

AUDITOR OF STATE BULLETIN 96-016

AUGUST 5, 1996

TO: SCHOOL DISTRICT TREASURERS
IPAs

SUBJECT: SCHOOLNET, SCHOOLNET PLUS, AND OTHER RELATED GRANTS

THIS AUDITOR OF STATE BULLETIN SUPERSEDES AUDITOR OF STATE BULLETIN 95-006, DATED AUGUST 18, 1995. All of the issues addressed in the previous bulletin are restated in this updated bulletin.

SCHOOLNET

SchoolNet is a program created to provide wiring to all classrooms in the State that supports the transmission of voice, video and data, and to provide a computer workstation and related technology for every classroom in Ohio's low-wealth school districts. Grant awards to school districts are made after a technology plan has been submitted and approved by the Department of Education. Grant awards are not paid to the school district but are paid directly by the State to the contractor for wiring or to the vendor for workstations. School districts that benefit financially by receiving wiring or workstations paid for by the State should record grant revenue and a corresponding expenditure in the SchoolNet fund at the time of payment for the work or workstation. The Department of Education will be providing documentation that identifies the amounts paid on each school district's behalf. School districts should budget for anticipated SchoolNet revenues and should appropriate for the expenditures expected to be made on their behalf by the State. Attached to this Bulletin is Appendix C4 of the Department of Education's publication "Operating Guidelines for SchoolNet Procurement." This Appendix identifies each school district's SchoolNet allocation. The amount of the allocation that is budgeted each year is a decision made by each school district. The fund to use for SchoolNet is fund 450 with a separate special cost center. The purpose of the special cost center is to keep the financial activity of SchoolNet separate from the money received under SchoolNet Plus. Fund 450 should be classified as a capital projects fund. Receipts should be classified as 3210, Restricted Grants-in-Aid Received Directly from the State.

Any asset received under the SchoolNet program should be recorded in the fixed asset inventory of the school district. The Office of Auditor of State recognizes that there will be lease agreements between the school districts and the Department of Education that maintain legal ownership of the assets with the State for 5-15 years. The accounting treatment for these assets at the school district level is based on treating these leases as capital leases. Capital leases are leases that eventually transfer ownership of the leased assets to the lessee. Assets acquired under a capital lease are recorded on the fixed asset records of the lessee as if they had been purchased. Additional fixed asset inventory and reporting requirements are described in the Department of Education publication "Operating Guidelines for SchoolNet Procurement."

The assets associated with SchoolNet are addressed specifically in this Bulletin because the acquisition process is new for school districts and because these assets have separate reporting requirements to the Department of Education. This is a reminder that all fixed assets acquired under one of the programs mentioned in this Bulletin should be recorded on the fixed asset records of the school district.

A portion of the SchoolNet funding will be used to provide technology training. In most cases, this training will be provided through the twelve regional professional development centers operated by the Department of Education. Money for the training will be sent to the universities and county educational service centers serving as fiscal agents for the centers. The educational service centers receiving money on behalf of the development centers will be told by the Department of Education at the time the money is distributed that it is to be recorded in the district agency fund, fund code 022, with a special cost center for the regional professional development center. A very limited number of professional development subsidy grants will be sent directly to school districts. This money is to be recorded in the SchoolNet Professional Development fund, fund code 452, a special revenue fund. A school district receiving a professional development subsidy grant will be notified by the Department of Education at the time of distribution that this is the proper fund in which to record this money. The receipt code will be 3210.

SCHOOLNET PLUS

SchoolNet Plus provides additional funding targeted for the acquisition of computer workstations in grades K-4. Grant awards again require an approved technology plan. Grants for the first year of SchoolNet Plus will be paid to school districts in cash. Grant receipts should be recorded in fund 450 with a special cost center. The purpose of the special cost center is to separate the money received for SchoolNet Plus from the financial activity of the SchoolNet program. All SchoolNet Plus money will be recorded in fund 450, even though a school district may elect to spend a portion of the money for something other than capital expenditures.

TELECOMMUNITY PROJECT

Money for this project has been provided by Ameritech as required in a rate agreement with the Public Utilities Commission of Ohio. Grants are available to school districts located within Ameritech's service area. There are five types of grants available in this project. A school district that receives a telecommunity grant should record the receipt in the Telecommunity fund, fund code 453, a capital projects fund, using receipt code 1820, Contributions and Donations from Private Sources.

SCHOOL SECURITY EQUIPMENT

House Bill 790 appropriated money for grants for school security equipment. Grants received for school security equipment should be received in the Miscellaneous State Grants fund, fund code 499. A special cost center assigned by the school district treasurer should be used for each grant received. A receipt code of 3210, Restricted Grants-in-Aid Received Directly from the State, should be used.

SCHOOL BUILDING PROGRAM ASSISTANCE

House Bill 790 also appropriated money for school building program assistance under Ohio Revised Code Chapter 3318. Receipt of this money should be recorded in the Classroom Facilities fund, fund code 010. Special cost centers assigned by the school district treasurer should be used to separate multiple contracts or projects.

TECHNOLOGY EQUITY FUNDING

Technology equity funding represents grants available to low-wealth school districts to complement the SchoolNet program. Grant approval is obtained either through incorporating a request in the SchoolNet plan or submitting a separate plan specifically for technology equity funding. Money received from the Department of Education for technology equity funding should be recorded in the Technology Equity fund, fund code 454. This is a capital projects fund. The receipt code should be 3210.

OECN DATA COMMUNICATION SUPPORT

Grants for data communication support were addressed in Bulletin 95-015. School districts receiving pass-through money from a data acquisition site should record the money in the Data Communication Fund, fund code 451, a special revenue fund.

No additional Auditor of State permission is needed to establish any of the funds identified in this Bulletin. Only a resolution by the Board of Education is required.

If you have questions regarding this Bulletin, please contact the Local Government Services Division of the Auditor of State's Office at 1-800-345-2519.

Any interpretations, references or information relating to specific sections of the Ohio Revised Code are based on the current version of the statute. The law may have changed subsequent to the issuance of this bulletin. Prior to taking any action, consult a current legislative service and with legal counsel to ensure compliance with statutory requirements.

(NOTE: "SchoolNet- Allocation Potential Funding" attachment will be included with the hard copy.)