



Ohio Administrative Code

Rule 5501:2-3-01 Net assets.

Effective: July 1, 2002

(A) The determination of net assets is necessary in order to calculate the contractor's total dollar bidding capacity. The term "net assets" is qualifying assets minus certain liabilities. Assets shall mean current assets and other assets as further set out and defined by rules 5501:2-3-01 to 5501:2-3-10 of the Administrative Code. Liabilities shall mean current liabilities and other liabilities as further set out and defined by rules 5501:2-3-01 to 5501:2-3-10 of the Administrative Code.

(B) Current assets are those assets which mature within one year of the date of the financial statement and which are defined in accordance with generally accepted accounting principles unless otherwise indicated and shall include the following:

(1) Cash on hand, excluding cash that is legally restricted as to its withdrawal or use.

(2) Cash equivalents, defined as highly liquid asset instruments with original maturities of three months or less, excluding cash equivalents that are legally restricted as to their withdrawal or use.

(3) Investments which have readily determinable fair values and all investments in debt securities.

(4) Unlisted investments which do not have readily determinable fair values shall be accepted at such valuation as determined under generally accepted accounting principles.

(5) Trade accounts receivable, unbilled accounts receivable, retainages, certified bid checks and deposits for bids must be recorded at their fair value. All receivables must be reduced to their net realizable value through an allowance for uncollectible accounts or otherwise. The applicant shall exclude all receivables from owners when computing net assets. Owners shall include sole proprietors, partners, shareholders, members or other forms of direct ownership, including immediate family members to be defined as family members whom an owner might control or influence or by whom they might be controlled or influenced because of the family relationship.



(6) Costs and estimated earnings in excess of billings on uncompleted contracts.

(7) Notes receivable, maturing within one year, must be reduced to their net realizable value through an allowance for uncollectible accounts or otherwise, and net of any related discount of premium. The applicant shall exclude all note receivables from owners when computing net assets. Owners shall include sole proprietors, partners, shareholders, members or other forms of direct ownership, including immediate family members to be defined as family members whom an owner might control or influence or by whom they might be controlled or influenced because of the family relationship.

(8) Prepaid expenses, such as interest, rent, insurance, taxes.

(9) Inventories, at the lower of cost or market.

(10) Other assets which mature within one year excluding intangible assets.

(C) Other assets shall be defined in accordance with generally accepted accounting principles unless otherwise indicated and shall include the following:

(1) Cash surrender value of life insurance policies, net of any policy loans.

(2) Notes receivable noncurrent, must be reduced to their net realizable value through an allowance for uncollectible accounts or otherwise, and net of any related discount or premium. The applicant shall exclude all note receivables from owners when computing net assets. Owners shall include sole proprietors, partners, shareholders, members or other forms of direct ownership, including immediate family members to be defined as family members whom an owner might control or influence or by whom they might be controlled or influenced because of the family relationship.

(3) Equipment of the type customarily used in highway construction, furniture, fixtures, machinery and equipment collectively referred to as personal property, owned by the applicant, which may be accepted at not more than eighty per cent of its true value as declared on the Ohio personal property tax return filed with the Ohio department of taxation, for equipment not subject to Ohio personal property tax, eighty per cent of cost, subject to the true value computation as with other personal



property, as recognized by the Ohio department of taxation for personal property tax purposes.

(4) Real estate may be accepted at not more than its valuation for tax purposes as assessed by the county auditor under the supervision of the tax commissioner.

(D) Current liabilities shall include all obligations and accrued indebtedness payable within one year following the date of the financial statement. Examples of such obligations and accrued indebtedness are as follows:

(1) Trade accounts payable.

(2) Federal, state and local income taxes payable.

(3) Retainages payable.

(4) Billings in excess of costs and estimated earnings on uncompleted contracts.

(5) Accrued payroll related items including but not limited to compensation, taxes on compensation, tax withholdings and workers' compensation.

(6) Current portion of term debt, lines-of-credit and revolving credit agreements.

(7) Amounts payable to related parties.

(8) Dividends and distributions payable.

(9) Accrued warranty and guarantee liabilities.

(10) Accrued deferred compensation agreements.

(11) Accrued compensated absences.

(12) Current portion of accrued pension costs.



- (13) Current portion of accrued postretirement costs.
 - (14) Current portion of unconditional promises to give.
 - (15) Other current liabilities payable within one year following the date of the financial statement.
- (E) Other liabilities shall include:
- (1) All indebtedness secured by mortgage or other lien on personal property.
 - (2) All indebtedness secured by mortgage or other lien on real estate.
 - (3) Bank letters or letters of credit and related amounts outstanding under these arrangements payable within one year following the date of the financial statement.