

December 23, 2003

Dear Business Manager:

The purpose of this correspondence is to transmit *Michigan Public School Accounting Manual* Change Notice 11. This change will replace parts of Section II and the Appendix with changes as described in the attached change notice. Please communicate these changes to others in your district who may be in possession of the *Michigan Public School Accounting Manual* to assure that manuals remain current. The entire manual, along with this change notice is also available electronically on our website at:

<http://www.michigan.gov/mde>

(look under Keywords, *Michigan Public School Accounting Manual*)

The *Michigan Public School Accounting Manual* contains the state prescribed chart of accounts to be used by all public school districts in Michigan. According to the Revised School Code, Section 380.1281

- 1) The state board shall:
 - a) require each board, each public school academy board of directors, each intermediate school board, and the officers of each of those boards to observe the laws relating to schools...c) prescribe appropriate uniform pupil and financial accounting records for use in school districts, public school academies, and intermediate school districts and promulgate rules for their adoption.
- 2) The state board may examine and audit the official records and accounts of school districts, public school academies, and intermediate school districts, and may compel proper accounting by legal action instituted by direction of the attorney general.

Michigan Department of Education staff and members of the *Michigan Public School Accounting Manual* referent group will continue their efforts to ensure uniformity in the recording of Michigan public school district accounting transactions via updates to this manual.

If you have questions concerning the *Michigan Public School Accounting Manual*, please contact me at (517) 335-0524.

Sincerely,

Glenda Rader, Deputy Director
Office of State Aid and School Finance

MICHIGAN SCHOOL DISTRICT BULLETIN 1022
ACCOUNTING MANUAL CHANGE NOTICE

Change Notice Number: 11

Date: December, 2003

To: All Holders of Indicated Manual

Section	Sub-Section	Title	Discard Page #	Add Page #
Section II	Index		1	1
Section II	A	Accounting Principles and Basis of Accounting	2-5	2-4
Section II	B.01	Fund Accounting	6	5
Section II	B.02	Types of funds	7-9	6-10
Section II	E.04	Add New Issue – Reporting Requirements for Deficits with a Deficit Fund Balance	31-32	31-32
Section II	E.06	Remove Issue – Inventory - Blank Page	35-36	35-36
Section II	E.08	Remove Issue- Specially Designated Millage Blank Page	41-44	41-44
Section II	E.09	Revised Issue- Accounting for Advance Refunding of Long-term Debt	45-46	45-46
Appendix Balance Sheet		Removed Agency Fund as allowable fund for several major class codes	5-6	5-6
Appendix Balance Sheet		Removed Agency Fund as allowable fund for several major class codes	9-11	9-11
Appendix Balance Sheet		Removed Agency Fund as allowable fund for several major class codes	13-14	13-14
Appendix Revenue Major Class Code	200	Revised Header Definition	17-18	17-18
Appendix Revenue Major Class Code	591	Revised Allowable Funds	21-22	21-22
Appendix Expenditure Function		Specified Allowable Funds in the Special Revenue Category to be used with various functions	23-32	23-32
Appendix Expenditure Object Codes	1800-1960	Revised Allowable Community Service Functions to be used with object codes	37-38	37-38
Appendix Expenditure Object Codes	3160	Revised to include “225” as allowable function	39-40	39-40
Appendix Expenditure Object Codes	4130, 4230	Revised to include “257” as allowable function	41-42	41-42
Appendix Expenditure Program Codes		Revised Special Education Service Program Codes	47-48	47-48
Appendix State Codes		Revised Grant Codes Since June 2003	49-58	49-58

Addendum to Change Notice #11:

Add Balance Sheet Liability major class “443-Arbitrage Rebate Liability-Liabilities arising from arbitrage rebates to the IRS from bond financing.”

Add “4xx” functions as allowable with object “7410.”

Replace page 47 of Appendix-Expenditure Program Codes stapled in packet with the revised page 47.

The web version of the accounting manual contains these corrections.

After reviewing the attachments, please insert the changes in your manual. Please contact Glenda Rader with any questions or comments at (517) 335-0524.