

MDE Accounting Update

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GASB Update

- Not much of an update impacting FY24 reporting!
- FY25
 - GASB 100 – Accounting Changes & Error Corrections
 - Notes & disclosures, no FID impact
 - GASB 101 – Compensated Absences
 - Addresses liability measurement
 - Government-wide impact, only FID impact may be on District Data Entry screen



“GASBs Past”

- **GASB 87** – Leases
- **GASB 96** – Subscription-Based Information Technology Arrangements
 - Still important to consider use of grant funds when entering into any SBITA (grant period shorter than SBITA term?)
- **GASB 94** – Public-Private & Public-Public Partnerships (P3's, **N/A to MI school districts** to my knowledge)



Upcoming FID Changes – FY24 Reporting

- "Instructional expenditures are consistent with previous year" warning check has been removed
- Two-year phase-in of expanded School Code requirement to Functions 21x and 22x in response to new federal reporting requirements (School Level Finance Survey, completed by MDE)
 - FY24: **Warning** for School Code missing from Function 21x and 22x expenditures, will not prevent submission
 - FY25 and following: **Error** for School Code missing from Function 21x and 22x(?) expenditures, will require correction before submission
 - Feedback from districts on burden of reporting 22x Functions at school-level passed to USED/Census, may not end up being required (TBD 2025)



Reclassifying Expenditures (final year?)

- **Revisiting topic as we approach the end of ESSER and Grant Code misuse has impacted monitoring of COVID expenditures**
- **The Grant Code of a given funding source should not be used when recording expenditures until that revenue can be recognized.**
- Additional accounting entries required when revenue cannot be recognized in the same fiscal year as eligible expenditures may be incurred.
- Example: ESSER III expenditure period goes back to March 2020 but revenue could not have been recognized in FY20
- Concept originally developed when CRF funds were paid in July and August 2020 State Aid but State legislation was not signed until after the school fiscal year ended

Reclassifying Expenditures (cont.)

- This may also apply to other funding sources with similar revenue recognition/expenditure period “disconnects”:
 - **Section 23b Summer School/Credit Recovery**
 - FY21 expenditures but no revenue until FY22
 - **Section 11r(4) ESSER (II) Per-Pupil Equalization**
 - Could cover both FY20 & FY21 exp., but FY22 revenue
 - **Section 11t ESSER III Per-Pupil Equalization**
 - GANs may be received after expenditures incurred
- **AND/OR realizing now-available COVID funds could be used for expenditures already incurred and paid for with unrestricted funds in prior years**



Reclassifying Expenditures (cont.)

- Example: Reclassification of FY23 expenditures to ESSER III funds in FY24 previously paid for with unrestricted funds
 - Net zero expenditure entry to reclassify prior year expenditures to another funding source
 - \$10,000 of teacher salaries covered by ESSER III funding as example
 - Debit 11-113-1240-**4350** **\$10,000**
 - Credit 11-113-1240-**0000** **\$10,000**
- Reclassifies expenditures to COVID funding source in current fiscal year without inflating totals while showing COVID expenditures in one fiscal year only (prevents double counting)
- Allowability still subject to approval of expenditures in grant budget



ESSER & SBITAs

- ESSER III obligation end date September 30, 2024
- Grant funds may not be used for any portion of leases/SBITA services occurring past this date (even with GASB #87/#96 changes or if prepaid by obligation/liquidation deadlines).
 - DTMB procurement rules specific to Michigan
 - Portion of lease/SBITA past this date must be covered with non-ESSER funding source, separate accounting
- More discussion on this in later and recorded sessions



Section 221 – Pupil Transportation Funding

- Revenue: Major Class 312, Suffix 0000
- Expenditures: Grant Code 269

- Calculated and paid on per-pupil basis
- Intent of use is restricted, Grant Code is **required** on amount of allowable expenditures equal to allocation
 - Consider identifying and using larger line item(s) for this to reduce accounting/reporting burden



Section 271 – Educator Compensation

- Revenue: Major Class 312, Suffix 0000
- Expenditures: Grant Code 274
- Intent of use is restricted, Grant Code is **required** on amount of allowable expenditures equal to allocation
 - If used for salary increases across several Functions, the portion covered by 271 must be separated in each
 - Example: 5% increases across Functions 111, 112, and 113, ~2% covered by 271, remainder covered by GF. Portion covered by 271 would be require separate salary expenditure entries with Grant Code.
- 271 may be used toward salaries only, (if mandatory benefits are covered by GF). In this scenario, districts may use the Grant Code on salaries only, no FID error if Grant Code not used for benefits



Section 27k - Student Loan Repayment Program

- \$200 or \$400 per month (depending on district) to eligible employees
- Application deadline was April 11th
- Payments planned to begin within July State Aid payment
 - 10/11^{ths} in July, 1/11th in August reflecting full FY24 amount
- Initial payments will be based on district (\$200/\$400) amount and number of eligible employees submitted in application only
 - Not their actual student loan payments, so you may receive more funds than will be paid to some eligible employees (to be adjusted out of state aid at later date)
 - Will require precise tracking and special accounting treatment
- <https://www.michigan.gov/mde/services/ed-serv/educator-retention-supports/student-loan-repayment-program>
 - Guidance, FAQs, and financial/accounting guidance (soon)



Section 27k - Student Loan Repayment Program Accounting

- Revenue:
 - Major Class Code 312, Suffix Code 0000
- Expenditures:
 - Function Codes: Separate for each eligible employee receiving 27k funds
 - Object Code: 2390 – Other Special Allowances (benefit code)
 - Grant Code: 273x (required to be used with all expenditure entries)
- Other specific journal entry examples and accounting guidance recently published on accounting manual webpage and 27k website
 - Based on beginning payment date plan of July, accrual of (some) revenues back to FY24, accrued expenditures, unearned revenue, and accrual reversal entries expected to be required
 - GANs expected to be sent to district in June.
- Possibility of second cohort depending on remaining funds, leadership approval, FY25 budget, etc. (FY24 work project language)
 - Not guaranteed, updates to be shared as info becomes available



Resources

Michigan Public School Accounting Manual

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

Accounting for State School Aid Revenues

- Includes all FY23 categoricals
- Will be updated with FY24 categoricals after budget passed.



Questions?

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