


# Overview of Expenditures



*Presented for MSBO Revenue, Expenditures, and Budgeting Workshop*  
by

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Staff Personnel  
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## Today's Overview

- ✓ Expenditure Account Structure
- ✓ FID Reporting of Expenditures
- ✓ Types of Expenditures
- ✓ Unlawful Expenditures
- ✓ Allocating Costs
- ✓ Grant Expenditures
- ✓ Special Education Expenditures
- ✓ Expenditure Reporting
- ✓ Construction Activities
- ✓ Budget vs. Actual Expenditures

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## Expenditure Account Structure

- ✓ Accounting structure must conform to Bulletin 1022 account coding structure.

Fund	Transaction Code	Function Code	Object	Program	Grant (State Code)	Facility/School	Other
XX	X	XXX	XXXX	XXX	XXXX	XXXXX	XXXX

- ✓ **Example: 11-1-122-1240-110-8010-04403-0000**
- ✓ Slight variations may occur due to accounting software limitations (e.g. Fund & Transaction may appear in same cluster).

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**FID Reporting of Expenditures**

- ✓ **Financial Information Database (FID) has specific requirements for expenditures.**
- ✓ **Fund, transaction, and function codes must match Bulletin 1022 account coding structure.**
- ✓ **Object codes are “rolled up” to a minimum of second position.**
  - Example: Objects 1210 to 1290 are aggregated and rolled up to 1200 for FID reporting purposes.
- ✓ **Program and grant (state) codes are required for FID reporting.**

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**FID Reporting of Expenditures**

- ✓ **School level data is collected for the following instructional function codes (1xx):**  
111, 112, 113, 118, 119, 122, 125 & 127
- ✓ **School level data is collected for supporting service (2xx) functions 241 and 249.**
- ✓ **School level data can be submitted for other functions in FID, but will not be stored by CEPI.**
- ✓ **For functions 111, 112, 113, 241, and 249 school level expenditures must total district expenditures.**

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**FID Reporting of Expenditures**

- ✓ **At least 80% of expenditures reported in functions 118, 119, 122, 125, and 127 must be reported at school level.**
- ✓ **District only expenditures are reported with school code of “00000” or by facility code for ancillary facilities.**
  - Examples: transportation garage, maintenance building, etc.).
- ✓ **Other level data is not collected for FID reporting.**

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“Class, I’ve got a lot of material to cover, so to save time I won’t be using vowels today. Nw lts bgn, pls trn t pg 122.”

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**Types of Expenditures**

- ✓ **Expenditure Classifications:**
- ✓ **Instructional Services**
  - **Basic Programs**
    - Elementary Instruction
    - Middle School Instruction
    - High School Instruction
    - Pre-Kindergarten (Preschool) Instruction
    - Summer School
  - **Added Needs**
    - Special Education
    - Compensatory Education
    - Career & Technical (Vocational) Education
  - **Adult Education**

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**Types of Expenditures**

- ✓ **Supporting Services**
  - **Pupil Supporting Services**
    - Guidance
    - Health Services
    - Psychologist
    - Speech
    - Social Worker
  - **Instructional Staff Supporting Services**
    - Improvement of Instruction
    - Educational Media Services
    - Supervision of Instruction
  - **General Administration**
    - Board of Education
    - Executive Administration

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## Types of Expenditures

### ✓ Supporting Services (Continued)

- School Administration
- Business Administration
- Operations and Maintenance
- Transportation
- Other
  - Staff & Personnel Services
  - Non-Instructional Technology Services
  - Pupil Activities

### ✓ Food Service Programs

### ✓ Athletic Programs – Likely Part of General Fund

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## Types of Expenditures

### ✓ Community Services

### ✓ Facilities Acquisitions, Construction & Improvements

### ✓ Other Financing Uses

- Payments to Other Governments
- Debt Service
- Fund Modifications

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## Types of Expenditures

### ✓ Expenditures fall into one of six types of costs:

- Salaries (1xxx object code)
- Employee Benefits (2xxx)
- Purchased Services (3xxx and 4xxx)
- Supplies and Materials (5xxx)
- Capital Outlay (6xxx)
- Other (7xxx and 8xxx)

### ✓ 11-1-111-1240-000-0000-02526-0000

### ✓ Statewide, salaries and employee benefits comprise 78% of total expenditures (2009/2010 Bulletin 1011).

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ACCOUNTING DEPT.  
REORGANIZATION, PLAN B

1 + 1 = 11  
2 + 2 = 22  
3 + 3 = 33  
4 + 4 = 44  
5 + 5 = 55

GIASBERGEN

"For years, we've been playing by old rules and the results have been dismal. It's time for a bold new direction!"

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### Unlawful Expenditures

- ✓ **The Michigan Department of Treasury has published a list of unlawful expenditures.**
- ✓ **Refreshments, and meals must be for a public, not for an individual or for private purposes.**
  - Refreshments for use at a regular or special board meeting are considered expenditures for public purpose
  - Coffee and donuts for employees during normal working hours are not allowable unless part of bargaining agreement
- ✓ **Retirement parties, gifts, or plaques for officials or employees are usually not for a public purpose, therefore not an allowable expense.**

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### Unlawful Expenditures

- ✓ **Meals and refreshments during extended working hours and for authorized seminars of an educational nature to officials and employees are considered lawful.**
- ✓ **Membership dues to governmental associations that advise, inform, and educate officials and employees are lawful.**
- ✓ **Registration fees, lodging, and travel for attendance at useful public informational or educational workshops are lawful.**

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## Unlawful Expenditures

### ✓ Other prohibited expenditures include:

- Contributions to churches and non-profit organizations
- Donations to community organizations
- Office refreshments, picnics
- Presents to officials and employees or retirement recognition events
- Flowers to the sick or departed
- Commuting mileage

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## Allocating Costs

### ✓ Salaries and benefit costs should be charged in accordance with Bulletin 1022.

- Spread costs across all functions, based on duties performed.
- Positions covering more than one function should be allocated.
- Use payroll system to allocate salaries and related FICA and MPERS costs.
- Spread worker compensation on a per-employee basis, and charge with other personnel costs.
- Unemployment costs should be spread based on function former employee was charged to.

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## Allocating Costs

### ✓ Simplify cost allocations wherever possible:

- Consider charging one expenditure account for multiple types of expenditures (i.e. maintenance supplies).
- Consider creating multiple accounts for similar types of expenditures (i.e. teacher supply accounts)
  - Teacher A Instructional Supplies
  - Teacher B Instructional Supplies
- Set up your accounts to fit your comfort level and to maximize efficiency in retrieval of information.

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## Allocating Costs

### ✓ Maximize Instructional Costs:

- Allocate copy/printer paper to each building.
- Allocate IT purchases to each building (computer replacements, printers, monitors, etc.).
- Allocate copy machine costs.
- New curriculum materials.
- Teaching supplies.

### ✓ Develop a method for allocating funds by building.

- Teaching supply budgets based on student enrollment in each building.
- Elementary, middle, and HS per student costs may vary.

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“Thank you for calling Creative Business Seminars.  
If you’d like to become a more creative problem solver,  
press 1 without touching any part of your telephone.”

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## Grant Expenditures

- ✓ Set up separate accounts for each grant.
- ✓ GAAP requires separate accounting for costs in federal and state grant programs.
- ✓ Use program and grant (state) codes for each grant.
  - Title I – Grant Code 601
  - Title IIA – Grant Code 764
  - IDEA – Grant Code 801
  - At Risk – Grant Code 306
  - Voc Ed (Section 61) – Grant Code 344
- ✓ 11-1-125-1240-000-6011-02526-0000
- ✓ Don't forget about A-87 certifications for federally funded employees.

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## Grant Expenditures

- ✓ Set up accounts based on Bulletin 1022 codes.
  - [www.michigan.gov/mde](http://www.michigan.gov/mde) --->Keywords --->Michigan Public School Accounting Manual
- ✓ Grant reimbursements should be based on reports generated from accounting system.
- ✓ Most accounting systems will generate expenditure reports by level.
  - Example: Title I expenditure report generated from all expenditures charged with state code 601.
- ✓ Grant budgets should match financial budgets in finance system.

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## Special Education Expenditures

✓ **Use program codes for special education costs:**

- Cognitively Impaired – 110 to 130
- Emotionally Impaired – 140
- Learning Disabled – 150
- Physically and Other Health Impaired – 180
- Early Childhood (formerly PPI) – 191
- Autistic – 193
- Resource Room – 194
- Psychologist – 021
- Speech and Language – 031 to 033

✓ 11-1-122-1240-**110**-0000-05685-0000

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## Special Education Expenditures

✓ **You may have many accounts for multiple components of special education expenditures:**

- Example 1: Special education teacher in CI classroom at High School, funded by state/local funds:

**11-1-122-1240-110-2020-04403-0000**

- Example 2: Special education aide in Resource Room classroom at High School, funded by federal IDEA grant funds:

**11-1-122-1630-194-8010-04403-0000**

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## Expenditure Reporting

✓ **Set up your expenditure accounts to easily run reports for annual cost reports:**

- At Risk, Section 31-A annual report
- School Readiness Grant
- SE-4096 – Special Ed Cost Report
- SE-4094 – Transportation Cost Report
- DS-4044 Reports for MDE Grants
- Grant Reimbursements
- VE-4033 Voc Ed/CTE Cost Report

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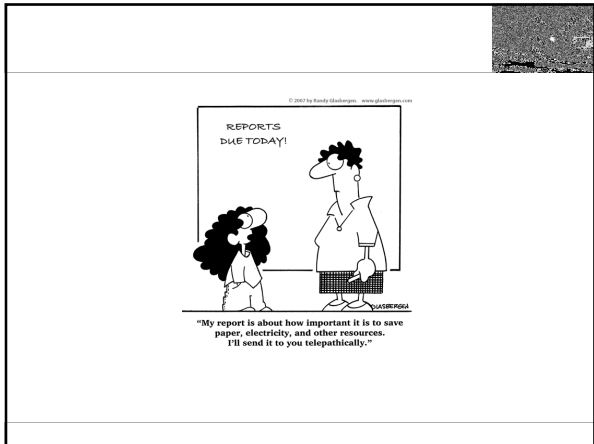
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### Construction Expenditures

- ✓ Track construction activities for each construction project in separate accounts.
- ✓ Once construction project is complete you'll need to reconcile total construction costs with value of asset added to capital asset inventory.
- ✓ Include:
  - Architectural & Engineering Costs
  - Construction Manager
  - Construction Contractor Costs
  - Furnishings

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### Budget vs. Actual Expenditures

- ✓ **State law prohibits overspending budgets.**
  - Significant budget variances reported in audit reports require documentation of budget procedures to be sent to MDE for review and evaluation.
  - Could be referred to State Attorney General if material deficiencies exist.
- ✓ **Monitor expenditure account budget and actual information for unusual issues.**
  - Accounts that are outspending other accounts.
- ✓ **Develop a process for updating budget allocations within functions between budget revisions.**

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### Budget vs. Actual Expenditures

- ✓ **Develop a system of providing budget information to managers/principals on a regular basis.**
  - Monthly responsibility or account class reports.
  - Provide finance software access for budget managers/principals to view their budget accounts.
- ✓ **Watch salary and related fringe accounts.**
  - Most payroll systems "push" labor distributions to the general ledger without checking budget levels.
- ✓ **You need prevention controls for accounts.**
  - Set up user controls and permissions in A/P and Purchasing to prevent purchases from being charged to accounts over budget.

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### Budget vs. Actual Expenditures

- ✓ **Run budget reports and monitor spending levels for all areas.**
  - Athletics
  - Food Service
  - Community Activities – Day Care Center, Community Education
  - Operations & Maintenance
  - Transportation
  - Instructional Costs
  - Curriculum Accounts
  - Teaching Supplies
  - Capital Outlay

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### Budget vs. Actual Expenditures

- ✓ Use the standard budget reports set up in your finance software to monitor spending levels.
- ✓ Create additional reports for district specific information required for State, Board, or internal reporting.

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### Budget vs. Actual Expenditures

- ✓ Run budget reports periodically for specific areas or object codes across several functions:

- Grant Expenditures
- Copy Machine or Other Equipment Rental
- Specific Employee Groups (Teachers, Aides, etc.)
- Specific Employee Benefits (Life, LTD, etc.)
- Repair and Maintenance Accounts
- Utility Costs (Gas, Electricity, Water/Sewer, etc.)
- Capital Outlay
- Contracted Services
- Workshops/Conferences
- Shared Services with other Districts or ISD

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### Budget vs. Actual Expenditures

- ✓ Review budget vs. actual expenditures with each budget revision.
- ✓ Develop a budget revision checklist specific for your district.
  - This forces you to look at each budget area to insure sufficient budgeted funds are provided.
  - This is an excellent documentation tool for budget revision process.

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**Contact Me With Any Questions**



DEWITT  
PUBLIC  
SCHOOLS

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*Thank You!*



**Overview of  
Expenditures**

*Presented for MSBO by  
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*October 13, 2011*

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