

# Frequently Asked Questions

## Bridge Financing and Interfund Borrowing

### Q. *Can I use a Certificate of Participation (COP) to move forward my School Facility Program (SFP) project while state funding is not available?*

Yes. The district may use COP proceeds to move its project forward as long as it adheres to the guidelines detailed in the January 16, 2009 Bridge Financing/Interfund Borrowing policy letter. These guidelines include the following conditions:

- The district must contact the Office of Public School Construction (OPSC) in writing prior to issuing any debt instrument. This request must specifically list the SFP projects (name and SFP number) that will be moved forward with the bridge financing instrument.
- The district must provide the OPSC a copy of the school board resolution or school board minutes which detail the bridge financing that the district plans to use.
- The net proceeds shall not exceed the sum of the state's SFP grant and the Financial Hardship apportionment approved by the State Allocation Board (SAB).
- The district must provide a copy of the COP booklet.
- Upon receipt of state funding, the district shall repay the bridge financing instrument within 60 calendar days.
- Any bridge financing debt not retired 60 days after state funding is received will be considered as available contribution during the district's next FH review.

As soon as the documents listed above (School Board resolution, Detail General Ledger transactions, etc.) become available, please forward these items to the OPSC Financial Hardship team.

### Q. *Can I use interfund borrowing from the General Fund to move forward my SFP project while state funding is not available?*

Yes. The district may use proceeds temporarily borrowed from the General Fund to move its project forward as long as it adheres to the guidelines detailed in the January 16, 2009 Bridge Financing/

Interfund Borrowing policy letter. These guidelines include the following conditions:

- The district must contact the OPSC in writing prior to going forward with any interfund borrowing. This request must specifically list the SFP projects (name and SFP number) that will be moved forward with the interfund borrowing.
- The district must provide the OPSC a copy of the school board resolution or school board minutes which details the interfund borrowing that the district plans to use.
- The district must provide the OPSC with Detail General Ledger transactions which detail both sides of the transaction.
- The amount borrowed shall not exceed the sum of the state's SFP grant and the Financial Hardship apportionment.
- Upon receipt of state funding, the district shall repay the interfund borrowing within 60 calendar days.

As soon as the documents listed above (School Board resolution, Detail General Ledger transactions, etc.) become available, please forward these items to the OPSC Financial Hardship team.

### Q. *Can I use intrafund borrowing from closed SFP project savings in Fund 35 to move forward my SFP project while state funding is not available?*

Yes. The district may intrafund borrow utilizing savings from closed SFP project(s) as long as they adhere to the guidelines detailed in the January 16, 2009 Bridge Financing/Interfund Borrowing policy letter. These guidelines include the following conditions:

- The district must contact the OPSC in writing prior to going forward with any interfund borrowing. This request must specifically list the SFP projects (name and SFP number) that will be moved forward with the interfund borrowing.
- The district must provide the OPSC a copy of the school board resolution or school board minutes which detail the interfund borrowing that the district plans to use.
- The district must provide the OPSC with Detail

General Ledger transactions which detail both sides of the transaction.

- The amount borrowed shall not exceed the sum of the state's SFP grant and the Financial Hardship apportionment.
- Upon receipt of state funding, the district shall repay the intrafund borrowing within 60 calendar days.

As soon as the documents listed above (School Board resolution, Detail General Ledger transactions, etc.) become available, please forward these items to the OPSC Financial Hardship team.

*Please Note: Districts have up to three years to apply savings from a closed financial hardship project to a future financial hardship project apportionment or return the funds plus interest to the state.*

**Q. Can I intrafund borrow from an open SFP project within Fund 35 to move forward my SFP project while state funding is not available?**

Yes. The district may intrafund borrow utilizing proceeds from an open SFP project(s) as long as it adheres to the guidelines detailed in the January 16, 2009 Bridge Financing/Interfund Borrowing policy letter. These guidelines include the following conditions:

- The district must contact the OPSC in writing prior to going forward with any interfund borrowing. This request must specifically list the SFP projects (name and SFP number) that will be moved forward with the interfund borrowing.
- The district must provide the OPSC a copy of the school board resolution or school board minutes which detail the interfund borrowing that the district plans to use.
- The district must provide the OPSC with Detail General Ledger transactions which detail both sides of the transaction.
- The amount borrowed shall not exceed the sum of the state's SFP grant and the Financial Hardship apportionment.
- Upon receipt of state funding, the district shall repay the intrafund borrowing within 60 calendar days.

As soon as the documents listed above (School Board resolution, Detail General Ledger transactions, etc.) become available, please forward these items to the OPSC Financial Hardship team.

**Q. Do I still need to meet the substantial progress requirements on the open SFP project if the district proceeds and intrafund borrows from the open project?**

Yes. The district still has to meet the substantial progress requirement on the SFP project it borrowed from. Example: If a district borrowed funds from a design grant, then the district would still have to meet the substantial progress within 18 months of the fund release.

**Q. Can I request an extension to meet the substantial progress requirements for this open project?**

Yes. There is flexibility built into the SFP regulations to assist districts to interfund borrow. The regulations allow districts to request a one-time extension (up to 18 months) to meet their substantial progress requirements on separate design and separate site grants. However, if substantial progress is still not met after the one-time extension, the project would have to be rescinded or reduced to costs incurred.

**Q. In order to use bridge financing or interfund borrowing to move a SFP project forward must my SFP project be approved by the SAB?**

Yes. Any bridge financing instrument or interfund borrowing must be done after the district received approval by the SAB for the SFP project they wish to move forward.