



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Date: September 22, 1995
Bulletin: 95-013

AUDITOR OF STATE BULLETIN

TO: BOARDS OF EDUCATIONAL SERVICE CENTERS SCHOOL DISTRICT
TREASURERS
INDEPENDENT PRIVATE ACCOUNTANTS

SUBJECT: GAAP FUNDING ASSISTANCE

In accordance with Ohio Administrative Code Section 117-2-01, adopted effective January 1, 1989, all Ohio school districts were required to prepare year-end financial reports in accordance with generally accepted accounting principles (GAAP). Due to anticipated funding in the biennial budget for school district GAAP conversion efforts, the Auditor of State's office has approved the majority of requests to postpone the implementation of GAAP until fiscal 1996.

The State Biennial Budget Bill (Am Sub H 117) has made available \$400,000 in Fiscal Year 1996 and \$200,000 in Fiscal Year 1997 to assist school districts and educational service centers in the conversion to reporting in accordance with GAAP. According to this legislation, use of these monies must follow a plan approved by the Auditor of State, which shall provide instructional materials, regional training opportunities and limited technical assistance. To further this assistance, the Auditor of State will provide a match in equal amounts for each fiscal year (\$400,000 in Fiscal Year 1996 and \$200,000 in Fiscal Year 1997) from his appropriations.

AUDITOR OF STATE'S PLAN

The plan approved by the Auditor of State's office is a one-time voucher program based upon valuation per pupil as of June 30, 1995. Vouchers in the amount of \$5,000 will be provided to school districts with valuation per pupil of \$50,000 or less (approximately 147 school districts), and vouchers of \$3,000 will be provided to school districts with a valuation per pupil of \$50,001 to \$62,000 (approximately 141 school districts). Vouchers in the amount of \$1,000 will be provided to county educational service centers with a valuation per pupil of \$50,000 or less (approximately 32).

The amount of the appropriation is not large enough to make direct financial assistance available to school districts, joint vocational schools, or county educational service centers with higher levels of valuation per pupil. The Local Government Services Division of the Auditor of State's Office will, however, continue to offer GAAP conversion assistance and services to these and all other entities through providing training and other tools (manuals, software, etc.) at economical rates.

Individual letters will be mailed to school districts and educational service centers eligible to participate in the voucher program, notifying them of the program and providing specific guidelines as to the use of the vouchers. Vouchers will be redeemed upon timely submission of GAAP financial statements deemed acceptable by the Auditor of State for fiscal 1995 or fiscal 1996. To be considered timely, the reports must be received within 150 days from the end of the fiscal year.

GAAP EXTENSIONS

Extensions granted to date require that school districts file GAAP financial reports for the fiscal year ending June 30, 1996. Numerous school districts have continued to request extensions past the June 30, 1996 deadline. One-year extensions may be granted on a limited basis past June 30, 1996, only if the school district requesting the extension meets one of the following criteria:

1. The treasurer of the school district has been in that position for less than one year prior to the start of the fiscal year to be reported pursuant to GAAP.
2. The school district will be entering the state loan program for fiscal year 1996 and did not receive a loan under Section 3313.483, Revised Code, during the preceding year.
3. The district has not completed the task of compiling information on fixed assets, but has made a commitment to complete the task by June 30, 1996.

School districts and educational service centers that qualify for the voucher program may be granted additional extensions in reporting in accordance with GAAP; however, they are cautioned that the funding assistance is being provided on a one-time basis. Any school district not submitting GAAP financial statements for fiscal 1995 or fiscal 1996 shall waive its rights to these funds.

If you have any questions, please call the Local Government Services staff at 1-800-345-2519.

Jim Petro, Auditor of State
State of Ohio