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AUDITOR OF STATE

STATE OF OHIO  
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## AUDITOR OF STATE BULLETIN

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TO: ALL SCHOOL TREASURERS  
ALL INDEPENDENT PUBLIC ACCOUNTANTS

SUBJECT: REVISED *DEROLPH* SCHOOL FUNDING NOTE TO THE FINANCIAL STATEMENTS

Attached is a revised sample note describing the school funding decision as last rendered by the Ohio Supreme Court in September, 2001. You may find this sample useful in preparing your annual financial statements for the year ended June 30, 2001.

If you have any questions about this matter, please contact Accounting and Auditing Support at (800) 282-0370.

### **Note NN -State School Funding Decision**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of [INSERT DATE ON OR BEFORE DATE OF AUDITOR'S OPINION], the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.