

I. INTRODUCTION

A. HISTORY, PURPOSE, AND USAGE

The *Michigan Public School Accounting Manual (Bulletin 1022)* serves as a mandatory guide to the uniform classification and recording of accounting transactions for Michigan school districts. The *Michigan Public School Accounting Manual (Bulletin 1022)* was adopted in 1963 with major revisions in 1976, 1988, and 2004. It conforms to the 2009 federal *Financial Accounting for Local and State School Systems*.

Revisions to the *manual* regularly occur to conform with changes in generally accepted accounting principles (GAAP), Governmental Accounting Standards Board (GASB), along with changes in legislation related to State and Federal financial reporting. The *manual* is intended for use by intermediate and local school districts, as well as public school academies.

See Section II C.01 State Requirements of the *manual* for the Michigan Compiled Laws containing Michigan public school district accounting legal requirements.

The *manual's* primary purpose is to provide a standard framework for reporting financial data to the state. It is important for users to recognize that the standardization of definitions and classifications is critical to the data gathering process. In order for users of the Comprehensive Financial Report (FID) to understand the context of the data, it is essential that the information be reported consistent with the standard account codes and accounting practices defined within this manual. Minimum requirements are defined to provide necessary comparability in the recording and reporting of financial information for Michigan districts, regardless of size. Expansion of these requirements will depend upon the personnel and the facilities available to a school district.

Before changes are made to this manual, those changes are reviewed and approved by consensus of the *Michigan Public School Accounting Manual* referent group. This applies to all changes except the “grant” codes which are added on an as needed basis.

Changes to the manual that require districts to change account numbers or accounting practice must be published at least six months prior to the required implementation date. Normally that will be in December of the year is implementation is required at the beginning of the next fiscal year (July 1).

B. DISTRIBUTION AND REVISION

Michigan public school district administrators are encouraged to forward recommendations for revisions to the *Michigan Public School Accounting Manual* to the Department of Education, State Aid and School Finance Office, P.O. Box 30008, Lansing, Michigan 48909.

The manual is available on the MDE website at:

<http://www.michigan.gov/mde/0,1607,7-140-15472-21321--,00.html>

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C. MANAGEMENT INFORMATION (Previously Section VII)

One of the major goals of this manual is to provide the basis for effective management information reporting. Although management decisions are made based on many factors, they should be made with an awareness of the financial implications of such decisions.

To assist in the evaluation of current programs and activities, planning for future operations, and the exercise of prudent budgetary control, management should be provided with timely, accurate financial information presented in a logical, lucid format that permits rapid interpretation. Adherence to the accounting principles and practices presented in this manual will facilitate comparability and the preparation of accurate, timely and informative financial statements which meet these needs of management.

The management information reporting described herein includes the data provided internally to management to satisfy their needs in performing their day to day tasks as well as the reports required of management at year end in order to meet regulatory needs.

School systems generate financial and statistical data which are used to provide information that management may request in order to make decisions. The financial data is ordinarily found in the formal books of accounting of the school district. The statistical data of a district includes pupil information, employee information, subject-program information and other information supportive of the district operations. When a formal method of compiling, reporting and storing these data sets is developed it is called a management information system.

An additional resource for district personnel is a publication by the Michigan School Business Officials entitled "The MSBO School Finance Reference Manual" that includes several chapters covering financial management topics for school districts. The publication provides examples of reporting financial and statistical data as well as documents historical information related to school funding, budgetary theory and other essential information for the School Business Manager. This manual is updated annually and may be ordered in a searchable CD format from the Michigan School Business Officials at www.msbo.org.