used to define expenditures attributable to certain Special Education and Career & Technical Education areas
- ▶ FID does not check this coding dimension, **unassigned** codes may be used for “custom” codes/internal tracking
 - ▶ 600-999 encouraged, specifically for student activity account tracking (GASB #84):

600-999	May be used for internal tracking of expenditures in Student/School Activity Funds and/or Fiduciary Funds (GASB #84). Grant Codes 9xx are preferred for internal tracking purposes.
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Expenditure Account Codes (cont.)

▶ **Grant Codes**

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

900		Local Tracking of Revenues – Beyond those listed above
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Building New Account Numbers

- Start with what you know
 - Scenario: LEA staff member comes to you and asks where to code the supplies they purchased. You know the staff member provides service in the general fund.
 - 11-xxx-xxxx-xxx-xxx-xxxx
 - Supplies = Object code 5110 (teaching/testing supplies) or Object code 5910 (office supplies)
 - Who is the end user of the supplies?
 - The end user of the supply purchase drives the next portion of the account structure.
 - The end users of the supplies are students. You clarify grade level to be elementary.
 - 11-111-5110-913-0000-00653

1022 Violations

Export to Excel Print

Account	Error	Error Description
11-213-1450-000-001-6010	1150	Program is not valid
11-213-2820-000-001-6010	1150	Program is not valid
11-213-2830-000-001-6010	1150	Program is not valid
11-218-2821-000-230-2020	1150	Program is not valid
11-218-2821-301-230-2020	1150	Program is not valid
11-218-2821-501-230-2020	1150	Program is not valid
11-218-2821-505-230-2020	1150	Program is not valid
11-218-2821-701-230-2020	1150	Program is not valid
11-221-2821-000-001-6840	1150	Program is not valid
11-221-2821-000-001-9057	1150	Program is not valid
11-221-2821-000-003-9057	1150	Program is not valid
11-221-2821-000-004-9057	1150	Program is not valid
11-221-2821-000-005-9057	1150	Program is not valid
11-221-2821-000-006-9057	1150	Program is not valid
11-221-3190-303-001-6012	1150	Program is not valid
11-221-5110-000-001-6840	1150	Program is not valid
11-226-1165-000-001-6010	1150	Program is not valid
11-226-1625-000-001-6010	1150	Program is not valid
11-226-1625-000-002-6010	1150	Program is not valid
11-226-1625-000-003-6010	1150	Program is not valid
Count: 275		

1 - 275 of 275 items

District Software Example

Account: 11-122-1240-303-193-2020 || Description: ASD - TEACHER SALARY || Status: Active

Overview | History

Description: ASD - TEACHER SALARY

Alpha Fund: G - GENERAL FUND

Account Class: E - Expense

Resp Code: SPE - SPECIAL EDUCATION

FID Number: Fund: 11 | Cls-Fnc-Obj: 11221240 | Building: 00965 | Program: 000 | Cost: 2020

Project Date:

Allow off sign budget

Status: Active

Account Type

Major Function:

Minor Function:

Major Object:

Minor Object:

User

User1:

User2:

User3:

1022 Conformity

Current Year		Next Year		Prior Year	
Original Budget:	\$0.00	ForeCast Budget:	\$0.00	Last Budget:	\$0.00
YTD Budget:	\$0.00	Next Fiscal PO:	\$0.00	Last Actual:	\$0.00
YTD Actual:	\$0.00	Next Req Reserve:	\$0.00		
YTD Encumbrance:	\$0.00	Remaining Forecast:	\$0.00		

District Software Example

- Use your finance software to the fullest extent possible
 - Identify 1022 violations early and often
 - Continue monitoring 1022 compliance
- The best time to fix an error is when you become aware of it. A few minutes spent in the beginning will save you hours at the end!

District Internal Communications

- Do staff members have access to view accounts, budgets and enter purchase requests?
 - If so, how do they know what to do?
1. Educate
 2. Provide individualized training
 3. Pull building specific financial information and walk through what each line is dedicated to
 4. Use snippets of the 1022 bulletin to provide additional information
 5. Create visual aids/instructions

Dexter Community Schools

This document has been prepared to provide a guide of the account numbers you will use in your budget.

Expenses Account Coding Structure
Michigan Public School Accounting Manual
Bulletin 1022

XX-Fund	1 XXX-Function	XXXX-Object	XXX-Program	XXXX-State Funding Type	X-Facility
11 General Fund	1 111 Elementary Instruction	1000 Salaries/ Wages	000 None specified	0000 None specified	00000 District
23 Community Services (Includes Athletics)	1 112 Middle School Instruction	1240 Teaching	011 SpEd-OT	2020 Special Ed	02362 Jenkins Early Chld
	1 113 High School Instruction	1620 Clerical	013 SpEd-PT	2080 MPSERS Offset	08989 Beacon-K-2
25 Food Services	1 122 Special Education	1630 Aides	015 Nurse	3060 At Risk	08040 Anchor-K-2
29 Student/School Activity	1 125 Grants (Compensatory Educ)	1760 Term Pay	021 SpEd-Psych	3070 Bilingual	00214 Wylie 3-4
30 Debt Retirement	1 127 Career Education	1870 Temp Teaching	031 SpEd-Speech	3400 GSRP 32d	03354 Bates School
40 Capital Projects-non-bond	1 212 Guidance Counselors	2000 Benefits	041 SpEd-Social	3440 Voc Ed 61	04609 Creekside 5-6
47 Capital Projects-2017 Bond	1 213 Health Services	2130 Ben Insurances	061 SpEd-TC-MI	3490 Robotics 99h	08039 Mill Creek 7-8
91 Capital Assets	1 214 Psychology Services	2820 Ben Retirement	062 SpEd-TC-EI	3650 Early Literacy Coaching	00913 High School 9-12
92 Long Term Liability	1 215 Speech Services	2830 Ben FICA	063 SpEd-TC-LD	3660 Early Literacy	02949 Alternative Ed
	1 216 Social Work Services	3000 Purchased Services	065 SpEd-TC-VI	3700 Data Collection	09078 Transportation
	1 218 Teacher Consultant	3110 Instructional Sv	067 SpEd-TC-AI	3990 Recycling	09079 B&G
	1 219 General Education	3130 Pupil Services	191 SpEd-ECSE	4900 Title IID	
	1 221 Improvement of Instruction	3210 Travel	194 SpEd-Res Rm	6010 Title I	06147 WISD (F&N)
	1 222 Media Services	3220 Worksh/Conf	196 SpEd-LRE	6011 Title I-carryovr	
	1 225 Technology Instructional	3450 Software Lic	400 IB - Int'l	6990 Drug Free	03635 DEEC (used for FID)
	1 226 Program Direction/Sp Ed Admin	4000 Repairs/Maintenance	Baccalaureate	6840 Title III-ESL	
	1 227 Student Assessments	4120 Maint Equip	500 Virtual learning	7530 Title IV	
	1 229 Other Programs/Consortium	5000 Supplies		7570 IDEA-Early On	
	1 231 Board of Education	5110 Teaching Sup	600- Student	7630 Title IIA-carryovr	
	1 232 Superintendent/Asst	5210 Textbooks	899 Activities	7640 Title IIA-PD	
	1 241 Building Principals	5610 Food		8010 IDEA-Flowthr	
	1 252 Business Office	5910 Office Supplies		8050 IDEA-Presch	
	1 259 Other Business Costs	5990 Other Supplies	902 Summer	816x SRSLY	
	1 261 Building Operations/Maintenance	6000 Capital Outlay	903 Homeless		
	1 266 Security Services	6420 Equipment	920- PP allocations	COVID	
	1 271 Transportation Services	7000 Other Expenses	979	9920 GF COVID	19-20
	1 281 Planning and Development	7410 Dues and Fees	975 Alt Ed	7980 CRF 103(2)	19-20
	1 282 Communication	8000 Transfers	980 IB - Int'l	1080 Cares Child Care	20-21

Dexter Community Schools

This document has been prepared to provide a guide of the account numbers you will use in your budget.

Expenses Account Coding Structure

Michigan Public School Accounting Manual

Bulletin 1022

Athletics Program

XX-	1-XXX-	XXXX-	XXX-	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 Chld
		113	High School Instruction		1170 Dept Mgr	013	SpEd-PT	9118	Fall Cheerleading Girls	08989	Bates-K-2
25	Food Services	122	Special Education		1240 Teaching	015	Nurse	9121	Fall Cross Country Boys	08040	Cornerstone-K-2
30	Debt Retirement	125	Grants		1560 Coaches/Rec	021	SpEd-Psych	9122	Fall Cross Country Girls	00214	Wylie 3-4
35	Durant Debt	127	Career Education		1620 Clerical	031	SpEd-Speech	9124	Fall Equestrian Girls	04609	Creekside 5-6
48	Capital Projects	212	Guidance Counselors		1630 Aides	041	SpEd-Social	9126	Fall Field Hockey Girls	08039	Mill Creek 7-8
66	Internal Activity	213	Health Services		1760 Term Pay	061	SpEd-TC-MI	9129	Fall Football Boys	00913	High School 9-12
		214	Psychology Services		1870 Temp Teaching	062	SpEd-TC-EI	9132	Fall Golf Girls	02949	Alternative Ed
		215	Speech Services	2000	Benefits	063	SpEd-TC-LD	9141	Fall Soccer Boys	09078	Transportation
		216	Social Work Services		2130 Ben Insurances	194	SpEd-Res Rm	9146	Fall Swim & Dive Girls	09079	B&G
		218	Teacher Consultant		2820 Ben Retirement	196	SpEd-LRE	9149	Fall Tennis Boys	09931	Copeland
		219	General Education		2830 Ben FICA	400	IB - Int'l	9154	Fall Volleyball Girls	06147	WISD (F&N)
		221	Improvement of Instruction	3000	Purchased Services		Baccalaureate	9155	Fall Water Polo Boys		
		222	Media Services		3110 Instructional Sv	500	Virtual learning	9213	Winter Basketball Boys		
		225	Technology		3130 Pupil Services	991	Athletics	9214	Winter Basketball Girls		
		226	Special Education Administration		3150 Edustaff Coach			9218	Winter Cheerleading Girls		
		229	Consortium		3160 Security			9235	Winter Ice Hockey Boys		
		231	Board of Education		3190 Officials/Trainer/ Sub			9245	Winter Swim & Dive Boys		
		232	Superintendent/Asst		3220 Worksh/Conf			9257	Winter Wrestling Boys		
		241	Building Principals		3310 Transportation			9311	Spring Baseball Boys		
		252	Business Office		3450 Software Lic			9331	Spring Golf Boys		
		259	Other Business Costs	4000	Repairs/Maintenance			9337	Spring Lacrosse Boys		
		261	Building Operations/Maintenance		4110 Building			9338	Spring Lacrosse Girls		
		266	Security Services		4120 Equipment			9342	Spring Soccer Girls		
		271	Transportation Services	5000	Supplies			9344	Spring Softball Girls		
		283	Personnel		5110 Teaching Sup			9350	Spring Tennis Girls		
		291	Athletics		5210 Textbooks			9351	Spring Track & Field (Use as Coed)		
		297	Food Services		5610 Food			9352	Spring Track & Field Girls		
		311	Community Services		5910 Office Supplies			9421	Middle School		
		321	Community Recreation		5990 Other Supplies						
		351	Child Care	6000	Capital Outlay						
		391	CPA		6420 Equipment						

Revenue Reconciliation

- ▶ Local Revenue (1xx)
 - ▶ Taxable Values
 - ▶ Millage Rates
- ▶ State School Aid Payment (3xx)
 - ▶ State School Aid Act
 - ▶ State Aid Status Reports
 - ▶ State Aid Updates
 - ▶ Spreadsheet on PY Adj.
 - ▶ Foundation Allowance
 - ▶ Non-Resident Pupils
- ▶ Federal Revenue (4xx)
 - ▶ MEGS
 - ▶ CMS
 - ▶ Medicaid
- ▶ Other Financing Sources (5xx)
 - ▶ ISD
 - ▶ Other Public Schools

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 Section	DESCRIPTION	Fund	Protected	Major Class Code	Revenue Suffix Code	Grant/ State Code
11(3)	PSA Protected	General	Yes	311	0010	101x
11j	School Bond Redemption	Debt	No	312	0000	308x
20f	Hold Harmless Provision	General/Special Revenue	No	311	0010	101x
20g	District Dissolution Transition	General	No	311	0010	101x
20m	Foundation Allowance Supplemental Payments	General	No	311	0010	101x
21	State School Reform/Redesign	General	No	311	0000	361x
21h	Partnership Model Districts	General	No	312	0000	213x
21j	Competency-Based Education Districts	General	No	312	0000	214x
22a	Proposal A Obligation	General	Yes	311	0010	101x
22b	Discretionary Payment	General	No	311	0010	101x
22d	Isolated District	General	No	311	0010	101x
22m	Tech. Regional Data Hubs	General/Special Revenue	No	312	0000	215x
22n	HS Per-Pupil Bonus	General	No	311	0010	216x
24	Court Placed Children	General/Special Ed	No	312	0000	103x
24a	Juvenile Detention Facilities	General/Special Ed	No	312	0000	103x
24c	Challenge Program	General/Special Ed	No	312	0000	103x
25f	Strict Discipline Academies	General	No	311	0010	101x
25g	Pupil Exceeding 1.0 FTE	General	No	311	0010	101x
26a	Renaissance Zone	General/ Voc Ed/Spec Ed	No	321	0000	105x
26c	Promise Zone	General	No	311	0010	108x
31a	At Risk Children	General/Food Service	No	312	0020	306x
31a(7)	Teen Health Centers	General	No	312	0000	371x
31a(8)	Vision/Hearing Screening	General	No	312	0000	372x
31b	Year Round Schools Pilot Program	General/Capital Projects Fund	No	312	0000	313x
31c	Gang Prevention	General	No	312	0000	353x
31d	School Lunch Programs	Food Service	Yes	312	0110	310x
31f	School Breakfast	Food Service	No	312	0110	311x
31h	Cooperative Education	General	No	312	0000	354x
31j	Local Produce in School Meals	Food Service	No	312	0110	373x
32d	Great Start ISD 0-5	General	No	312,317, 518	0100	340x
32p	Early Childhood Block Grant	General	No	312,317, 518	0100	343x
35a(2)	Early Literacy Professional Development	General	No	312, 317, 518	0000	363x
35a(3)	Early Literacy Acceptable Tools	General	No	312	0000	364x
35a(4)	Early Literacy Coaches	General	No	312	0000	365x
35a(5)	Early Literacy Additional Instructional Time	General	No	312	0000	366x
41	Bilingual Education	General	No	312	0040	307x
51a(2)	Special Ed Foundations ISD	Special Ed	No	312	0120	202x
ET-12A	Special Ed Hold Harmless ISD	Special Ed	No	312	0120	202x

Where Do I Go With Questions?

- ▶ Accounting for State School Aid Revenues document: <https://www.michigan.gov/mde/-/media/Project/Websites/mde/OFM/State-Aid/Bulletin-1022/saacct03.pdf>
- ▶ State Aid “Who to Call” List: https://www.michigan.gov/mde/-/media/Project/Websites/mde/Year/2018/07/23/Who_To_Call_List.xlsx?rev=2d37fa19b523424ba541bd9e9581e85d&hash=DD4447EB8F7B42DB8DDFCC2E049D28D7
 - ▶ URL to be updated soon, find at [michigan.gov/sasf](https://www.michigan.gov/sasf), State Aid Payment Information page
- ▶ MSBO
- ▶ Talk to your MDE consultants & program offices
- ▶ Call or email Chris with any coding questions

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 or if FID is inconsistent with audited financial statements

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
 - ▶ Other Post-Employment Benefits (OPEB) Liability

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.)

Fund Code	Description	Opening Balance	Revenue	Expenditure	Calculated Balance	Uploaded Balance Sheet	Status
11	General Fund	9,239,853.97	52,704,409.15	49,880,172.52	12,064,090.60	12,064,090.60	✓
21	Athletic Fund	0.00	0.00	0.00	0.00	0.00	✓
22	Special Education Fund	0.00	0.00	0.00	0.00	0.00	✓
23	Community Service Fund	0.00	10,092,134.58	10,092,134.58	0.00	0.00	✓
24	Bookstore Fund	0.00	0.00	0.00	0.00	0.00	✓
25	Food Service Fund	2,142,727.65	4,099,222.47	3,246,705.09	2,995,245.03	2,995,245.03	✓
26	Vocational Education Fund	0.00	0.00	0.00	0.00	0.00	✓
27	Cooperative Activities Fund	99,999.69	2,313,576.75	2,313,576.23	100,000.21	100,000.24	✓
28	Public Purpose Trust Fund	0.00	0.00	0.00	0.00	0.00	✓
29	Student/School Activity Fund	226,618.94	77,465.79	85,822.19	218,262.54	218,262.60	✓
3	Debt Service Funds	917,300.97	4,071,858.59	3,925,015.68	1,064,143.88	1,064,143.88	✓
4	Capital Projects Fund	5,352,419.29	2,029,381.77	2,335,972.37	5,045,828.69	5,045,828.69	✓

FID vs. Audit – District Example

- After uploading FID files, verify the “opening balances” screen in FID to determine if the opening and updated balance sheet calculations match the balances from the audit.
 - This is a quick check to determine if the accounting structure rolled up correctly.

\$21,487,571

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2021

	General Fund	WKKF Grant Fund	Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 7,355,340	\$ 10,092,135	\$ 1,516,324	\$ 3,405,175	\$ 22,368,974
State sources	33,897,192	-	513,058	2,996,062	37,406,312
Federal sources	9,099,366	-	-	3,692,137	12,791,503
Intergovernmental and other sources	2,272,537	-	-	-	2,272,537
Total revenue	52,624,435	10,092,135	2,029,382	10,093,374	74,839,326
Expenditures					
Current:					
Instruction	28,294,674	2,039,251	-	1,268,091	31,602,016
Support services	18,775,903	5,709,760	-	1,071,911	25,557,574
Athletics	522,214	19,998	-	-	542,212
Food services	-	-	-	3,109,864	3,109,864
Community services	757,591	1,647,736	-	-	2,405,327
Debt service:					
Principal	25,681	-	-	1,740,000	1,765,681
Interest	24,817	-	-	2,171,698	2,196,515
Other debt costs	-	-	-	13,316	13,316
Capital outlay	1,478,797	675,390	2,335,972	149,502	4,639,661
Payments to other public schools	500	-	-	-	500
Total expenditures	49,880,177	10,092,135	2,335,972	9,524,382	71,832,666
Excess of Revenue Over (Under) Expenditures	2,744,258	-	(306,590)	568,992	3,006,660
Other Financing Sources (Uses)					
Transfers in (Note 7)	79,974	-	-	471,976	551,950
Transfers out (Note 7)	-	-	-	(49,974)	(49,974)
Total other financing sources	79,974	-	-	422,002	501,976
Net Change in Fund Balances	2,824,232	-	(306,590)	990,994	3,508,636
Fund Balances - Beginning of year	9,239,855	-	5,352,419	3,386,651	17,978,925
Fund Balances - End of year	<u>\$ 12,064,087</u>	<u>\$ -</u>	<u>\$ 5,045,829</u>	<u>\$ 4,377,645</u>	<u>\$ 21,487,561</u>

FID vs.
Audit –
District
Example

School District: 13020 Battle Creek Public Schools

	GENERAL FUND (1)
LOCAL SOURCES OF REVENUE	
-- Property Taxes (111)	6,464,504.53
-- TIFA, DDA, LDFA (114)	0.00
-- Penalties (119)	6,925.43
-- From other State Govt Units (12x)	232,932.14
-- Tuition, non Summer School (131)	3,484.98
-- Tuition, Summer School (131, 0200)	0.00
-- Transportation Fees (141)	5,620.52
-- Earnings on Investments (15x)	6,323.11
-- Sales to Users, Food (16x)	0.00
-- Sales to Users (17X-18X)	19,383.20
-- Other Revenue (19x)	616,164.32
-- TOTAL (BEFORE ISD, LEA, PSA)	7,355,338.23

	General Fund
Revenue	
Local sources	\$ 7,355,340
State sources	33,897,192
Federal sources	9,099,366
Intergovernmental and other sources	2,272,537
Total revenue	52,624,435
Expenditures	
Current:	
Instruction	28,294,674
Support services	18,775,903
Athletics	522,214
Food services	-
Community services	757,591
Debt service:	
Principal	25,681
Interest	24,817
Other debt costs	-
Capital outlay	1,478,797
Payments to other public schools	500
Total expenditures	49,880,177
Excess of Revenue Over (Under) Expenditures	2,744,258
Other Financing Sources (Uses)	
Transfers in (Note 7)	79,974
Transfers out (Note 7)	-
Total other financing sources	79,974
Net Change in Fund Balances	2,824,232
Fund Balances - Beginning of year	9,239,855
Fund Balances - End of year	\$ 12,064,087

FID vs. Audit – District Example

The left column represents local sources of revenue as compiled in the revenue report through the FID. The right column is represented from the district audit.

- Multiple categorical items can be verified between the uploaded files and the available FID reports.

District Closing Remarks

- **The accounting manual provides the framework for districts to record financial transactions in a clear and consistent manner.**
 - How does that help you?
 - Access to hundreds of people that use the same manual
 - MSBO Listserv
 - Networking in this room
- **What happens when you read the manual and still have questions?**
 - Ensure you have the most recent version of the 1022 bulletin
 - Review MDE State School Aid Updates
 - Call personnel in local districts near you
 - MSBO business listserv
 - Reach out to MDE
 - Loop your auditing team into the discussion when necessary

“I Clicked Submit, Now What?”



“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

“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

Who Uses Our Financial Data?

- ▶ State Agencies
- ▶ Federal Government
- ▶ State Legislators
- ▶ Realtors
- ▶ Constituents
- ▶ PSA Chartering Agents
- ▶ Researchers – Education, Public Policy, etc.

Latest Updates to the Accounting Manual

- ▶ Section II Guidance
 - ▶ GASBs 84, 87, and 96
- ▶ Appendix – Account Codes
 - ▶ Student/School Activity codes, revised lease codes, new codes for SBITAs, various improvements to existing codes, regular addition of Grant Codes for new funding for new state and federal grants
- ▶ Accounting for State School Aid Revenues
 - ▶ Updated annually (or more frequent) with new State Aid categoricals

Contact Information

Christopher May, CFO, CFE, CGFM

Financial Specialist

Office of Financial Management

Michigan Department of Education

MayC@michigan.gov

Cell: 517-281-3223

Rhonda Kribs

Chief Financial Officer

Grand Rapids Public Schools

KribsR@grps.org

Phone: 616-819-2070