

The first 7 pages summarized ORC amendments to school district set asides and fiscal caution / watch / emergency laws. You should refer to current ORC requirements, so those pages have been omitted. The Q&A below has been retained.

→ Date: May 29, 2001  
Bulletin 2001-006

## AUDITOR OF STATE BULLETIN

~~ing deficit exceeding ten (10) per cent. These funds will be repaid by the school district no later than the end of the second fiscal year following the fiscal year in which the solvency assistance payment was made.~~

~~Catastrophic Expenditures Account~~ The money in this account is to be used solely for the following:

- ~~• Solvency assistance to school districts that have been declared under division (B)(1) or (5) of Section 3316.03, R.C., to be in fiscal emergency because of a certified operating deficit exceeding ten (10) per cent in the event all money in the shared resource account is used up; and~~
- ~~• Grants to school districts that suffer an unforeseen catastrophic event that severely depletes the district's financial resources.~~

~~Funds disbursed from the catastrophic expenditures account for solvency assistance shall be repaid by the school district no later than the end of the second fiscal year following the fiscal year in which the solvency assistance payment was made. A school district will not be required to repay any grant awarded to the district under the catastrophic expenditures account unless the district receives money from a third party specifically for the purpose of compensating the district for expenses incurred as a result of the unforeseen catastrophic event.~~

A list of questions and answers relating to S.B. 345 follows. Additional questions regarding this bulletin should be directed to the Local Government Services Division at 1-800-345-2519 or to the Accounting & Auditing Support Division of the Auditor of State's Office at 1-800-282-0370.

### QUESTIONS & ANSWERS

1. Under the new base formula for calculating the ~~textbook set-aside and/or the capital set-aside~~, does the "base cost per pupil" include the "cost of doing business factor"?

No. The formula amount as defined under Section 3317.02, R.C. is the base cost per pupil and does not include the "cost of doing business factor". ~~For fiscal year 2000, this amount was \$4,052 and for fiscal year 2001 the amount is \$4,294.~~

2. If BWC refund monies in the budget reserve are used for the purchase of textbooks, will this expenditure count toward the 3% annual expenditure requirement under the textbook and instructional materials set-aside?

Yes.

See current ORC 3317.02(F): "Formula amount" means \$5,900, for fiscal year 2016, and \$6,000, for fiscal year 2017.

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3. **Similarly, if the BWC refund monies in the budget reserve are used for school facility construction, renovation or repair, will this expenditure count toward the 3% annual expenditure requirement under the capital and maintenance set-aside?**

Yes.

4. **While not required to by law, a school district wishes to maintain a budget reserve and add to it any BWC rebate monies received in current or future years.**

- A. **Does the district have to close out their old budget reserve account if they plan to maintain a reserve?**

No; however, the board must reauthorize via resolution the existence of the budget reserve consistent with Section 5705.13, R.C.

- B. **Must the district put the 2001 BWC rebate monies in a separate fund or can they put this with the existing budget reserve funds?**

If the district board has reauthorized the existence of a budget reserve under Section 5705.13, the 2001 BWC rebate monies may be added to the reserve as long as the district complies with parameters established under Section 5705.13. (i.e., amount reserved cannot exceed 5% of the general fund's revenue for the preceding fiscal year). The board should authorize the increase in the budget reserve by resolution.

5. **If a school district does not have a "matching" requirement, but wants to put their budget reserve monies (non-BWC refund) in fund 010, Classroom Facilities, can they do this?**

No, fund 010 is only for Classroom Facilities projects under Chapter 3318, R.C.

6. **Can a school district transfer funds directly from their budget reserve to the permanent improvement fund?**

No, transferring funds directly from the budget reserve to the permanent improvement fund requires a court order. If the school district wishes to close out their budget reserve, they should return the monies to the general fund (transfer out of the special cost center), then transfer monies to the permanent improvement fund. The return of monies to the general fund is provided for in S.B. 345.