

Bulletin 1022 & Accounting Update

Christopher May, CFO – Financial Specialist

Office of State Aid & School Finance



Change Notice #26

Issued December 7, 2017

Changes to be implemented by 2018-19

Change Notices and updated 1022 sections:

<http://www.michigan.gov/mde/0,4615,7-140-6605-21321--,00.html>

Change Notice #26 (cont.)

Clarified deficit fund balance definition for MDE reporting purposes

- UBAA vs. SAA vs. RSC

Revised statutory references pertaining to deficits

Change Notice #26 (cont.)

Revised allowable funds of Balance Sheet Major Class 594 –
Pension Liability (added 7x)

Revised allowable funds of Expenditure Functions 22x –
Instructional Staff Support (all 2x funds now allowable)

Change Notice #26 (cont.)

Added new Balance Sheet Major Class Codes for GASB 75 compliance and reporting:

- 595 – Other Post-Employment Benefits (OPEB) Liability
- 196 – Deferred Outflows (OPEB)
- 496 – Deferred Inflows (OPEB)

Reporting anticipated to be similar to GASB 68 pension liability reporting (including FID District Data Entry option)

Expect data to report for this year!!

Change Notice #26 (cont.)

Added reference to certain electronic textbook to Expenditure Object 5210 (permanent electronic textbooks for which title passes to the district upon purchase.

- Continue using Object 3450 for payments to only access electronic textbooks and other instructional resources for a given period of time.

Updated Program Codes and revised allowable Function Codes of certain codes

Updated Grant Codes with new State and Federal programs



Bulletin 1022 Sub-Committees

Food Service uncollectable debts/write-offs

- Clarify state and federal requirements
- Prepare guidance including sample journal entries

PSA Accounting

- Guidance on typical PSA accounting, activity between academy, authorizer, and management company
- Examples of financial transactions and how to understand financial data

Internal Service Funds

- Revisit existing Section II guidance, add information on opening, closing, and transfer allowability within these funds.

ESSA Update

Required on State and LEA ESSA Report Cards:

- The per-pupil expenditures of Federal, State, and local funds, including actual personnel and actual nonpersonnel expenditures of Federal, State, and local funds disaggregated by source of funds, for each local education agency and each school in the State for the preceding fiscal year.

ESSA Update (cont.)

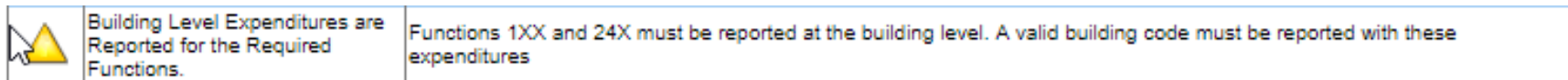
Previous US DOE guidance repealed as a result of a Congressional Review Act (CRA) action

- Revised guidance was expected by end of 2017
- Feedback submitted to give States flexibility to determine what makes sense to require and report at building-level

ESSA Update (cont.)

Enhanced reporting beginning 2017-18

- 100% of Function Codes 1xx and 24x at building level (currently 80%),
FID **Warning** in 2016-17, **Error** in 2017-18



- Additional Function Codes at building level (support services) may be required in the future
- Questions remain surrounding ISDs, shared services, etc.
- “Comparability over Complexity”

Section 147c(2)

Paid out as single installment in October 2017 State Aid

Appropriation made to reduce amortization period of 2010 early retirement costs (pre-payment of liability)

Previous guidance directed districts to record this the same as regular Section 147c funding

After further discussion and advice from MDE legal counsel, **we recommend districts NOT allocate charges related to these funds to federal grant programs.**

Guidance to be sent out as early as tomorrow (Thursday)

PA 75 3% Refund

Scheduled to be paid to districts on January 22nd, separate from State School Aid payment

Accounting for these funds and subsequent payouts to employees will depend on whether or not the 3% was taxed at time of withholding

- If already taxed, expected to be two basic Balance Sheet entries
- If not, guidance forthcoming on how to record those expenditures

ORS expected to provide to districts: name, address, SSN, 3% amount, and interest amount for each employee

Taxation topics still being discussed

Contact Information

Christopher May, CFO

Financial Specialist

Office of State Aid & School Finance

Michigan Department of Education

MayC@michigan.gov

517-335-1263

