

Note: Per OCS 1-11, fn 33, this Bulletin's accounting guidance still applies, but legal guidance may be superseded. Therefore we have retained this Bulletin, but you should refer to the latest ORC to update the legal requirements described in this bulletin.

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AUDITOR OF STATE BULLETIN

SCHOOL DISTRICT TREASURERS
ALL INDEPENDENT PUBLIC ACCOUNTANTS
OHIO SCHOOL FACILITIES COMMISSION

SUBJECT: CHANGES IN SCHOOL FACILITIES COMMISSION
GRANTS/LOANS

The purpose of this Bulletin is to provide guidance regarding accounting and compliance issues related to Ohio School Facilities Commission (the Commission) grants/loans that have arisen since the passage of Amended Senate Bill 272, effective September 15, 2000.

Levy for Maintenance of School Facilities Projects

The proceeds of a levy authorized by Section 3318.06 of the Ohio Revised Code that are to be used for maintenance of a school facilities project under Chapter 3318 of the Ohio Revised Code should be receipted in the Classroom Facilities Maintenance Fund, fund number 034. This fund should be classified as a governmental fund type, special revenue fund. The tax levy proceeds generated for facilities maintenance are restricted to those maintenance expenditures associated with the project for which the levy was approved and are not available for maintenance of other school district facilities.

Prior to 1996, school districts participating in the classroom facilities program were required to pass a half-mill levy for the repayment of State funds loaned to the school districts for the construction of classroom facilities. The levy continued until the loan was repaid, but in no case for a period longer than twenty-three years. At the end of the twenty-three year period, any amount remaining was forgiven.

In 1996, the law was amended to permit the levy proceeds to be used for maintenance of the classroom facilities project provided the school district's adjusted valuation per pupil was less than the state-wide median. One-half of the levy was to be used for maintenance of the classroom facilities project and the other half of the levy was to be used to pay the cost of the purchase of the classroom facilities from the State. In addition, the School Facilities Commission could enter into a supplemental agreement with a school district that was paying the full amount of the half-mill levy to the State under the previous version of the code section. The supplemental agreement permitted repayment of the State's share based on the school district's valuation per pupil and use of the levy proceeds for facilities maintenance under the same terms stated above.

You should also read OCS step 1-11 for additional guidance. The following is excerpted from OCS step 1-11:

Locally Funded Initiatives:

The Commission informed us that a school district board may elect to add to the scope of any project and separately fund a scope of work (“local initiative”), which involves improving all or part of a project the Commission funds. The school district board may request the Commission to approve the incorporation of design and construction of the local initiative into the overall project. Whenever a local initiative is interconnected with a project the commission funds, the district and the commission will execute a memorandum of understanding to specify the additional cost of the local initiative and the terms and conditions for accounting for the cost. ***The district must account for the local initiative in a separate fund, NOT the project construction fund (USAS fund 010).***