

July 3, 2003

Dear Business Manager:

The purpose of this correspondence is to transmit *Michigan Public School Accounting Manual* Change Notice 109. This change will replace the entire 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, Acting Deputy Director
Office of State Aid and School Finance

MICHIGAN SCHOOL DISTRICT BULLETIN 1022
ACCOUNTING MANUAL CHANGE NOTICE

Change Notice Number: 10

Date: June, 2003

To: All Holders of Indicated Manual

Section	Sub-Section	Title	Discard Page #	Add Page #
Section II	Index		1-2	1
Section II	D	Update Overview- Single Audit Requirements	21-24	21-24
Section II	E	Delete Old Accounting Issues E.01-E.05	25-36	
Section II	E.01	Add New Issue - GASB Interpretation #6		25-27
Section II	E.02	Add New Issue - GASB #33 Accrual of Revenues		28
Section II	E.03	Add New Issue- Accounting for Recovery of Indirect		30
Section II		Blank Pages		31-36
Section II	E.11	Update Tax-Exempt Interest Information and Rebate Arbitrage Requirements	52	52
Section II	E.15	Update Accounting for Special Education Center Programs and Community Service Activities	61-63	61-63
Section II	E	Delete Old Sections E.16, Add Blank Page 64	64	64
Section II	E	Delete Old Section E.18, Add Blank Pages 68-70	68-70	68-70
Appendix		REPLACE ALL	1-66	1-57
Fund Code "28"		Added New Fund "28" for Private Purpose Trust Funds used to support district operations		
Add New MC 315		Added New Major Class Code "315-Restricted Rec'd from State through another government agency"		
Add New MC 316		Added New Major Class Code "316-Unrestricted Rec'd from State through another government agency"		
Add New MC 596		Added new major class code "596-Proceeds from Refinancing Debt"		
Add New Suffix Code		Added Suffix Code "0220" for No Child Left Behind		
Function 125		Changed Definition to include NCLB- Indicate that the examples are not all inclusive		
Function 225		Changed Title and definition to "Technology Assisted Instruction"		
Function 261		Added Fund 4x to allowable funds. Definition changed to reflect that function "261" may only be used in a Capital Projects Fund for certain allowable capital expenditures related to Operations and Maintenance.		

Section	Sub-Section	Title	Discard Page #	Add Page #
Function 271		Added Funds 21 and 4x to allowable funds. Definition changed to reflect that function "271" may only be used in a Capital Projects Fund for certain allowable capital expenditures related to Transportation.		
Function 284		Change Title to "Support Services Technology		
Function 331		Add Parental Involvement Activities to definition		
Header Function 440		Change Title to "Payments to Other Governmental Entities and Not-for-Profit Entities		
Add New Function 445		Added Function "445- Payments to Private Not-For-Profit Entities (Sub-grantees Only)"		
Add New Function 512		Added New Function "512-Payment to Escrow Agent"		
Added New Function 711		Added new function "711- Depreciation Expense for use in non-governmental funds"		
Object 1210-1290		Added "3xx" as allowable functions		
Object 1410-1490		Added "3xx" as allowable functions		
Object 1540		Added 21x and 3xx as allowable functions		
Object 1550		Added 3xx as allowable functions		
Object 1610		Added 257 and 297 as allowable functions		
Object 1620		Added 297 as allowable function		
Object 1940		Change Title to Professional Development		
Add New Object 2290		Added New Object "Other Special Leave"		
Add New Object 2390		Added New Object "Other Special Allowances"		
Object 2990		Change Definition to Include use of company owned vehicles		
Object 3120		Change Definition to Employee Training and Development Services		
Object 3130		Added 293 and 3xx as allowable function		
Object 3180		Added 459 as allowable functions		
Object 3190		Added Function Range "45x" as allowable functions		
Object 33xx		Change Title to Client/Pupil Transportation		
Object 3450		Add Software Licenses to Title		
Object 3510		Added 3xx as allowable functions		
Object 4110		Include Contracted Custodians in definition		
Object 4130		Added 261 and 297 as allowable functions		
Object 4230		Added 297 as allowable function		
Object 4270		Change Definition to "technology related equipment"		

Section	Sub-Section	Title	Discard Page #	Add Page #
Header 5000		Added Software as an example		
Object 6510-6560		Added “3xx” as allowable functions		
Object 6710		Added function 45x- as allowable function		
Object 6720		Added function 45x as allowable function		
Add New Object 7190		Added Object Code “7190-Other Redemption of Long Term Debt Principal”		
Add New Object 7290		Added Object Code “7290-Other Interest on Long Term Debt ”		
Add New Header Category 7300		Added New Header Category Titled “7300-Other Financing and Debt Expenditures		
Add New Object 7310		Added New Object “7310 – Other Bond Issuance Costs”		
Add New Object 7320		Added New Object “7320 – Payments to Bond Escrow Agents”		
Add New Object 7330		Added New Object “7330 – Payments for Premiums and Discounts on Bond Proceeds”		
Object 7610		Added Function “511” as allowable function		
Object 8910		Added Function “49x” as allowable function		
Add New Object Header 9900		Added New Object Header “9900- To be used for recording transactions that have no affect on fund balance. These will be for internal reporting purposes only.”		
Add New Object Code 9990		Added New Object Code “9990-Indirect Cost Recovery”		
Add Program Code 270		Added new program code for T.C. Autistically Impaired		
State Codes		Updated State Codes with Current MDE Grant Awards and CFDA Numbers		

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