Policy SF-A
Consent to a School District Exceeding Net Indebtedness Limits and Certification of Approved Special Needs District Status by the Superintendent of Public Instruction
July 2010

SF-A-01 Purpose

The purpose of these policies is to prescribe procedures for the administration and implementation of the authority of the Superintendent of Public Instruction, jointly with the Tax Commissioner, to consent to the submission by a school district to a vote of the district's electors the question of the issuance of securities in an amount that will make the district's net indebtedness after the issuance of the securities exceed an amount equal to four per cent of its tax valuation as required in Section 133.06 of the Revised Code. These policies also prescribe the procedures for the administration and implementation of the certification of a district as an approved special needs district for purposes of Division (E) of Section 133.06 of the Revised Code.

SF-A-02 Definitions

The following terms are defined as they are used in this policy:

(A) "net indebtedness" has the same meaning as in Section 133.04 of the Revised Code, and for school districts shall exclude those items enumerated in Division (D) of Section 133.06 of the Revised Code;

(B) "tax valuation" has the same meaning as in Division (PP) of Section 133.01 of the Revised Code;

(C) "Department" means the Ohio department of education.

SF-A-03 Circumstances requiring action pursuant to these policies

(A) Except as provided in paragraph (B) of this policy, the following circumstances shall require action under these policies:

(1) Any school district planning to submit to a vote of the district's electors the question of the issuance of securities in an amount that will make the district's net indebtedness after issuance of the securities exceed an amount equal to four per cent of its tax valuation shall be required to obtain consent to the submission granted by the Superintendent of Public Instruction and the Tax Commissioner in the manner described in policy SF-A-04 and policy SF-A-06.

(2) Any school district planning to submit to a vote of the district's electors the question of the issuance of securities in an amount that will make the district's net indebtedness after issuance of the securities exceed an amount equal to nine per cent of its tax valuation shall be required to obtain both a certification by the Superintendent of Public Instruction that it is an approved special needs district in the manner described in policy SF-A-05 and policy SF-A-06, and consent to the submission granted by the Superintendent of Public Instruction and the Tax Commissioner in the manner described in policy SF-A-04 and SF-A-06.

(B) If the electors do not approve the issuance of securities at the election for which the Superintendent of Public Instruction and Tax Commissioner consented to the submission of the question, the school district may submit the same question to the electors on the date that the next special election may be held under Section 3501.01 of the Revised Code without submitting a new request for consent pursuant to these policies.

(C) Any school district planning to submit to a vote of the district's electors the question of the issuance of securities in any amount for the sole purpose of raising the school district portion of the basic project cost and any additional funds necessary to participate in a project under Chapter 3318 of the Revised Code, including the cost of items designated by the Ohio school facilities commission as required locally funded initiatives and the cost for site acquisition, shall not require any action pursuant to these policies. Such debt, however, is included in a district's total net indebtedness for purposes of any action required pursuant to these policies for other securities issuances.

SF-A-04 Format of request for consent and required documentation

(A) School districts required to receive consent shall provide concurrently to the Department and the department of taxation no later than one hundred and twenty days prior to the election at which the question is to be submitted, the following:

(1) A letter requesting the consents and enclosing the other required materials specified in this policy.

(2) A statement of net bonded indebtedness certified by the district treasurer on DTE Form 131 or the successor to that form as specified by the department of taxation, so as to allow for the appropriate computation of securities included or excluded from the computation of net indebtedness required for purposes of the administration of this policy. If the district board of education has not yet adopted the resolutions referenced in paragraph (B), below, a draft of DTE Form 131 may be submitted. However, a finalized version must be submitted no later than ninety-eight days prior to the election.
If the district's net indebtedness exceeds nine percent of the most recently certified tax valuation (based on the department of taxation Form DTE 13 or the successor to that form as specified by the department of taxation), the district must also apply for special needs designation from the Superintendent of Public Instruction.

(3) A general certificate certified by the treasurer of the district, the specific contents of which shall be determined by the operational unit within the Department charged with the administration of this policy, and which shall include, but not be limited to the following:

(a) The names of the members of the district board of education and representation to the fact that they are regularly elected and qualified;

(b) The name of the President and the treasurer for the calendar year in which the certificate is submitted

(c) The designated time and place for the regular meeting of the district board of education.

(d) The county, or counties, in which the territory of the district is located, including the name of the county that contains the most populous portion of the school district

(e) The county auditor that has jurisdiction in practice over and customarily handles the tax matters of the school district

(f) The county board of elections that has jurisdiction over and handles the election proceedings relating to the school district.

(g) Whether classroom facilities assistance has or has not been received from or approved by the Ohio school facilities commission.

(4) Any additional pertinent information that the school district desires to submit related to the request for consent.

(B) School districts required to receive consent shall provide to the Department and the department of taxation the following additional information with the submission of the letter requesting

consent referenced in (A)(1) above or by a date no later than ninety-eight days prior to the election:

(1) A certified copy of the resolution of necessity adopted by the district board of education pursuant to Section 133.18 of the Revised Code, in the form and manner specified by that section.
(2) A copy of the county auditor's millage certificate or certificates certified to the district board of education on DTE Form 130 or the successor to that form as specified by the department of taxation.
(3) A certified copy of the resolution to proceed adopted by the district board of education and filed with the board of elections.

A district requiring a special needs designation must be certified as a special needs district in order to receive consent.

SF-A-05 Format for request of special needs designation and required documentation

A school district that determines pursuant to policy SF-A-03 that it requires the Superintendent of Public Instruction to certify the district as an approved special needs district, shall, in addition to the submission of items required in policy SF-A-04 (A) (2) through (4) and SF-A-04 (B), submit the following:

(A) A certified copy of a resolution adopted by the district board of education that contains the following determinations
  (1) that the student population is not being adequately serviced by the existing permanent improvement of the district, and
  (2) that the district cannot obtain sufficient funds by the issuance of securities within the limitation of Division (B) of Section 133.06 of the Revised Code to provide additional or improved needed improvements in time to meet the needs.
(B) A statistical report in a manner prescribed by the operational unit within the Department charged with the administration of this policy, such report to include
  (1) A 10-year history and a 10-year projection revealing the growth of the student population
  (2) A 10-year history and a 10-year projection revealing the growth of the tax valuation based on the department of taxation Form DT 13 or the successor to that form as specified by the department of taxation. Both the historical and projected values shall exclude the value of tangible personal property and the value of telephone and railroad public utility property
  (3) the projected needs, and
  (4) the estimated cost of the permanent improvements proposed to meet such projected needs.
(C) A certification by the treasurer of the district as to the projections provided as well as the name, signature, email address, and other contact information of the person who provided the numbers and performed the calculations.
(D) If the bonds are to be used to finance an Ohio school facilities project, a calculation worksheet generated by the Ohio school facilities commission that reflects a breakdown of the school district's project costs by state share and local share.

Submission of items to the Superintendent of Public Instruction must occur either prior to or simultaneously with the submission of items required in policy SF-A-04. In the event that a district is awaiting Controlling Board approval of its Ohio school facilities local share amount, the district shall submit the calculation worksheet generated by the Ohio school facilities commission to the Department once the district receives Controlling Board approval, but not later than ninety-eight days before the election.

In the instance that a district is not required to obtain special needs certification prior to a vote of the district's electors but prior to the issuance of the bonds experiences a decrease in tax valuation resulting in the need to obtain special needs designation, submission of items in this section and section SF-A-04(A) shall be made to the Superintendent of Public Instruction no later than 30 days prior to the issuance of the district's bonds.

SF-A-06 Superintendent's granting of consent and certification of approved special needs district status

(A) Except as provided in (B), the Superintendent of Public Instruction shall grant consent to a district requesting consent if the materials provided by the district pursuant to policy SF-A-04 are found to be sufficient and accurate. Such consent shall indicate the amount of the bond issue that is being placed before the voters and for what purpose.

(B) If a district is required to obtain special needs certification, the Superintendent of Public Instruction shall grant approval provided the district meets the criteria for certification as outlined in paragraph (C) of this policy, and the district's net indebtedness does not exceed nine percent of the district's projected tax valuation at the conclusion of the tenth future tax year. The special needs certification shall remain in effect for the bonds for which it was obtained unless a significant decline in the tax valuation of a district has occurred. For purposes of this policy, a significant decline in tax valuation shall have occurred when the valuation certified on the department of taxation DT Form 13 (or the successor to that form as specified by the department of taxation) in any subsequent year is more than 15% below the amount reported at the time the special needs designation was granted.

(C) The Superintendent of Public Instruction shall certify a district as an approved special needs district if the superintendent finds both the following:

(1) That the district does not have available sufficient additional funds from state or federal sources to meet the projected needs specified in the district's board's resolution specified in paragraph (A) of policy SF-A-05.

(2) That the projection of the potential average growth of tax valuation during the next five years, according to the information certified to the superintendent and any other information the superintendent obtains, indicates a likelihood of potential average growth of tax valuation of the district during the next five years of an average of not less than three per cent per year.

The certification made by the Superintendent of Public Instruction pursuant to this paragraph shall indicate that the district has a likelihood of averaging three percent growth over the next five years, as well as what total percentage the district's tax valuation will likely increase by over the next ten tax years.

(D) The consent and/or certification shall be provided, in writing, to the school district, the district's bond counsel, and the department of taxation within thirty days of receiving a completed application. The application is deemed complete when the Department receives the final required documents.

SF-A-07 Administrative responsibilities

(A) The Superintendent of Public Instruction shall designate one of the operational units of the Department as responsible for the administration of this policy. The actions of this unit shall include, but not be limited to, the following:

(1) The development and dissemination of forms and instructions necessary to implement these policies;
(2) The requesting from districts of additional or clarifying information as may be necessary to appropriately evaluate requests submitted pursuant to these policies;
(3) The obtaining, as deemed necessary, of additional information with which to verify district's submitted information;
(4) The publication of information electronically and otherwise to ensure awareness and compliance with these policies;
(5) Coordination of activity with the operational unit with the department of taxation responsible for the administration of the department of taxation's activity related to this policy;
(6) Communication and coordination with effected stakeholders including bond counsels, and associations representing various school district officials.

(B) The Superintendent of Public Instruction shall designate the Associate Superintendent of the Center for School Options and Finance of the Department as responsible for the signed approvals of the consent to a school district exceeding net indebtedness limits and of the certification of approved special needs district status.

(This policy was adopted by resolution of the State Board of Education at its meeting held July13, 2010. A copy of the resolution is on file with the Center for School Options and Finance of the Department of Education.)