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OHIO LEGISLATIVE SERVICE
COMMISSION
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Ohio Administrative Code

Rule 3301-92-02 Capital improvement and maintenance fund.

Effective: November 1, 2026

(A) As used in this rule:

(1) "Capital improvements and maintenance" means the acquisition, replacement, enhancement, maintenance or repair of permanent improvements as those terms are defined in this rule.

(2) "Permanent improvement" means a permanent improvement as defined under division (E) of section 5705.01 of the Revised Code.

(3) "Acquisition" means addition of or assuming possession of an asset.

(4) "Replacement" means the substitution of one asset for another of substantially similar value or quality.

(5) "Enhancement" means the modification of an existing asset that increases its value, quality or life expectancy.

(6) "Maintenance or repair" means the act of keeping a permanent improvement in normal working condition. "Maintenance or repair" includes preventative maintenance, periodic repairs and replacement of parts, structural components and other activities needed to maintain the asset but does not include routine janitorial and utility costs. Any non-routine janitorial cost shall be substantiated through a work order.

(B) In each fiscal year, except as provided in division (D) of section 3315.18 of the Revised Code, the school district shall set aside for capital improvements and maintenance, the amount required by division (A) of section 3315.18 of the Revised Code unless the board of education elects, by board resolution, to set aside funds for capital improvements and maintenance in accordance with section 3315.19 of the Revised Code.

The required set aside may be reduced in any fiscal year by any amount received during the same fiscal year from a permanent improvement levy as authorized under section 5705.21 of the Revised Code.

(C) If the board of education elects to set aside funds in accordance with section 3315.19 of the Revised Code, the amount of the set aside shall equal three per cent of all revenues received by the district for operating expenses for the prior fiscal year.

For a city, local or exempted village school district, "all revenues received by the district for operating expenses" means the school district's general fund revenue in the prior fiscal year from property taxes as provided for in Chapter 5705. of the Revised Code plus income taxes as provided in Chapter 5748. of the Revised Code plus funds provided to the district pursuant to Chapter 3317. of the Revised Code

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plus any amount of this revenue that would have been allocated to the general fund but was allocated to the debt service fund for payment of tax or revenue anticipation notes.

For a joint vocational school district, "all revenues received by the district for operating expenses" means the school district's general fund revenue in the prior fiscal year from property taxes as provided for in Chapter 5705. of the Revised Code plus income taxes as provided for in Chapter 5748. of the Revised Code plus funds provided to the district pursuant to division (B) of section 3317.16 of the Revised Code plus any amount of this revenue that would have been allocated to the general fund but was allocated to the debt service fund or payment of tax or revenue anticipation notes.

(D) The amount set aside for capital improvements and maintenance shall be accounted for within the school district's general fund using a generally accepted accounting method. The school district shall appropriate from the amount set aside for capital improvements and maintenance and maintain appropriate accounting records for amounts expended. Any unexpended balance shall carry forward to the subsequent fiscal year. Any unexpended balance carried forward to the subsequent fiscal year does not reduce the amount of the set aside required by paragraph (B) of this rule. This requirement to set aside an amount for capital improvements and maintenance applies only to those school districts as defined in division (A) of section 3315.18 of the Revised Code.

(E) As part of each school district's annual financial report, the school district shall prepare a supplemental schedule pursuant to reporting procedures prescribed by the auditor of state to demonstrate compliance with this rule. The supplemental schedule shall include the following:

(1) The balance of the set aside carried forward from the previous fiscal year;

(2) The current fiscal year set aside amount;

(3) Qualifying expenditures;

(4) The amount of funding received from a permanent improvement levy as authorized under section 5705.21 of the Revised Code that may reduce the amount of the set aside.

(5) The balance of the set aside carried forward to the subsequent fiscal year.

(6) If a district did not set aside the funds described in paragraph (B) or (C) of this rule, a statement indicating the statutory authority on which it relied.

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(F) Restricted revenue including, but not limited to, funding received from e-tech Ohio, state aid for bus purchases and specific state and federal grants may not be used to meet the amount required to be set aside for capital improvements and maintenance.

(G) Acceptable costs for acquisitions, replacements and enhancements of permanent improvements include, but are not limited to: acquisition price; direct materials, labor and overhead incurred during a qualifying project; professional fees necessary to complete a qualifying project; site preparation; demolition or removal of any existing assets; freight and handling; and principal included as part of the cost of a capital lease. Acquisitions, replacements and enhancements of permanent improvements does not include debt service on a long-term debt whose proceeds were used for capital improvements and maintenance.