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Bulletin 2007-006

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TO: **School District Treasurers**
JVSD Treasurers
Educational Service Center Treasurers
Community School Finance Officers
Independent Public Accountants

FROM: **Mary Taylor, CPA**
Ohio Auditor of State

SUBJECT: **Additional Guidance on the Use of the New Account Codes for Debt Refunding Transactions**

Purpose of the Bulletin

In Bulletin 2006-004, the Auditor of State's Office provided new account codes for the proper recording of debt refunding transactions. Based on inquiries we have received, we have agreed to provide additional guidance per this Bulletin.

What is Intended

Some portions of a refunding transaction should be recorded and reported as Expenditures while other portions of the transaction should be reported as Other Financing Uses. Bulletin 2006-004 expanded the 830 object codes (Other Debt Service Payments) to address those aspects of the refunding transaction that should be reported as Expenditures. The aspects of the refunding transaction that should be reported as Other Financing Uses have been included in the new 900 level object codes.

The Questions

Treasurers have been asking why the uniform school accounting system will not accept a transaction that uses the 7900 function code and 830 objects. That is because the 7900 function code is used exclusively for transactions that are to be reported as Other Financing Uses. Since the 830 objects are intended to be reported as Expenditures (rather than Other Financing Uses), they will not work with the 7900 function. When using the 830 objects, use the 6100 function, Debt Service.

The new 900 level objects are intended to appear on the financial statements as Other Financing Uses. They should be used with the 7900 function and not 6100.

Assistance

We apologize for the confusion that Bulletin 2006-004 created and hope that this additional guidance is adequate to address the issues. If you do have questions about the application of this Bulletin or Bulletin 2006-004, please call the Local Government Services Section at (800) 345-2519.

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