

ROSS LOCAL SCHOOL DISTRICT

Butler County, Ohio

Single Audit Reports

June 30, 2003



**Auditor of State
Betty Montgomery**

Board of Education
Ross Local School District
3371 Hamilton-Cleves Road
Hamilton, Ohio 45013

We have reviewed the Independent Auditor's Report of the Ross Local School District, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2002 through June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ross Local School District is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

June 14, 2004

This Page is Intentionally Left Blank.

ROSS LOCAL SCHOOL DISTRICT

Butler County, Ohio

Financial Statements

For the Year Ended June 30, 2003

Table of Contents

	<u>Page</u>
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1 - 2
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	3 - 4
Schedule of Expenditures of Federal Awards	5
Schedule of Findings and Questioned Costs	6 - 7
Schedule of Prior Audit Findings and Questioned Costs	8

This Page is Intentionally Left Blank.

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Independent Auditors' Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*

Board of Education
Ross Local School District
Butler County, Ohio

We have audited the financial statements of the Ross Local School District (the District) as of and for the year ended June 30, 2003 and have issued our report thereon dated January 28, 2004 wherein we noted that the District implemented Governmental Accounting Standards Board Statements 34, 37, 38 and 39 as well as Governmental Accounting Standards Board Interpretation 6. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which we have reported to the management of the District in a separate letter dated January 28, 2004.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted certain other matters involving the internal control over financial reporting which we have reported to the management of the District in a separate letter dated January 28, 2004.

This report is intended for the information and use of management, the Board of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett PC.

Middletown, Ohio
January 28, 2004

Clark, Schaefer, Hackett & Co.

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of Education
Ross Local School District
Butler County, Ohio

Compliance

We have audited the compliance of Ross Local School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We have audited the financial statements of Ross Local School District as of and for the year ended June 30, 2003, and have issued our report thereon dated January 28, 2004. Our audit was made for the purpose of forming an opinion on the financial statements of the District taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements.

Our consideration of the internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by any one other than these specified parties.

Clark, Schaefer, Hackett PC.

Middletown, Ohio
January 28, 2004

ROSS LOCAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2003

Federal Pass Through Grantor Program Title	Federal CFDA#	Federal Receipts	Federal Disbursements
<u>U.S. Department of Agriculture</u>			
<u>Passed Through Ohio Dept. of Education</u>			
In-Kind Commodities	10.550	46,562	46,562
National School Lunch Program	10.555	99,219	99,219
Total Department of Agriculture Nutrition Cluster		145,781	145,781
<u>U.S. Department of Education</u>			
<u>Passed Through State Dept. of Education</u>			
Title I of ESEA	84.010	203,302	201,769
Title VI-B	84.027	270,854	260,236
Title VI-B Preschool	84.173	2,490	2,490
Drug Free Schools	84.186	11,213	14,600
Eisenhower Grant	84.281	414	414
Innovative Educ. Program Strategy	84.298	16,116	14,246
Title II-D	84.318	5,446	-
Class Size Reduction	84.340	61,621	77,419
School Renovation	84.352	16,535	-
Total Department of Education		587,991	571,174
Total Federal Awards		733,772	716,955

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The schedule of expenditures of federal awards has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

Schedule of Findings and Questioned Costs

OMB Circular A - 133

Ross Local School District

June 30, 2003

I. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported noncompliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any reportable internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Program Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under sec. 510?</i>	No

(d)(1)(vii)	<i>Major Programs</i>	Title I
(d)(1)(viii)	<i>Dollar Threshold: Type A\B programs?</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee</i>	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

ROSS LOCAL SCHOOL DISTRICT

Schedule of Prior Findings and Questioned Costs

June 30, 2003

Findings:

None

Questioned Costs:

None

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

of the

ROSS LOCAL SCHOOL DISTRICT,

BUTLER COUNTY, OHIO

For the Fiscal Year Ended June 30, 2003

BOARD OF EDUCATION

Edward Bosse
Marcia Lang Canter
Richard Emery
Larry Stebins
Edgar Teets

SUPERINTENDENT OF SCHOOLS

Dave McWilliams

**ISSUED BY
TREASURER'S OFFICE**

Tracy Jarvis,
Treasurer

**Ross Local School District,
Butler County, Ohio**

Comprehensive
Annual
Financial
Report

For the Fiscal Year Ended
June 30, 2003

Introductory Section

ROSS LOCAL SCHOOL DISTRICT, OHIO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2003

Table of Contents

Title Page		
I	Introductory Section	
	Table of Contents	i
	Letter of Transmittal	v
	Appointed Officials	xvii
	Consultants and Advisors	xiii
	Organizational Chart	xiv
	GFOA Certificate of Achievement	xv
II	Financial Section	
	Independent Auditors' Report	1
	Management's Discussion and Analysis	3
	Basic Financial Statements:	
	Government-wide Financial Statements:	
	Statement of Net Assets	11
	Statement of Activities	12
	Fund Financial Statements:	
	Governmental Funds:	
	Balance Sheet	13
	Reconciliation of Total Governmental Fund Balances to Net Assets of Government Activities	14
	Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16

**Table of Contents
(Continued)**

Fiduciary Funds:	
Statement of Net Assets	17
Statement of Changes in Net Assets	18
Notes to the Basic Financial Statements	19
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	41
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - Debt Service Fund	42
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - Capital Projects Fund	43
Notes to Required Supplementary Information	44
Supplemental Section - Combining Statements and Individual Fund Schedules	
Non-Major Governmental Fund Descriptions	46
Combining Balance Sheet - Non-Major Governmental Funds	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	50
Combining Balance Sheet - Non-Major Special Revenue Funds	51
Combining Balance Sheet - Non-Major Capital Projects Fund	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Special Revenue Funds	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Capital Projects Fund	61

Table of Contents
(Continued)

Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) for the following funds:	
Public School Support	62
Athletic	63
Auxiliary Service	64
Entry Year Teaching Program	65
Management Information Systems	66
ONENet	67
SchoolNet Professional Development	68
Ohio Reads Grant	69
Miscellaneous State Grants	70
Economic Security Act	71
Title VI-B	72
Title I	73
Title VI-B	74
Drug Free Schools	75
Title VI-B Preschool	76
Class Size Reduction Grant	77
Miscellaneous Federal Grants	78
Special Revenue	79
Food Service	80
Uniform School Supplies	81
IVDL Grant	82
 III Statistical Section	
General Fund Expenditures by Function	85
General Fund Revenues by Source	87
Property Tax Levies and Collections - Real and Public Utility Property	89
Property Tax Rates Direct and Overlapping Governments	90
Assessed and Estimated Actual Value of Taxable Property	91

Table of Contents
(Continued)

Computation of Legal Debt Margin	93
Computation of Direct and Overlapping Debt	94
Construction, Bank Deposits and Property Values	95
Principal Taxpayers - Real and Tangible Personal Property	96
General Fund Expenditures, Average Daily Membership and General Fund Cost Per Pupil	97
Cost to Educate a 2002 Graduate Ross Local School District vs. State of Ohio Average	98
Student Demographic Information	99
Comparison to Other School Districts - Selected Staff Data	100
Comparison to Other School Districts - Economic Indicators	101
Listing of Board Owned Property	102
Directory of Educational Services	103

Ross Local Schools

SUPERINTENDENT (513) 863-1253 / TREASURER (513) 863-1250

District Offices / 3371 Hamilton-Cleves Road • Hamilton, Ohio 45013

February 25, 2004

To the Citizens and Board of Education of the Ross Local School District:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Ross Local School District (District) for the fiscal year ended June 30, 2003. This report contains financial statements, supplemental statements, and other financial and statistical information to provide complete and full disclosure of all material financial aspects of the District for the 2002-2003 fiscal year. This report was prepared in conformance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB) and is representative of the District's continuing commitment to provide financial information to the citizens of the Ross Local School District.

Responsibility for the accuracy, completeness, and fairness of this report rests with the District and specifically, the Office of the Treasurer. To the best of our knowledge and belief, this report and the enclosed data are accurate in all material aspects and are reported in a manner designed to present fairly the position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

This report has been divided into three sections:

The Introductory Section includes this transmittal letter, the table of contents, a list of principal officials, and the District's organizational chart.

The Financial Section includes the Independent Auditor's Report with an unqualified opinion of our auditors, the basic financial statements, notes to the financial statements, and the combining and individual fund financial statements and schedules.

The Statistical Section includes selective financial and demographic information, generally presented on a multi-year basis for comparative purposes.

GAAP also require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A. The District's MD&A follows the report of the independent auditors.

The District provides a full range of programs and services for its students. These include elementary and secondary curriculum offerings at the general, college

MORGAN ELEMENTARY
3427 Chapel Road
Hamilton, Ohio 45013
(513) 738-1986

ELDA ELEMENTARY
3980 Hamilton-Cleves Road
Hamilton, Ohio 45013
(513) 738-1972

ROSS MIDDLE SCHOOL
3371 Hamilton-Cleves Road
Hamilton, Ohio 45013
(513) 863-1251

ROSS SENIOR HIGH
3425 Hamilton-Cleves Road
Hamilton, Ohio 45013
(513) 863-1252

preparatory and vocational levels; as well as a broad range of co-curricular and extra-curricular activities to compliment the students' curricular program.

In addition to these general activities, the District acts as the fiscal agent for state funds distributed to a non-public parochial school located within the District boundaries. Therefore, this fiduciary responsibility is included in the reporting entity as a special fund revenue. The parochial school served is Queen of Peace. While this organization is similar in operations and services provided, it is a separate and distinct entity whose financial statements are not included in this report.

ECONOMIC CONDITION

The District is located in Miami Valley of Southwest Ohio. The District is midway between Dayton and Cincinnati in rapidly growing Butler County. The area served by the District is primarily an agricultural area. Many of our residents commute to the Cincinnati area each day.

In general, the economy of the District continues to hold steady with moderate growth in new home construction.

THE DISTRICT AND ITS FACILITIES

The School District is located in the southwestern section of Butler County, Ohio, and encompasses the Townships of Ross, Morgan, Hanover and St. Clair. The District has an area of 76 square miles and is primarily a residential and farming community.

The District had 2,620 students enrolled in the two elementary schools, middle school, and high school. In addition to the schools listed, the District maintained and operated a transportation facility, central office facility and several sport fields.

ORGANIZATION OF THE DISTRICT

The Board of Education of the Ross Local School District (the Board) is a five member body politic and corporate, as defined by Section 3313.02, Ohio Revised Code. The Board serves as the taxing authority, contracting body, policy maker, and ensures that all other general laws of the State of Ohio are followed in the expenditure of the District's tax dollars, and approves the annual appropriation resolution and tax budget.

The Board members, their terms and years on the Board as of June 30, 2003 are:

<u>Board Member</u>	<u>Term</u>	<u>Years on Board</u>
Mr. Edgar Teets	1/1/2000 – 12/31/2003	13 – 1/2
Ms. Marcia Lang Canter	1/1/2000 – 12/31/2003	10
Mr. Richard Emery	1/1/2000 – 12/31/2003	9 – 1/2
Mr. Edward Bosse	1/1/2002 – 12/31/2005	22 – 1/2
Mr. Larry Stebbins	1/1/2002 – 12/31/2005	7 – 1/2

The Superintendent is the chief executive officer of the District and is responsible directly to the Board for all operations of the District. Dr. David R. McWilliams was appointed Superintendent on September 19, 1994. Dr. McWilliams has a BA in Psychology from the University of Virginia, a ME and an Ed.D. in Education from the University of Pittsburgh.

The Treasurer is the chief financial officer of the District and is responsible for maintaining all financial records, issuing all payments, maintaining custody of all District funds and assets, and investing idle funds as specified by Ohio law. Mrs. Tracy A. Jarvis was appointed Treasurer on August 8, 1994. Mrs. Jarvis has a BA in Mathematics from Miami University and a MBA in Management from Wright State University.

EMPLOYEE RELATIONS

The District has 277 full and part-time employees. This number has increased slightly over the past few years as various programs and services have been expended to meet the changing needs of students and community. There is one organization representing the certificated employees. The District's classified and administrative employees are not currently represented.

The Ross Education Association (REA), an affiliate of the Ohio Education Association (OEA), represents all certificated employees of the District. On September 1, 2001, the REA and the District entered into a new four-year collective bargaining agreement on language, salary and fringe benefit issues, which expires on August 31, 2004.

SERVICES PROVIDED

The District provides a wide variety of educational and support services as mandated by state statute or public desires. These include regular instruction and special instructional programs for handicapped students, student guidance and health services, transportation services, as well as extracurricular activities. Enterprise fund services include educational supply service and food service operation.

MAJOR INITIATIVES

Facility Program

After three years of planning and community involvement the Ross Local School District is ready to proceed with the implementation of the district's facility master plan. This plan is the result of the input of staff members and over 300 community members who helped in the development and evaluation of the proposed plan. The plan was then presented to and approved by the Ohio School Facility Commission.

Bids for the new high school and the additions to Elda Elementary School will be opened in February, 2004. Construction on both projects will begin in early March. The high school is scheduled for completion in August, 2005. The additions to Elda are scheduled to be completed during the 2004-2005 school year.

The second phase will include the complete renovation of the current high school into a middle school and the renovation of both Elda and Morgan Elementary Schools. If enrollment continues to increase as projected the second phase will also include the construction of a third elementary school.

Of the \$50,000,000 required to complete this project, the citizens of the Ross Local School District have already approved a bond issue that will generate \$24,900,000. At the same time the state has committed to funding the remainder (48%).

North Central Accreditation

The district continues to work toward securing North Central Accreditation for every school in the district. Typically, school districts seek North Central Accreditation for high school programs. Ross believes that this accreditation model is an excellent way to implement a continuous improvement process in the district and to secure the support of outside evaluators to help us in our efforts to become an increasingly more effective school district.

Site visitations are scheduled for every district building during the 2003-2004 school district. These visits will bring teams of educators from various school districts to meet with teachers, evaluate district program and procedures, and to develop recommendations directed toward the improvement of all schools. It is our goal to be the first school district in Butler County to have every school building, k-12, receive North Central accreditation.

Meeting State and Federal Guidelines

The students of the Ross Local School District have a history of strong performance as measured by state proficiency tests. In 2001 Ross became the first Butler County school district to earn an "Excellent" rating from the State of Ohio. In 2003 Ross received its second "Excellent" rating and become the first Butler County school district meet all 22 of the state's report card standards.

This type of performance does not occur by chance. It is the result of planning and ongoing instructional intervention on the part of staff. With the passage of the Federal law, "No Child Left Behind," the district is faced with the need to evaluate our core instructional curriculum in light of these program requirements and the new academic standards developed by the State of Ohio. Further, this Federal legislation requires that district staff evaluate the effectiveness of instruction for all students regardless of their skill level, ethnic background, or handicapping condition. This process demands a more focused evaluation of program strengths and weaknesses and analysis of program needs in light of the various subgroups of students we serve.

Technology in the Classroom

Technology is rapidly taking the place of the chalkboard in the nation's schools. The access to information that technology provides is unparalleled and the potential to improve and enrich learning is significant.

The implementation of technology must be well planned and delivered in a manner consistent with sound education theory. Procedures must be in place to guard against access to inappropriate Internet sites, and the district must constantly be looking ahead in order to anticipate technology needs and to provide the maintenance and technical expertise necessary to optimize access to this valuable learning and management resource.

During the coming year Ross will continue to provide directed staff development activities to help teacher develop an understanding of the learning potential offered by technology and to learn ways to best deliver this instruction through the use of technology. Instruction will be characterized by the integration of the teaching skills of the teacher, traditional printed media, and the electronic resources that today's technology makes available to educators.

FINANCIAL INFORMATION

The District's accounting system is organized on a "fund" basis. Each fund and account group is a distinct, self-balancing accounting entity. Records for general governmental operations are maintained on a cash basis system of accounting as prescribed by the Auditor of State. Cash basis accounting differs from generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). GAAP, as more fully described in the notes to the financial statements, provides for a modified accrual basis of accounting for the general fund, special revenue funds, debt service fund, capital project funds, and expendable trust fund and for full accrual basis of accounting for all other funds.

Internal Controls

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse. These controls also ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management.

Single Audit Act

As a recipient of federal and state financial assistance, the District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the District.

As part of the District's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance

programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended June 30, 2002 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgetary Controls

The District maintains its accounts, appropriations and other financial records in accordance with the procedures established and prescribed by the Auditor of State. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution approved by the Board of Education. Activities of all funds are included in the annual appropriation resolution. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function and object of expenditure within an individual fund. The District also maintains an encumbrance accounting system to assist in budgetary control. Unencumbered appropriations lapse at year-end. Encumbered amounts at year-end are carried forward to succeeding years and not re-appropriated. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

In order to comply with Ohio budgetary law, the School District amends the appropriations during the last week of the fiscal year. Since little or no financial transactions are completed after this amendment, the budget versus actual variance is typically insignificant. Amendments are properly approved in accordance with Ohio law.

OTHER INFORMATION

GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Ross Local School District for its comprehensive annual financial report for the fiscal year ended June 30, 2002. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievements Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Independent Audit

State statutes require an annual audit by independent accountants for the State Auditor's Office. Clark, Schaefer, Hackett & Co. conducted the District's 2003 fiscal year audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1984 and related

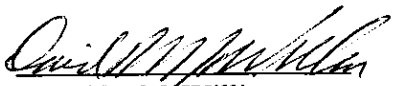
OMB Circular A-1333. The auditor's report on the basic financial statements and combining and individual fund statements is included in the financial section of this report.


Acknowledgements

The preparation and publication of this report would not have been possible without the cooperation of the entire Treasurer's Office. A special note of appreciation is extended to Mary Cole of Clark, Schaefer, Hackett & Co, for her individual efforts in helping us prepare our CAFR.

Finally, this report would not have been possible without the support and interest of the Board. We appreciate their leadership and commitment to excellence.

Sincerely,


David R. McWilliams
Superintendent


Tracy A. Jarvis
Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Ross Local School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Financial Section

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Ross Local School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ross Local School District, as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ross Local School District, as of June 30, 2003, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the basic financial statements, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – For State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2002. This results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2004, on our consideration of Hamilton City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The Management's Discussion and Analysis and the budgetary information on pages 3 through 12 and 41 through 44, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Clark, Schaefer, Hachfeld + Co.

Middletown Ohio
January 28, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This discussion and analysis provides key information from management highlighting the overall financial performance of the Ross Local School District for the year ended June 30, 2003. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the School District's financial statements.

Financial Highlights

Major financial highlights for fiscal year 2003 are listed below:

- ✓ The assets of the School District exceeded its liabilities at year-end by \$22 million. Of this amount, \$1.9 million may be used to meet the government's ongoing obligations to citizens and creditors.
- ✓ In total, net assets decreased by \$500,000.
- ✓ The School District had \$19 million in expenses related to governmental activities; only \$2 million of these expenses were offset by program specific charges for services, grants or contributions. General revenue of \$16.6 million, made up primarily of property taxes and State Foundation payments, were adequate to provide for these programs.
- ✓ The General Fund balance decreased by \$.5 million from \$3.3 million at June 30, 2002 to \$2.8 million at June 30, 2003.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

ROSS LOCAL SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services, administration, operation and maintenance of plant, and extracurricular activities. The School District has no business-type activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The School District accounts for its activities using many individual funds. The most significant funds are reported in separate columns in the governmental fund financial statements. These statements provide detailed information about the individual major funds – unlike the government-wide financial statements, which report on the School District as a whole. Some funds are required to be established by State law. Also, the School District may also establish separate funds to show that it is meeting legal requirements for using grants or other money.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

ROSS LOCAL SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

Notes to the basic financial statements. The notes provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the budget for the General Fund. The combining statements for nonmajor governmental funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A. Net assets at year-end

The following table presents a condensed summary of the School District's overall financial position at June 30, 2003:

	Governmental Activities
Current and other assets	\$ 35,964,491
Capital assets	<u>20,152,618</u>
Total assets	<u>56,117,109</u>
Long-term debt outstanding	24,307,390
Other liabilities	<u>9,751,722</u>
Total liabilities	<u>34,059,112</u>
Net assets:	
Invested in capital assets, net of debt	20,132,618
Restricted:	
For capital purposes	24,026,790
Other purposes	1,303,152
Unrestricted	<u>(23,404,563)</u>
Total net assets	\$ <u>22,057,997</u>

The largest portion of the School District's net assets reflects its investment in capital assets, less any related debt to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Since this is the first year to report all activities using the accrual basis of accounting, a comparison to the prior year is not possible. However, in future years, this section will explain the differences between the current and prior year assets, liabilities, and changes in net assets.

ROSS LOCAL SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

B. Governmental Activities during fiscal year 2003

The following table presents a condensed summary of the School District's activities during fiscal year 2003 and the resulting change in net assets:

	<u>Governmental</u>
	<u>Activities</u>
Revenues:	
Program revenues:	
Charges for services and sales	\$ 966,470
Operating grants and contributions	882,036
Capital grants and contributions	<u>1,200</u>
Total program revenues	<u>1,849,706</u>
General revenues:	
Property taxes	6,286,132
Grants and entitlements	9,368,561
Investment earnings	391,607
Miscellaneous	<u>595,628</u>
Total general revenues	<u>16,641,929</u>
Total revenues	<u>18,491,634</u>
Expenses:	
Instruction	11,141,648
Support services:	
Pupil	686,447
Instructional staff	895,705
Board of Education	79,646
Administration	1,623,461
Fiscal	437,782
Business	-
Operation and maintenance of plant	1,082,967
Pupil transportation	1,580,526
Central	25,554
Non-instructional services	893,020
Interest on long-term debt	155,152
Food services	<u>380,579</u>
Total expenses	<u>18,982,487</u>
Change in net assets	\$ <u>(490,851)</u>

ROSS LOCAL SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

Of the total governmental activities revenues of \$18,491,634, \$1,849,706 (10%) is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, 37% (\$6,286,132) comes from property tax levies and 56% (\$9,368,561) is from state and federal funding. The School District's operations are reliant upon its property tax levy and the state's foundation program.

As previously mentioned, because this is the first year to report all activities using the accrual basis of accounting, a comparison to the prior year is not possible. However, in future years, this section will explain the differences between the current and prior year assets, liabilities, and changes in net assets.

Governmental Activities

The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 10% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$10,778,821 but program revenue contributed to fund 17% of those costs. Thus, general revenues of \$8,929,115 were used to support of remainder of the instruction costs.

The School District's governmental activities net assets decreased by (\$490,851) due primarily to expenditures exceeding revenues. Property tax revenue for FY03 was \$390,985 lower than FY02 due to changes in personal property taxation and public utility deregulation. The remaining decline in net assets is attributed to inflationary increases in expenditures as well as additional program offerings aimed at literacy.

Governmental Activities

		Total Cost of Services	Program Revenue	Revenues as a % of Total Costs	Net Cost of Services
Instruction	\$	11,141,648	515,092	3%	10,626,556
Support services		6,412,088	333,930	2%	6,078,158
Non-instructional services		893,020	323,723	2%	569,297
Food service		380,579	676,962	3%	(296,383)
Interest on long-term debt		<u>155,152</u>	<u>-</u>	0%	<u>155,152</u>
Total	\$	<u>18,982,487</u>	<u>1,849,707</u>	10%	<u>17,132,780</u>

ROSS LOCAL SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS

Governmental funds

The School District has three major governmental funds: the General Fund the Debt Service Fund and a Capital Project Fund. Assets of these funds comprise \$35,317,860 (99%) of the total \$35,772,325 governmental funds assets.

General Fund. Fund balance at June 30, 2003 was \$2,801,584, including \$2,066,171 of unreserved balance, which represents 13% of expenditures for fiscal year 2003. The primary reasons for the decrease in fund balance were lower tax and intergovernmental revenues along with inflationary increases in expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedule comparing the School District's original and final budgets and actual results are included in the required supplementary information. Significant differences between the original and final are as follows:

- Final budgeted revenues were higher than original due to increases in State Homestead and Rollback and interest. The school district saw an increase in State Homestead and Rollback revenues due to more property being eligible for the program. While interest rates are low, the district was able to invest wisely and earn more than projected.
- Final budgeted expenditures were higher than original primarily due to several long-term illnesses that increased our spending on substitute teachers and their benefits.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At June 30, 2003, the School District had \$20,152,618 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. The total decrease in the School District's investment in capital assets for the current fiscal year was approximately 3%. See Note 6 to the financial statements for more detail.

Capital Assets at Year-End
(Net of Depreciation)

		Governmental
		<u>Activities</u>
Land	\$	1,291,705
Land improvements		329,263

ROSS LOCAL SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

Building and improvements	16,000,574
Furniture and equipment	<u>2,531,076</u>
Total	\$ <u>20,152,618</u>

Major capital asset events during the current fiscal year included:

The School District purchased 32 acres of land in the amount of \$572,880; two new school buses in the amount of \$117,750; The School District disposed of one school bus and computers that were obsolete.

Debt

For the year ended June 30, 2003, the district retired \$25,000 in Facility Bonds associated with a 1996 House Bill 264 Energy Conservation Project. As of June 30, 2003 the balance of outstanding general obligation bonds is \$20,000 with related interest payments of \$510 due in FY04.

In March 2003, the Board issued bonds in the amount of \$24,900,000 in build a new high school and additions to Elda Elementary. These bonds were issued after the passage of a voted tax issue to repay the debt for the next 26 years for the improvements.

See Note 7 to the financial statements.

ECONOMIC FACTORS

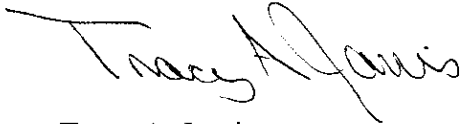
A challenge facing the School District is the future of state funds. On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including a change in the school districts that are used as the basis for determining the base cost support amount and fully funding parity aid no later than the beginning of fiscal year 2004. The State of Ohio asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. The Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator.

The mediator issued his final report indicating that the conference was unable to produce a settlement so the case was reconsidered by the Court. On December 11, 2002, the Court found the state's school funding system unconstitutional but declined to retain jurisdiction of the matter meaning the decision included no timeline for compliance or accountability for lack of compliance. The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

REQUESTS FOR ADDITIONAL INFORMATION

ROSS LOCAL SCHOOL DISTRICT, OHIO
Management's Discussion and Analysis
Year Ended June 30, 2003
Unaudited

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's office at the Ross Local School District, 3371 Hamilton Cleves Road, Hamilton, Ohio 45013.



Tracy A. Jarvis
Treasurer/CFO
February 25, 2004

ROSS LOCAL SCHOOL DISTRICT, OHIO

Statement of Net Assets

June 30, 2003

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments	\$ 29,130,134
Receivables:	
Taxes	6,409,785
Accounts	32,824
Interest	144,974
Supplies inventory	14,981
Prepays	39,625
Deferred cahrges	192,168
Nondepreciable capital assets	1,291,705
Depreciable capital assets, net	<u>18,860,913</u>
Total assets	<u>56,117,109</u>
Liabilities:	
Accounts payable	74,224
Accrued wages and benefits	1,715,647
Due to other governments	21,221
Pension obligation payable	113,014
Deferred revenue	6,073,711
Interest Payable	109,000
Noncurrent liabilities:	
Due within one year	1,644,905
Due within more than one year	<u>24,307,390</u>
Total liabilities	<u>34,059,112</u>
Net Assets:	
Invested in capital assets, net of related debt	20,132,618
Restricted for:	
Capital projects	24,026,790
Other purposes	1,303,152
Unrestricted	<u>(23,404,563)</u>
Total net assets	<u>\$ 22,057,997</u>

See accompanying notes to the basic financial statements.

ROSS LOCAL SCHOOL DISTRICT, OHIO

Statement of Activities
Year Ended June 30, 2003

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$ 9,692,617	72,316	210,935	1,200	\$ (9,408,167)
Special education	1,207,179	-	196,399	-	(1,010,780)
Adult/continuing	668	6,787	27,455	-	33,574
Other	241,184	-	-	-	(241,184)
Support services:					
Pupil	686,447	-	292,693	-	(393,754)
Instructional staff	895,705	-	27,237	-	(868,468)
Board of Education	79,646	-	-	-	(79,646)
Administration	1,623,461	-	-	-	(1,623,461)
Fiscal	437,782	-	-	-	(437,782)
Operation and maintenance of plant	1,082,967	-	-	-	(1,082,967)
Pupil transportation	1,580,526	-	-	-	(1,580,526)
Central	25,554	-	14,000	-	(11,554)
Non-instructional services:					
Extracurricular activities	681,046	323,723	-	-	(357,323)
Community service	211,974	-	-	-	(211,974)
Food Service	380,579	563,645	113,317	-	296,383
Interest on long-term debt	155,152	-	-	-	(155,152)
Total Governmental Activities	<u>18,982,487</u>	<u>966,470</u>	<u>882,036</u>	<u>1,200</u>	<u>(17,132,780)</u>
General Revenues:					
Property taxes, levied for general purposes					5,533,862
Property taxes, levied for debt services					752,270
Grants and entitlements not restricted to specific programs					9,368,561
Investment earnings					391,607
Miscellaneous					595,628
Total general revenues					<u>16,641,929</u>
Change in net assets					(490,851)
Net assets beginning of year					<u>22,548,848</u>
Net assets end of year				\$	<u>22,057,997</u>

See accompanying notes to the basic financial statements.

ROSS LOCAL SCHOOL DISTRICT, OHIO

Balance Sheet
 Governmental Funds
 June 30, 2003

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	\$ 3,891,849	514,201	23,914,208	417,077	28,737,335
Restricted cash	392,800			-	392,800
Receivables:					
Taxes	5,669,047	740,738	-	-	6,409,785
Accounts	6,271	-	-	26,554	32,824
Interest	12,945	-	132,003	26	144,974
Prepays	39,625	-	-	-	39,625
Supplies inventory	4,173	-	-	10,808	14,981
Total assets	<u>10,016,710</u>	<u>1,254,939</u>	<u>24,046,211</u>	<u>454,465</u>	<u>35,772,325</u>
Liabilities:					
Accounts payable	44,377	-	1,120	28,729	74,226
Accrued wages and benefits	1,600,923	-	-	114,724	1,715,647
Due to other governments	14,569	-	-	6,652	21,221
Deferred revenue	5,555,257	740,738	19,501	8,970	6,324,466
Total liabilities	<u>7,215,126</u>	<u>740,738</u>	<u>20,621</u>	<u>159,075</u>	<u>8,135,560</u>
Fund Balances:					
Reserved for:					
Encumbrances	185,025	-	2,300,423	100,429	2,585,877
Budget stabilization	392,800	-	-	-	392,800
Property taxes	113,790	-	-	-	113,790
Prepays	39,625	-	-	-	39,625
Supplies inventory	4,173	-	-	10,808	14,981
Unreserved, reported in:					
General Fund	2,066,171	-	-	-	2,066,171
Special Revenue Funds	-	-	-	184,153	184,153
Debt Service Fund	-	514,201	-	-	514,201
Capital Projects Funds	-	-	21,725,167	-	21,725,167
Total fund balances	<u>2,801,584</u>	<u>514,201</u>	<u>24,025,590</u>	<u>295,390</u>	<u>27,636,765</u>
Total liabilities and fund balances	\$ <u>10,016,710</u>	<u>1,254,939</u>	<u>24,046,211</u>	<u>454,465</u>	<u>35,772,325</u>

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2003

Total Governmental Fund Balances \$ 27,636,765

Amounts reported for governmental activities in the
 statement of net assets are different because:

Deferred charges in governmental activities are not financial
 resources and therefore are not reported in the funds. 192,168

Other long-term assets are not available to pay for current-
 period expenditures and, therefore, are not reported in
 the funds. 250,755

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds. 20,152,618

Long-term liabilities, including bonds payable, are not due and
 payable in the current period and therefore are not reported
 in the funds.

General obligation bonds	(20,000)	
Compensated absences	(764,294)	
Bonds payable	(24,900,000)	
Discount on bond issue	170,659	
Pension obligation payable	(113,014)	
Retirement incentive obligation	(438,660)	
Accrued interest payable	<u>(109,000)</u>	
Total		<u>(26,174,309)</u>

Net Assets of Governmental Activities \$ 22,057,997

ROSS LOCAL SCHOOL DISTRICT, OHIO

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2003

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 5,283,108	752,270	-	-	6,035,378
Tuition and fees	6,787	-	-	-	6,787
Interest	175,749	-	213,235	2,623	391,607
Charges for services	-	-	-	635,961	635,961
Intergovernmental	9,360,561	-	-	891,236	10,251,797
Other local revenues	395,299	-	-	466,523	861,822
Total revenues	<u>15,221,504</u>	<u>752,270</u>	<u>213,235</u>	<u>1,996,343</u>	<u>18,183,352</u>
Expenditures:					
Current:					
Instruction:					
Regular	8,254,674	-	-	271,001	8,525,675
Special education	928,086	-	-	256,569	1,184,654
Other instruction	241,853	-	-	-	241,853
Support services:					
Pupil	554,744	-	-	47,687	602,431
Instructional staff	677,859	-	-	144,622	822,481
Board of Education	23,077	-	-	-	23,077
Administration	1,541,959	1,906	-	36,806	1,580,671
Fiscal	416,643	9,627	-	-	426,270
Business	-	-	-	-	-
Operation and maintenance of plant	1,044,205	-	-	-	1,044,205
Pupil transportation	1,423,347	-	-	-	1,423,347
Central	-	-	-	14,610	14,610
Non-instructional services:					
Extracurricular activities	398,689	-	-	303,653	702,341
Community service	56,569	-	-	168,263	224,832
Food service	-	-	-	745,936	745,936
Capital outlay	137,889	-	724,818	-	862,707
Debt Service:					
Principal	25,000	24,918,904	-	-	24,943,904
Interest and fiscal charges	1,152	226,537	-	-	227,689
Total expenditures	<u>15,725,745</u>	<u>25,156,973</u>	<u>724,818</u>	<u>1,989,147</u>	<u>43,596,683</u>
Excess of revenues over (under) expenditures	<u>(504,241)</u>	<u>(24,404,703)</u>	<u>(511,583)</u>	<u>7,196</u>	<u>(25,413,331)</u>
Other financing sources (uses):					
Transfers in	-	-	-	6,578	6,578
Transfers out	(3,700)	-	-	(2,878)	(6,578)
Proceeds from sale of bonds	-	-	24,900,000	-	24,900,000
Discount from sale of bonds	-	-	(362,827)	-	(362,827)
Proceeds from notes	-	24,918,904	-	-	24,918,904
Total other financing sources (uses):	<u>(3,700)</u>	<u>24,918,904</u>	<u>24,537,173</u>	<u>3,700</u>	<u>49,456,077</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	(507,941)	514,201	24,025,590	10,896	24,042,746
Fund balance, beginning of year	3,309,525	-	-	284,494	3,594,019
Fund balance, end of year	\$ <u>2,801,584</u>	<u>514,201</u>	<u>24,025,590</u>	<u>295,390</u>	<u>27,636,765</u>

See accompanying notes to the basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2003

Net Change in Fund Balances - Total Governmental Funds \$ 24,042,745

Amounts reported for governmental activities in the
statement of activities are different because

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense.

Capital outlay	1,032,789
Depreciation expense	(771,572)

Payment of bond issuance costs is an other financing use in the
governmental funds. However, the deferred costs are an
asset on the statement of net assets and are amortized
over the life of the bond.

192,168

The underwriter's discount from the sale of bonds is an other
financing use in the governmental funds, but the discount is
included as a long term liability in the statement of net assets

170,659

Repayment of bond principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the
statement of net assets.

25,000

In the statement of activities, interest is accrued on outstanding bonds, whereas
in governmental funds, an interest expenditure is reported when due.

(109,000)

Some expenses reported in the statement of activities, such as compensated
absences do not require the use of current financial resources and
therefore are not reported as expenditures in governmental funds.

(421,399)

In the statement of activities, only the loss on the sale of capital assets is reported
current financial resources are not reported as revenues in the funds.

(2,996)

Proceeds from the sale of bonds represent a liability on the Statement
of Net Assets

(24,900,000)

Revenues in the Statement of Activities that do not provide current financial
resources are not reported as revenues in the funds.

250,755

Change in Net Assets of Governmental Activities

\$ (490,851)

ROSS LOCAL SCHOOL DISTRICT, OHIO

Statement of Net Assets

Fiduciary Funds

June 30, 2003

		Private Purpose Trusts	Agency Funds	Total
ASSETS				
Equity in pooled cash and investments	\$	<u>2,192</u>	<u>47,984</u>	<u>50,176</u>
Total assets		<u><u>2,192</u></u>	<u><u>47,984</u></u>	<u><u>50,176</u></u>
LIABILITIES				
Due to student groups		<u>-</u>	<u>47,984</u>	<u>47,984</u>
Total liabilities		<u>-</u>	<u>47,984</u>	<u>47,984</u>
NET ASSETS				
Held in trust	\$	<u><u>2,192</u></u>	<u><u>-</u></u>	<u><u>2,192</u></u>

See accompanying notes to the basic financial statements.

ROSS LOCAL SCHOOL DISTRICT, OHIO

Statement of Changes in Net Assets

Fiduciary Funds

Year Ended June 30, 2003

	<u>Private- Purpose Trust Funds</u>
Additions:	
Contributions	\$ -
Interest	<u>40</u>
Total additions	<u>40</u>
 Change in net assets	 40
 Net assets, beginning of year	 <u>2,152</u>
Net assets, end of year	\$ <u><u>2,192</u></u>

See accompanying notes to the basic financial statements.

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 1-DESCRIPTION OF THE DISTRICT

The Ross Local School District (the "District") is organized under Sections 2 and 3, Article VI, of the Constitution of the State of Ohio and Chapters 3311 and 3315 of the Ohio Revised Code. Under existing statutes, the Ross Local Board of Education, on behalf of the District, has the authority to acquire, maintain and dispose of school property; develop and adopt school programs; and establish, organize and operate schools.

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ross Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989 in its government-wide financial statements provided that they do not conflict with or contradict GASB pronouncements. The District has the option to follow subsequent FASB statements and interpretations but has elected not to do so. The District's significant accounting policies are described below.

A. Reporting Entity

The financial reporting entity is composed of the school district (primary government). The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. Potential component units were reviewed for possible inclusion in the financial statements. Component units are legally separate organizations for which the District would be financially accountable. The District would be financially accountable for an organization if the District appointed a voting majority of the organization's governing board and (1) the District was able to significantly influence the programs or services performed or provided by the organization; or (2) the District was legally entitled to or can otherwise access the organization's resources; the District was legally obligated or had otherwise assumed the responsibility to finance the deficits of or provided financial support to, the organization; or the District was obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. There were no component units included in the reporting entity.

Jointly Governed Organization: The District participates in a jointly governed organization. This jointly governed organization is described in Note 11.

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

B. Fund Accounting

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid in financial management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are grouped into the categories governmental and fiduciary.

Governmental Funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund - This fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Ohio law.

Capital Projects Funds - These funds are used to account for the financial resources to be used for the acquisition or construction of major capital assets or facilities, as required by Chapter 5705 of the Ohio Revised Code.

Fiduciary Funds

Fiduciary Funds report on net assets and changes in net assets. The District's fiduciary funds consist of a private-purpose trust fund and agency funds. The District's private-purpose trust fund accounts for scholarship programs for students. These assets are not available for the District's use. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Presentation

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the District as a whole. These statements include financial activities of the primary government except for fiduciary funds. The statements distinguish between those types of activities of the District that are governmental and those that are considered to be business-type activities. The District has no business type activities.

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by a program and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each government function is self-financing or draws from the general revenues of the District.

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present sources (i.e. revenues and other financial sources) and uses (i.e. expenditures and other financing uses) of current financial resources.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made.

The modified accrual basis of accounting is used by the governmental funds and agency funds. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after fiscal year-end. Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, interest, tuition, student fees and grants.

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Government-wide financial statements are prepared using the accrual basis of accounting. Also, private purpose trust funds use accrual accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used of the fiscal year in which use is first permitted, matching requirements, in which the District must provide local resources to be used for specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The District reports deferred revenues on its combined balance sheet that arise when revenue does not meet both the measurable and available criteria recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenues is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2003 that are intended to finance fiscal year 2004 operations have been recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

Tax budget – Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Butler County Budget Commission for rate determination.

Estimated Resources – Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District's Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2003.

Appropriations - Upon receipt from the Count Auditor of an amended certificate of estimated resources based on final assessed value and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund levels of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation resolution to meet the ordinary expenses of the District. The appropriation measures, by fund, must be within the estimated resources as certified by the County Budget Commission and the total expenditures and encumbrances may not exceed the appropriation totals at the level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions. The Board passed supplemental appropriations during the fiscal year.

Encumbrances – As part of the formal budgetary controls, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds.

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

Lapsing of Appropriations – At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

F. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

The Governmental Accounting Standards Board Statement No. 31 (GASB 31), "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," requires that investments, with certain exceptions, be recorded at their fair value and that changes in the fair value are reported in the operations statements. The District recorded investments held at June 30, 2003 at fair value.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue earned in fiscal year 2003 totaled \$391,647 for all funds.

An analysis of the Treasurer's investment account at the year-end is provided in Note 4.

G. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish reserves for the budget stabilization reserve. A corresponding fund balance reserve has also been established

H. Inventories

Inventories of governmental funds are stated at cost, determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds when purchased. Reported inventory is equally offset by a fund balance reserve in the governmental funds, which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

I. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements but are not reported in the governmental fund financial statements. The District defines capital assets as those with an individual cost of more than \$500 and an estimated useful life in excess of one year. All capital assets are reported at cost or estimated historical cost. Donated capital assets are stated at their estimated fair value when received. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

All reported capital assets except land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	30 - 50 years
Land improvements	10 - 20 years
Furniture and equipment	5 - 20 years

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy.

The entire compensated absences liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that has matured, for example, as a result of employee resignations and retirements.

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources with the exception of compensated absences as noted above.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The District records reservations for portions of fund equity that are legally segregated for specific use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balances indicate that portion of fund equity that is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, prepaids, supplies inventory and budget reserve set-asides.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statutes. The reserve for budget stabilization represents money set-aside to protect against cyclical changes in revenues and expenditures.

N. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 3-CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2003, the District implemented the following:

- GASB Statement N. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*;
- GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – For Local ad State Governments: Omnibus*;
- GASB Statement No. 38, *Certain Financial Statement Note Disclosures*;
- GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*; and
- GASB Interpretation No. 6, *Recognition and Measurements of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

GASB Statement No. 34 (GASB 34) creates new basic financial statements for reporting on the District’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

In implementing GASB 34, the District has reclassified two funds previously reported as enterprise funds as special revenue funds. In addition, the District has reclassified one internal service fund into the General Fund.

The beginning net asset amount for governmental activities reflects the change in fund balance at June 30,2002 caused by the conversion to the accrual basis of accounting and the reclassification of funds as noted above.

Fund balance – all governmental funds – June 30, 2002	\$ 3,398,077
GASB 34 adjustments:	
Capital assets	19,894,397
Long-term liabilities	(939,569)
Reclassification of trust funds as special revenue funds	72,742
Reclassification of enterprise funds as special revenue funds	120,615
Reclassification of internal service fund into general fund	2,586
Governmental activities net assets – June 30, 2002	\$ <u>22,548,848</u>

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

For the governmental fund financial statements, the following table shows the effect of fund reclassifications on beginning governmental fund balances.

Fund balance – all governmental funds – June 30, 2002	\$ 3,398,077
Reclassification of trust funds as special revenue funds	72,742
Reclassification of enterprise funds as special revenue funds	120,615
Reclassification of internal service funds into general fund	<u>2,586</u>
Restated fund balance – all governmental funds – June 30, 2002	\$ <u>3,594,020</u>

NOTE 4-EQUITY IN POOLED CASH AND CASH EQUIVALENTS

State statute requires the classification of monies held by the District into three categories:

Active Deposits - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive Deposits - Those monies not required for use within the current two-year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories or as savings or deposit accounts, including, but not limited to, passbook accounts.

Interim Deposits - Interim monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts including passbook accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Ohio law permits interim monies to be invested or deposited in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptances and commercial paper notes for a period not to exceed 180 days from the date of purchase in an amount not to exceed 25 percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

(A) DEPOSITS

At year-end, the carrying amount of the District's pooled deposits was \$3,108,224 and the bank balance was \$3,300,978. Of the bank balance, \$145,725 was covered by federal depository insurance and \$2,962,499 was covered by collateral held by the pledging institution's trust department pursuant to Ohio Revised Code, Section 135.181. The Uniform Depository Act (Section 135.181) authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure the repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance. The deposits not covered by federal depository insurance are considered uninsured and uncollateralized under the provisions of GASB Statement No. 3.

(B) INVESTMENTS

The District's investments are categorized to give an indication of the level of risk assumed by the entity at year end (GASB Statement 3). Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institutions trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution or its trust department or agent, but not in the District's name.

Based on the above criteria, the Districts investments at June 30, 2003 are classified in the table below:

	Category <u>1</u>	Category <u>2</u>	<u>Unclassified</u>	<u>Fair Value</u>
Fifth Third Government				
Money Market Fund	\$ -	-	311,624	311,624
Federal Home Loan Mortgage	13,264,455	-	-	13,264,455
Federal National Mortgage				
Association (FNMA) Bonds	<u>-</u>	<u>12,496,007</u>	<u>-</u>	<u>12,496,007</u>
Total	<u>\$ 13,264,455</u>	<u>12,496,007</u>	<u>311,264</u>	<u>26,072,086</u>

NOTE 5-PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. The assessed value, by property classification, upon which taxes collected in 2002 were based are as follows:

Real Estate	\$ 244,534,330
Public Utility Personal	8,658,870
Tangible Personal	<u>9,136,105</u>
Total Assessed Value	<u>\$ 262,329,305</u>

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

In 2003, real property taxes were levied in January on the assessed values as of January 1, 2002, the lien date. Assessed values are established by the County Auditor as 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent valuation was completed in January 1999. Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25% of true value (as defined). In 2003, each business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the state.

Real property taxes are payable annually or semi-annually. In 2003, if paid annually, payment was due February 14th. If paid semi-annually, the first payment (at least one half of the amount billed) was due February 14th with the remainder due August 11th.

The County Auditor remits a portion of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realized value.

Although property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations.

NOTE 6-CAPITAL ASSETS

A summary of the changes in capital asset activity for governmental activities during the fiscal year is as follows:

	Balance <u>07/01/02</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>6/30/03</u>
Non-Depreciable Capital Assets:				
Land	\$ <u>691,705</u>	<u>600,000</u>	<u>-</u>	<u>1,291,705</u>
Depreciable				
Land improvements	786,383	-	-	786,383
Buildings and improvements	24,589,571	66,904	-	24,656,475
Furniture and equipment	<u>5,418,489</u>	<u>368,885</u>	<u>(84,365)</u>	<u>5,700,009</u>
Subtotal	<u>30,794,443</u>	<u>435,789</u>	<u>(84,365)</u>	<u>31,142,867</u>
Totals at historical cost	<u>31,486,148</u>	<u>1,032,789</u>	<u>(84,365)</u>	<u>32,434,572</u>
Less accumulated depreciation:				
Land improvements	426,956	30,164	-	457,120
Buildings and improvements	8,303,715	352,185	-	8,655,901
Furniture and equipment	<u>2,861,080</u>	<u>389,222</u>	<u>(81,369)</u>	<u>3,168,933</u>
Total accumulated depreciation	<u>11,591,751</u>	<u>771,572</u>	<u>(81,369)</u>	<u>12,281,954</u>
Capital assets, net	\$ <u>19,894,397</u>	<u>261,137</u>	<u>(2,996)</u>	<u>20,152,618</u>

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

Depreciation expense was charged as follows:

Instruction:	
Regular	\$ 373,883
Special	34,327
Support Services	
Pupils	22,853
Instructional Staff	39,820
Administration	38,697
Fiscal Services	7,000
Operation and Maintenance	41,577
Pupil Transportation	149,653
Central	10,944
Food Services	39,967
Community Services	1,884
Extra-Curricular Activities	<u>10,967</u>
 Total Depreciation	 \$ <u>771,572</u>

NOTE 7-LONG-TERM OBLIGATIONS

Long-Term Obligations – The changes in the District’s long-term obligations during fiscal year 2003 were as follows:

	Principal Outstanding <u>7/01/02</u>	<u>Additions</u>	<u>Reductions</u>	Principal Outstanding <u>6/30/03</u>	Amounts Due In <u>One Year</u>
School energy conservation bonds	\$ 45,000	-	(25,000)	20,000	20,000
School improvement bonds	-	24,900,000	-	24,900,000	600,000
Discount on issue	-	(170,569)	-	(170,659)	-
STRS early retirement incentive	225,012	438,660	(225,012)	438,660	260,611
Compensated Absences Liability	<u>561,821</u>	<u>202,473</u>	<u>-</u>	<u>764,294</u>	<u>764,294</u>
 Total	 \$ <u>831,833</u>	 <u>25,370,564</u>	 <u>(250,012)</u>	 <u>25,952,295</u>	 <u>1,644,905</u>

The District's legal debt margin was approximately \$20,918,732 at June 30, 2003. The School Energy Conservation Bonds were issued in October 1996 for \$270,000. Principal payments are due annually with interest of 5.07% due semi-annually. The annual debt service requirements to maturity for the Bonds, including interest of \$510 are as follows:

Fiscal	
Year Ending	
<u>June 30</u>	<u>School Energy Conservation Bonds</u>
 2004	 \$ <u>20,510</u>

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

In November 2002, the District issued a \$24,900,000 bond anticipation note. The note was repaid in March of 2003.

The school improvement bonds consist of \$24,140,000 Current Interest Serial Bonds dated March 15, 2003 and \$760,000 Capital Appreciation Bonds dated March 19, 2003. The Current Interest Serial Bonds pay interest from 1.5% to 5.0% and mature from fiscal years 2004 through 2016 and from fiscal years 2019 through 2025. The Capital Appreciation Bonds pay interest at 5.0% and mature in fiscal years 2017 through 2028. A summary of the District's future annual service requirements to maturity for these bonds is as follows:

Fiscal Year Ending	Principal Due	Interest Due	Total FY Payments
2004	\$ 600,000	373,500	973,500
2005	700,000	364,500	1,064,500
2006	735,000	472,000	1,207,000
2007	780,000	457,300	1,237,300
2008	840,000	452,743	1,292,743
2009	585,000	509,880	1,094,880
2010	635,000	578,480	1,213,480
2011	690,000	620,775	1,310,775
2012 - 2029	<u>19,335,000</u>	<u>9,527,407</u>	<u>28,862,407</u>
	\$ <u>24,900,000</u>	<u>13,356,585</u>	<u>38,256,585</u>

NOTE 8-EARLY RETIREMENT INCENTIVE PROGRAM

During fiscal year 2003, the District participated in the State Teacher Retirement System Early Retirement Incentive program for certificated staff. During fiscal year 2003, seven teachers who were eligible to participate, retired. The District purchased two years of service credit for eligible certificated employees. Principal obligations of the purchased credit are based upon individual age, length of service and salary at retirement.

A. Future principal and interest requirements to pay the early retirement incentive debt obligation to the State Teachers Retirement System are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	152,849	12,393	165,242
2005	164,695	13,354	178,049

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

- B. Also, as part of the Early Retirement Incentive plan offered by the District, severance pay for unused accumulated sick leave was offered to employees participating in the plan. This is to be paid during fiscal year 2004.

Future payment requirements to pay this severance debt obligation are as follows:

<u>Fiscal Year</u>	<u>Payment</u>
2004	\$ 95,369

NOTE 9-OSBA WORKERS' COMP PROGRAM

OSBA GROUP RATING PROGRAM

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 10-EMPLOYEE RETIREMENT SYSTEMS

All District employees are covered by the statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS). District employees hired after April 1, 1986 are also currently covered under the Federal Social Security Act for the Medicare portion only. The District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the District to pay the employer share as determined by each Retirement System.

SCHOOL EMPLOYEES RETIREMENT SYSTEM

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credits to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate, which is currently 14% of annual covered payroll. The contribution requirements of plan members and employers are established, and may be amended, up to statutory maximum amounts by the SERS' Retirement Board. The District's required contributions to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$345,667, \$311,712, and \$286,596 respectively, equal to the required contributions for each year.

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

STATE TEACHERS RETIREMENT SYSTEM

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that may be obtain by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance, based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.55 of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DB and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan

members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who become disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ended June 30, 2003, 2002, and 2001 were \$1,072,311, \$1,119,791, and \$1,039,890, respectively, equal to the required contributions for each year.

Social Security System – Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. The District's liability is 6.2% of wages paid.

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. STRS pays health care benefits from the Health Care Reserve

Fund. The balance in the fund was \$3.011 billion at June 30, 2003. For the year ended June 30, 2002, net health care costs paid by STRS were \$354.7 million and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium. For the fiscal year, employer contributions to fund health care benefits were 75% of the premium. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 50% of annual health care expenses. Expenses for health care for the year ended June 30, 2002 were \$182.9 million and the target level was \$274.4 million. At June 30, 2002, SERS' net assets available for payment of health care benefits was \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, this amount to fund health care benefits, including the surcharge, was approximately \$220,000 during the 2003 fiscal year.

NOTE 11-JOINTLY GOVERNED ORGANIZATION

The Southwest Ohio Computer Association (SWOCA) is a jointly governed organization among a three county consortium of Ohio school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions of the member districts. Each member district appoints a representative to the Board of Directors which is the legislative and managerial body of SWOCA. The degree of control exercised by any participating member district is limited to its representation on the Board.

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 12-RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year, the District contracted with Ingram Insurance Company for property and general liability insurance and boiler and machinery insurance.

Boiler and machinery coverage has a \$1,000 deductible. General liability is protected by Harcum-Hyre Insurance Company with a \$2,000,000 each occurrence, \$5,000,000 aggregate limit. Vehicles are covered by Ingram Insurance Company with a \$1,000 deductible. Public officials bond insurance is provided by ISI (Insurance/Security/Inc.). The Treasurer is covered by a \$20,000 bond provided by Ohio Casualty Insurance Company.

The District has elected to provide employee medical and dental benefits through Butler County Health Insurance Plan (BCHP), a public entity risk pool currently operating as a common risk management and insurance program. BCHP is comprised of ten other school districts in Butler County. CoreSource provides claims review and processing services for BCHP. The District pays a monthly premium to the pool for its general insurance coverage. The employees share the cost of the monthly premium for the coverage with the Board. The risk of loss transfers entirely to BCHP.

There were no significant reductions in insurance coverage from the prior year. Also, there were no settlements that exceeded insurance coverage for the past three fiscal years.

NOTE 13-CONTINGENCIES

A. LITIGATION

The District's attorney estimates that all potential claims against the District not covered by insurance resulting from litigation would not materially affect the financial statements of the District.

B. FEDERAL AND STATE GRANTS

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2003.

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 14-STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding system is unconstitutional. The Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

NOTE 15-FUND BALANCE DEFICITS

Fund balances at June 30, 2003 included the following individual fund deficits (includes accrual entries):

Special Revenue Funds:

Title I	\$ (10)
Title VI	(341)
Class Size Reduction	(10,344)

These funds have deficit balances due to the accrual of wages and fringe benefits; and also due to the timing of reimbursement for goods and/or services rendered.

Note 16-STATUTORY RESERVES

The district is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2003 the reserve activity (cash-basis) was as follows:

	Textbooks	Capital Acquisitions	Budget Stabilization	Totals
Set-aside cash balance as of June 30, 2002	\$ -	-	392,800	392,800
Current year set-aside requirement	324,385	324,385	-	-
Qualifying disbursements	<u>(475,973)</u>	<u>(1,032,789)</u>	<u>-</u>	<u>-</u>
Set-aside cash balance as of June 30, 2003	<u>\$ -</u>	<u>-</u>	<u>392,800</u>	<u>392,800</u>

The budget stabilization fund is no longer required. However, the District has opted to leave this fund intact.

ROSS LOCAL SCHOOL DISTRICT
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 17-INTERFUND TRANSACTIONS

During the year-ended June 30, 2003, the General Fund made transfers of \$3,700 non-major governmental funds as well as transfers of \$2,878 between non-major governmental funds. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that state statute requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Required Supplementary Information

ROSS LOCAL SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP Budgetary Basis)

General Fund

June 30, 2003

	Budgeted Amounts		Actual	From Final Budget
	Original	Final		
Revenues:				
Taxes	4,820,976	5,509,781	5,509,781	-
Tuition and fees	5,895	6,737	6,737	-
Earnings on investments	148,271	169,455	169,455	-
Other local revenues	282,256	322,584	322,584	-
Intergovernmental - state	8,188,102	9,357,991	9,357,991	-
Total revenues	<u>13,445,500</u>	<u>15,366,548</u>	<u>15,366,548</u>	-
Expenditures:				
Instruction:				
Regular	5,669,870	8,281,144	8,281,144	-
Special education	618,350	906,710	906,710	-
Vocational education	456	668	668	-
Other	165,787	243,100	243,100	-
Support services:				
Pupil	416,212	610,307	610,307	-
Instructional staff	480,749	704,941	704,941	-
Board of Education	14,856	21,784	21,784	-
Administration	1,044,952	1,532,253	1,532,253	-
Fiscal	288,989	423,756	423,756	-
Operation and maintenance	727,954	1,067,427	1,067,427	-
Pupil transportation	956,714	1,402,866	1,402,866	-
Extracurricular activities	246,088	360,849	360,849	-
Capital outlay	94,036	137,889	137,889	-
Debt service:				
Principal retirement	26,152	71,152	71,152	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>10,751,164</u>	<u>15,764,846</u>	<u>15,764,846</u>	-
Excess (deficiency) of revenues over (under) expenditures	<u>2,694,336</u>	<u>(398,298)</u>	<u>(398,298)</u>	-
Other financing sources:				
Refund of prior year expenditures	-	47,926	47,926	-
Transfers out	-	(3,700)	(3,700)	-
Total other financing sources	<u>-</u>	<u>44,226</u>	<u>44,226</u>	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>2,694,336</u>	<u>(354,072)</u>	<u>(354,072)</u>	-
Fund balance July 1, 2002	4,617,882	4,617,882	4,617,882	-
Prior year encumbrances appropriated	<u>197,954</u>	<u>197,954</u>	<u>197,954</u>	-
Fund balance June 30, 2003	<u>7,510,172</u>	<u>4,461,764</u>	<u>4,461,764</u>	-

See accompanying notes to required supplemental information.

ROSS LOCAL SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP Budgetary Basis)

Debt Service Fund

June 30, 2003

	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
Revenues:				
Taxes	26,658	753,270	753,270	-
Total revenues	<u>-</u>	<u>753,270</u>	<u>753,270</u>	<u>-</u>
Expenditures:				
Instruction:				
Administration	-	1,906	1,906	-
Fiscal	-	9,627	9,627	-
Debt service:				
Principal retirement	25,000	25,145,441	25,145,441	-
Interest and fiscal charges	1,658	-	-	-
Total expenditures	<u>26,658</u>	<u>25,156,974</u>	<u>25,156,974</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(24,403,704)</u>	<u>(24,403,704)</u>	<u>-</u>
Other financing sources:				
Interest and premium on bonds sold	-	16,320	16,320	-
Sale of bonds	-	24,902,584	24,902,584	-
Total other financing sources	<u>-</u>	<u>24,918,904</u>	<u>24,918,904</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>-</u>	<u>515,200</u>	<u>515,200</u>	<u>-</u>
Fund balance July 1, 2002	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance June 30, 2003	<u>-</u>	<u>515,200</u>	<u>515,200</u>	<u>-</u>

See accompanying notes to required supplemental information.

ROSS LOCAL SCHOOL DISTRICT, OHIO

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual (Non-GAAP Budgetary Basis)

Capital Projects Fund

June 30, 2003

	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
Revenues:				
Earnings on investments	-	57,585	57,585	-
Total revenues	-	57,585	57,585	-
Expenditures:				
Capital outlay	-	723,698	723,698	-
Total expenditures	-	723,698	723,698	-
Excess (deficiency) of revenues over (under) expenditures	-	(666,113)	(666,113)	-
Other financing sources:				
Sale of bonds	-	24,537,173	24,537,173	-
Total other financing sources	-	24,537,173	24,537,173	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	-	23,871,060	23,871,060	-
Fund balance July 1, 2002	-	-	-	-
Fund balance June 30, 2003	-	23,871,060	23,871,060	-

See accompanying notes to required supplemental information.

ROSS LOCAL SCHOOL DISTRICT, OHIO
Notes to Required Supplementary Information
June 30, 2003

NOTE A-BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and GAAP basis are as follows:

Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP Basis).

Expenditures are recorded when paid in cash (budgetary basis) as opposed to when the liability is incurred (GAAP basis).

Encumbrances are treated as expenditures for all funds (budgetary basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

The following summarizes the adjustments necessary to reconcile the GAAP statements and the budgetary basis schedule.

Change in Fund Balance (GAAP Basis)	\$ (507,941)	514,201	24,025,590
Increase/(Decrease):			
Due to revenues	(145,044)	999	155,650
Due to expenditures	56,582	-	(2,610,603)
Due to encumbrances	<u>242,331</u>	<u>-</u>	<u>2,300,423</u>
Change in fund balance (Budgetary Basis)	\$ <u>(354,072)</u>	<u>515,200</u>	<u>23,871,060</u>

Supplemental Section:
Combining Statements and
Individual Fund Schedules

Non-Major Governmental Funds

Non-Major Special Revenue Funds

Special Revenue Funds are established to account for revenues from specific sources which legally, or otherwise, are restricted to expenditures for specific purposes. A description of the District's Special Revenue Funds follows:

Public School Support Fund

A fund provided to account for specific local revenue sources, other than taxes or expendable trust, (i.e. profits from vending machines, sales of pictures, etc.). Expenditures from this fund include field trips, assemblies, materials, supplies and equipment for use in the classroom.

Athletic Fund

A fund provided to account for those student activity programs that have student participation in the activity but do not have student management of the programs. This fund would usually include athletic programs but could also include the band, cheerleaders, drill team, flag corps, drama club, and other similar types of activities.

Auxiliary Service Fund

A fund provided to account for state funds that provide services and materials to pupils attending non-public schools within the boundaries of the District as provided for in state law. Expenditures are primarily for educational supplies, materials and testing.

Entry Year Teaching Program

A fund provided to account for receipts and expenditures necessary for providing assistance to school districts for the development of local education of staff members.

Management Information Systems

A fund provided for purchase of computer hardware and software or other cost associated with the implementation of the requirements of the management information system (Ohio Senate Bill 140).

School Net Professional Development

A fund provided to account for a limited number of professional development grants.

Ohio Reads Volunteer Grant

A fund used to account for specific state revenue required to be expended for the implementation of a volunteer tutoring program to improve students reading skills.

Miscellaneous State Grants

A fund used to account for various monies received from state agencies that are not classified elsewhere.

Economic Security Act

A fund provided for strengthening instruction in science, mathematics, modern foreign languages, English, arts and humanities, reading, history, geography, civics, economics, and industrial arts through acquisition of laboratory and other special equipment and materials and through minor remodeling.

Title VI-B

A fund used to account for federal revenues used to assist with the training of teachers, supervisors, administrators, clinicians, or other specialists providing educational services to the handicapped.

Title I

A fund provided for financial assistance to state and local educational agencies to meet the special needs of educationally deprived children.

Title VI

A fund to consolidate various programs into a single authorization of grants for the same purposes set forth in the provisions of law as specified in the authorization section, to be used in accordance with the educational needs and priorities of the state and local agencies.

Drug Free School Grant

A fund provided to assist in drug abuse prevention, early intervention, rehabilitation referral, education in elementary school and secondary schools, and support components for reducing abuse of alcohol and other drugs.

Title VI-B Preschool

The Preschool Grant Program addresses the improvement and expansion of services for handicapped children ages three through five years.

Class Size Reduction Grant

A fund used to account federal funds designed to reduce class size.

Miscellaneous Federal Grants

A fund used to account for various federal monies that are not classified elsewhere.

Special Revenue Fund

This fund accounts for various local grants and contributions.

Food Service

A fund used to account for all revenues and expenses related to the provision of food services for the District.

Uniform School Supplies

A rotary fund provided to account for all revenues and expenses related to the provision of goods and services to the general public by vocational classes of the District.

Non-Major Capital Projects Fund

Capital Projects Funds are used to account for the financing and acquisition or construction of major capital facilities, such as new school buildings or additions to existing buildings, or for major renovation projects.

IVDL Grant Fund

This fund accounts for state grants for capital assets.

ROSS LOCAL SCHOOL DISTRICT, OHIO

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and equity in pooled cash and investments	\$ 415,877	1,200	417,077
Net receivables:			
Accounts	26,554	-	26,554
Interest	26	-	26
Supplies and inventory	10,808	-	10,808
Total assets	<u>453,265</u>	<u>1,200</u>	<u>454,465</u>
Liabilities:			
Accounts payable	28,729	-	28,729
Accrued wages and benefits	114,724	-	114,724
Pension obligation payable	6,652	-	6,652
Deferred revenue	8,970	-	8,970
Total liabilities	<u>159,075</u>	<u>-</u>	<u>159,075</u>
Fund Balances:			
Reserved for:			
Encumbrances	99,229	1,200	100,429
Supplies inventory	10,808	-	10,808
Unreserved, reported in:			
Special Revenue Funds	184,153	-	184,153
Capital Projects Funds	-	-	-
Total fund balances	<u>294,190</u>	<u>1,200</u>	<u>295,390</u>
Total liabilities and fund balances	\$ <u>453,265</u>	<u>1,200</u>	<u>454,465</u>

ROSS LOCAL SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
Revenues:			
Extracurricular activities	\$ 428,489	-	428,489
Charges for services	635,961	-	635,961
Interest	2,623	-	2,623
Intergovernmental	890,036	1,200	891,236
Miscellaneous	38,034	-	38,034
Total revenues	<u>1,995,143</u>	<u>1,200</u>	<u>1,996,343</u>
Expenditures:			
Current:			
Instruction:			
Regular	271,001	-	271,001
Special	256,569	-	256,569
Support services:			
Pupil	47,687	-	47,687
Instructional staff	144,622	-	144,622
School administration	36,806	-	36,806
Central	14,610	-	14,610
Community services	168,263	-	168,263
Non-instructional services:			
Extracurricular activities	303,653	-	303,653
Food services	745,936	-	745,936
Total expenditures	<u>1,989,147</u>	<u>-</u>	<u>1,989,147</u>
Excess of revenues			
over (under) expenditures	<u>5,996</u>	<u>1,200</u>	<u>7,196</u>
Other financing sources (uses)			
Operating transfers in	6,578	-	6,578
Operating transfers out	(2,878)	-	(2,878)
Total other financing sources (uses)	<u>3,700</u>	<u>-</u>	<u>3,700</u>
Net change in fund balances	9,696	1,200	10,896
Fund balance, beginning of year	<u>284,494</u>	<u>-</u>	<u>284,494</u>
Fund balance, end of year	\$ <u>294,190</u>	<u>1,200</u>	<u>295,390</u>

ROSS LOCAL SCHOOL DISTRICT, OHIO

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2003

	<u>Public School Support</u>	<u>Athletic</u>	<u>Auxiliary Service</u>	<u>Entry Year Teaching Program</u>
Assets:				
Equity in pooled cash and investments	\$ 30,742	88,832	30,845	300
Net receivables:				
Accounts	124	110	-	-
Interest	-	-	-	-
Supplies and inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>30,866</u>	<u>88,942</u>	<u>30,845</u>	<u>300</u>
Liabilities:				
Accounts payable	1,016	15,720	2,556	-
Accrued wages and benefits	-	-	16,452	-
Due to other governments	-	-	599	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,016</u>	<u>15,720</u>	<u>19,607</u>	<u>-</u>
Fund Balances:				
Fund Balances				
Reserved for:				
Encumbrances	6,999	24,524	14,321	300
Supplies inventory	-	-	-	-
Unreserved-undesignated	<u>22,851</u>	<u>48,698</u>	<u>(3,083)</u>	<u>-</u>
Total fund balances	<u>29,850</u>	<u>73,222</u>	<u>11,238</u>	<u>300</u>
Total liabilities and fund balances	\$ <u>30,866</u>	<u>88,942</u>	<u>30,845</u>	<u>300</u>

<u>Management Information Systems</u>	<u>ONENet</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads Grant</u>	<u>Misc. State Grants</u>	<u>Economic Security Act</u>
5,832	-	4,453	3,272	799	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,832</u>	<u>-</u>	<u>4,453</u>	<u>3,272</u>	<u>799</u>	<u>-</u>
30	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>30</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	3,272	799	-
-	-	-	-	-	-
<u>5,802</u>	<u>-</u>	<u>4,453</u>	<u>0</u>	<u>(0)</u>	<u>-</u>
<u>5,802</u>	<u>-</u>	<u>4,453</u>	<u>3,272</u>	<u>799</u>	<u>-</u>
<u>5,832</u>	<u>-</u>	<u>4,453</u>	<u>3,272</u>	<u>799</u>	<u>-</u>

ROSS LOCAL SCHOOL DISTRICT, OHIO

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2003

	<u>Title VI-B</u>	<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools</u>
Assets:				
Equity in pooled cash and investments	\$ 45,721	1,533	1,920	-
Net receivables:				
Accounts	-	-	-	-
Interest	-	-	-	-
Supplies and inventory	-	-	-	-
Total assets	<u>45,721</u>	<u>1,533</u>	<u>1,920</u>	<u>-</u>
Liabilities:				
Accounts payable	5,319	-	-	-
Accrued wages and benefits	15,550	1,543	2,261	-
Pension obligation payable	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>20,869</u>	<u>1,543</u>	<u>2,261</u>	<u>-</u>
Fund Balances:				
Fund Balances				
Reserved for:				
Encumbrances	21,756	-	-	-
Supplies inventory	-	-	-	-
Unreserved-undesignated	3,096	(10)	(341)	-
Total fund balances	<u>24,852</u>	<u>(10)</u>	<u>(341)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 45,722</u>	<u>1,533</u>	<u>1,920</u>	<u>-</u>

<u>Title VI-B Preschool</u>	<u>Class Size Reduction Grant</u>	<u>Misc. Federal Grants</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>TOTAL</u>
-	15	21,981	74,705	79,400	25,527	415,877
-	-	-	222	25,960	138	26,554
-	-	-	26	-	-	26
-	-	-	-	8,970	1,838	10,808
<u>-</u>	<u>15</u>	<u>21,981</u>	<u>74,953</u>	<u>114,330</u>	<u>27,503</u>	<u>453,265</u>
-	-	-	2,049	1,574	465	28,729
-	10,359	-	-	68,559	-	114,724
-	-	-	-	6,053	-	6,652
-	-	-	-	8,970	-	8,970
<u>-</u>	<u>10,359</u>	<u>-</u>	<u>2,049</u>	<u>85,156</u>	<u>465</u>	<u>159,075</u>
-	-	20,619	3,169	2,822	648	99,229
-	-	-	-	8,970	1,838	10,808
-	(10,344)	1,362	69,735	17,383	24,552	184,153
<u>-</u>	<u>(10,344)</u>	<u>21,981</u>	<u>72,904</u>	<u>29,175</u>	<u>27,038</u>	<u>294,190</u>
<u>-</u>	<u>15</u>	<u>21,981</u>	<u>74,953</u>	<u>114,330</u>	<u>27,503</u>	<u>453,265</u>

ROSS LOCAL SCHOOL DISTRICT, OHIO
 Combining Balance Sheet
 Nonmajor Capital Projects Fund
 June 30, 2003

	<u>IVDL Grant</u>
Assets:	
Equity in pooled cash and investments	\$ <u>1,200</u>
Total assets	<u><u>1,200</u></u>
Liabilities:	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
Fund Balances:	
Fund Balances	
Reserved for:	
Encumbrances	1,200
Unreserved-undesignated	<u>-</u>
Total fund balances	<u>1,200</u>
Total liabilities and fund balances	\$ <u><u>1,200</u></u>

This Page Intentionally Left Blank

ROSS LOCAL SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
All Nonmajor Special Revenue Funds
Year Ended June 30, 2003

	Public School Support	Athletic	Auxiliary Service	Entry Year Teaching Program
Revenues:				
Extracurricular activities	\$ 104,711	323,778	-	-
Charges for services	-	-	-	-
Interest	-	-	434	-
Intergovernmental	-	-	129,180	8,000
Miscellaneous	-	-	-	-
Total revenues	<u>104,711</u>	<u>323,778</u>	<u>129,614</u>	<u>8,000</u>
Expenditures:				
Current:				
Instruction:				
Regular	88,324	-	-	7,700
Special	-	-	-	-
Support services:				
Pupil	-	-	-	-
Instructional staff	-	-	-	-
School administration	-	-	-	-
Central	-	-	-	-
Community services	-	-	133,673	-
Non-instructional services:				
Extracurricular activities	-	303,653	-	-
Food services	-	-	-	-
Total expenditures	<u>88,324</u>	<u>303,653</u>	<u>133,673</u>	<u>7,700</u>
Excess of revenues over (under) expenditures	16,387	20,125	(4,059)	300
Other financing sources (uses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	16,387	20,125	(4,059)	300
Fund balance, beginning of year	<u>13,463</u>	<u>53,097</u>	<u>15,297</u>	<u>-</u>
Fund balance, end of year	<u>\$ 29,850</u>	<u>73,222</u>	<u>11,238</u>	<u>300</u>

<u>Management Information Systems</u>	<u>ONENet</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads Grant</u>	<u>Misc. State Grants</u>	<u>Economic Security Act</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,338	14,000	8,050	17,000	3,289	1,288
-	-	-	-	-	-
<u>9,338</u>	<u>14,000</u>	<u>8,050</u>	<u>17,000</u>	<u>3,289</u>	<u>1,288</u>
-	-	-	13,728	201	-
-	-	-	-	-	-
-	-	-	-	-	-
9,143	-	6,944	-	-	-
-	-	-	-	4,897	-
610	14,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,753</u>	<u>14,000</u>	<u>6,944</u>	<u>13,728</u>	<u>5,098</u>	<u>-</u>
(415)	-	1,106	3,272	(1,809)	1,288
-	-	-	-	-	-
-	-	-	-	-	(2,878)
-	-	-	-	-	(2,878)
(415)	-	1,106	3,272	(1,809)	(1,590)
<u>6,217</u>	<u>-</u>	<u>3,347</u>	<u>-</u>	<u>2,608</u>	<u>1,590</u>
<u>5,802</u>	<u>-</u>	<u>4,453</u>	<u>3,272</u>	<u>799</u>	<u>0</u>

ROSS LOCAL SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

All Nonmajor Special Revenue Funds

Year Ended June 30, 2003

	Title VIB	Title I	Title VI	Drug Free Schools
Revenues:				
Extracurricular activities	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Intergovernmental	270,854	196,399	16,116	11,213
Miscellaneous	-	-	-	-
Total revenues	<u>270,854</u>	<u>196,399</u>	<u>16,116</u>	<u>11,213</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	-	-	-
Special	83,314	170,522	243	-
Support services:				
Pupil	36,512	-	-	11,175
Instructional staff	101,981	2,657	14,142	-
School administration	31,909	-	-	-
Central	-	-	-	-
Community services	14,012	4,628	-	-
Non-instructional services:				
Extracurricular activities	-	-	-	-
Food services	-	-	-	-
Total expenditures	<u>267,728</u>	<u>177,807</u>	<u>14,385</u>	<u>11,175</u>
Excess of revenues over (under) expenditures	3,127	18,592	1,731	38
Other financing sources (uses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,127	18,592	1,731	38
Fund balance, beginning of year	<u>21,726</u>	<u>(18,602)</u>	<u>(2,072)</u>	<u>(38)</u>
Fund balance, end of year	<u>\$ 24,852</u>	<u>(10)</u>	<u>(341)</u>	<u>-</u>

<u>Title VI-B Preschool</u>	<u>Class Size Reduction Grant</u>	<u>Misc. Federal Grants</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>TOTAL</u>
-	-	-	-	-	-	428,489
-	-	-	-	563,645	72,316	635,961
-	-	-	840	1,349	-	2,623
2,490	62,265	27,237	-	113,317	-	890,036
-	-	-	38,034	-	-	38,034
<u>2,490</u>	<u>62,265</u>	<u>27,237</u>	<u>38,874</u>	<u>678,311</u>	<u>72,316</u>	<u>1,995,143</u>
-	69,432	(237)	22,760	-	69,093	271,001
2,490	-	-	-	-	-	256,569
-	-	-	-	-	-	47,687
-	9,755	-	-	-	-	144,622
-	-	-	-	-	-	36,806
-	-	-	-	-	-	14,610
-	-	-	15,950	-	-	168,263
-	-	-	-	-	-	303,653
-	-	-	-	745,936	-	745,936
<u>2,490</u>	<u>79,187</u>	<u>(237)</u>	<u>38,710</u>	<u>745,936</u>	<u>69,093</u>	<u>1,989,147</u>
-	(16,922)	27,474	164	(67,625)	3,223	5,996
-	6,578	-	-	-	-	6,578
-	-	-	-	-	-	(2,878)
-	<u>6,578</u>	-	-	-	-	<u>3,700</u>
-	(10,344)	27,474	164	(67,625)	3,223	9,696
-	-	(5,493)	72,740	96,800	23,815	284,494
-	<u>(10,344)</u>	<u>21,981</u>	<u>72,904</u>	<u>29,175</u>	<u>27,038</u>	<u>294,190</u>

ROSS LOCAL SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

Nonmajor Capital Projects Fund

Year Ended June 30, 2003

		<u>IVDL Grant</u>
Revenues:		
Interest	\$	-
Intergovernmental		<u>1,200</u>
Total revenues		<u>1,200</u>
Expenditures:		
Current:		
Support services:		
Instructional staff		-
Capital outlay		<u>-</u>
Total expenditures		<u>-</u>
Net change in fund balances		1,200
Fund balance, beginning of year		<u>-</u>
Fund balance, end of year	\$	<u><u>1,200</u></u>

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Public School Support Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 104,587	104,587	-
Expenditures:			
Current:			
Instruction:			
Regular	91,802	91,802	-
Special	-	-	-
Total expenditures	91,802	91,802	-
Excess of revenues over expenditures	12,785	12,785	-
Fund balance July 1, 2002	17,957	17,957	-
Prior year encumbrances appropriated	5,526	5,526	-
Fund balance June 30, 2003	\$ 36,268	36,268	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Athletic Fund Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 324,255	324,255	-
Expenditures:			
Extracurricular activities	291,477	291,477	-
Total expenditures	291,477	291,477	-
Excess of revenues over expenditures	32,778	32,778	-
Fund balance July 1, 2002	55,943	55,943	-
Prior year encumbrances appropriated	26,090	26,090	-
Fund balance June 30, 2003	\$ 82,033	82,033	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Auxiliary Service Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 130,213	130,213	-
Expenditures:			
Community services	136,241	136,241	-
Total expenditures	136,241	136,241	-
Deficiency of revenues under expenditures	(6,028)	(6,028)	-
Fund balance July 1, 2002	36,873	36,873	-
Prior year encumbrances appropriated	1,199	1,199	-
Fund balance June 30, 2003	\$ 32,044	32,044	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Entry Year Teaching Program Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 8,000	8,000	-
Expenditures:			
Current:			
Instruction:			
Regular	7,700	7,700	-
Total expenditures	7,700	7,700	-
Excess of revenues over expenditures	300	300	-
Fund balance July 1, 2002	-	-	-
Prior year encumbrances appropriated	-	-	-
Fund balance June 30, 2003	\$ 300	300	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Management Information Systems Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 9,338	9,338	-
Expenditures:			
Current:			
Support services:			
Instructional staff	9,113	9,113	-
Central	610	610	-
Total expenditures	9,723	9,723	-
Deficiency of revenues under expenditures	(385)	(385)	-
Fund balance July 1, 2002	6,217	6,217	-
Prior year encumbrances appropriated	114	114	-
Fund balance June 30, 2003	\$ 5,946	5,946	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
ONENet Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 14,000	14,000	-
Expenditures:			
Current:			
Support services:			
Central	14,000	14,000	-
Total expenditures	21,000	14,000	-
Excess of revenues over expenditures	-	-	-
Fund balance July 1, 2002	-	-	-
Fund balance June 30, 2003	\$ -	-	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
School Net Professional Development Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 8,050	8,050	-
Expenditures:			
Current:			
Support services:			
Instructional staff	6,704	6,704	-
Total expenditures	6,704	6,704	-
Excess of revenues over expenditures	1,346	1,346	-
Fund balance July 1, 2002	3,347	3,347	-
Prior year encumbrances appropriated	-	-	-
Fund balance June 30, 2003	\$ 4,693	4,693	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Ohio Reads Volunteer Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 17,000	17,000	-
Expenditures:			
Current:			
Instruction:			
Regular	13,728	13,728	-
Total expenditures	13,728	13,728	-
Excess of revenues over expenditures	3,272	3,272	-
Fund balance July 1, 2002	-	-	-
Prior year encumbrances appropriated	-	-	-
Fund balance June 30, 2003	\$ 3,272	3,272	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Miscellaneous State Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 3,289	3,289	-
Expenditures:			
Current:			
Instruction:			
Regular	201	201	-
Support services:			
School administration	4,897	4,897	-
Total expenditures	5,098	5,098	-
Deficiency of revenues under expenditures	(1,809)	(1,809)	-
Fund balance July 1, 2002	799	799	-
Prior year encumbrances appropriated	2,608	2,608	
Fund balance June 30, 2003	\$ 1,598	1,598	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Economic Security Act Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 729	729	-
Expenditures:			
Current:			
Support services:			
Instructional staff	414	414	-
Total expenditures	414	414	-
Excess of revenues over expenditures	315	315	-
Fund balance July 1, 2002	2,563	2,563	-
Prior year encumbrances appropriated	415	415	-
Fund balance June 30, 2003	\$ 3,293	3,293	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Title VI-B Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 270,854	270,854	-
Expenditures:			
Current:			
Instruction:			
Special	79,591	79,591	-
Support services:			
Pupil	36,512	36,512	-
Instructional staff	98,610	98,610	-
School administration	31,510	31,510	-
Community services	14,013	14,013	-
Total expenditures	260,236	260,236	-
Excess of revenues over expenditures	10,618	10,618	-
Fund balance July 1, 2002	35,103	35,103	-
Prior year encumbrances appropriated	1,517	1,517	-
Fund balance June 30, 2003	\$ 47,238	47,238	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Title I Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 196,399	196,399	-
Expenditures:			
Current:			
Instruction:			
Special	195,231	195,231	-
Supporting services			
Instructional staff	2,657	2,657	-
Community services	3,881	3,881	-
Total expenditures	201,769	201,769	-
Deficiency of revenues under expenditures	(5,370)	(5,370)	-
Fund balance July 1, 2002	6,903	6,903	-
Fund balance June 30, 2003	\$ 1,533	1,533	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Title VI Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 16,116	16,116	-
Expenditures:			
Current:			
Support services:			
Instructional staff	12,437	12,437	-
Community services	1,808	1,808	-
Total expenditures	14,245	14,245	-
Excess of revenues over expenditures	1,871	1,871	-
Fund balance July 1, 2002	50	50	-
Fund balance June 30, 2003	\$ 1,921	1,921	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Drug Free School Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 11,213	11,213	-
Expenditures:			
Current:			
Support services:			
Pupil	14,600	14,600	-
Total expenditures	14,600	14,600	-
Deficiency of revenues under expenditures	(3,387)	(3,387)	-
Fund balance July 1, 2002	3,387	3,387	-
Fund balance June 30, 2003	\$ -	-	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Title VI-B Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 2,490	2,490	-
Expenditures:			
Current:			
Instruction:			
Special	2,490	2,490	-
Total expenditures	2,490	2,490	-
Deficiency of revenues under expenditures	-	-	-
Fund balance July 1, 2002	-	-	-
Fund balance June 30, 2003	\$ -	-	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Class Size Reduction Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 62,265	62,265	-
Expenditures:			
Current:			
Instruction:			
Regular	59,073	59,073	-
Special	9,755	9,755	-
Total expenditures	68,828	68,828	-
Deficiency of revenues under expenditures	(6,563)	(6,563)	-
Fund balance July 1, 2002	-	-	-
Fund balance June 30, 2003	\$ (6,563)	(6,563)	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Miscellaneous Federal Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 27,237	27,237	-
Expenditures:			
Current:			
Instruction:			
Regular	8,591	8,591	-
Total expenditures	8,591	8,591	-
Excess of revenues over expenditures	18,646	18,646	-
Fund balance July 1, 2002	21,981	21,981	-
Fund balance June 30, 2003	\$ 40,627	40,627	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 38,416	38,416	-
Expenditures:			
Current:			
Instruction:			
Regular	21,476	21,476	-
Community services	15,950	15,950	-
Total expenditures	37,426	37,426	-
Excess of revenues over expenditures	990	990	-
Fund balance July 1, 2002	75,657	75,657	-
Fund balance June 30, 2003	\$ 76,647	76,647	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Food Service Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 666,407	666,407	-
Expenditures:			
Current:			
Food services	757,246	757,246	-
Total expenditures	757,246	757,246	-
Deficiency of revenues under expenditures	(90,839)	(90,839)	-
Fund balance July 1, 2002	170,239	170,239	-
Fund balance June 30, 2003	\$ 79,400	79,400	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Uniform School Supply Special Revenue Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 72,321	72,321	-
Expenditures:			
Current:			
Instruction:			
Regular	72,761	72,761	-
Total expenditures	72,761	72,761	-
Excess of revenues over expenditures	(440)	(440)	-
Fund balance July 1, 2002	25,967	25,967	-
Fund balance June 30, 2003	\$ 25,527	25,527	-

**Ross Local School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
IVDL Grant Capital Projects Fund
For the Fiscal Year Ended June 30, 2003**

	Revised Budget	Actual	Variance From Final Budget
Revenues:			
Total revenues	\$ 1,200	1,200	-
Expenditures:			
Current:			
Instruction:			
Regular	-	-	-
Total expenditures	-	-	-
Excess of revenues over expenditures	1,200	1,200	-
Fund balance July 1, 2002	-	-	-
Fund balance June 30, 2003	\$ 1,200	1,200	-

This Page Intentionally Left Blank

Statistical Section

**ROSS LOCAL SCHOOL DISTRICT, OHIO
GENERAL FUND EXPENDITURES BY FUNCTION
LAST TEN YEARS**

	2003 Fiscal	2002 Fiscal	2001 Fiscal	2000 Fiscal	1999 Fiscal
Instruction	\$ 9,424,612	8,969,317	8,286,535	7,916,951	7,383,808
Pupil Support	554,744	597,526	490,294	499,469	463,760
Instructional Staff	677,859	691,682	527,290	515,914	479,804
Board of Education	23,077	17,966	20,504	16,278	15,833
Administration	1,541,959	1,694,240	1,320,688	1,264,469	1,177,328
Fiscal	416,643	398,545	360,862	343,735	342,863
Operations and Maintenance	1,044,205	1,023,005	932,418	906,094	889,695
Pupil Transportation	1,423,347	1,273,387	1,148,335	1,280,670	1,076,996
Miscellaneous	-	-	-	-	-
Extracurricular activities	398,689	334,517	286,933	256,020	242,016
Capital Outlay	137,889	139,097	394,120	256,638	136,571
Non-Instructional Services	82,721	-	-	157,105	153,685
Total Expenditures	<u>\$ 15,725,745</u>	<u>\$ 15,139,282</u>	<u>13,767,979</u>	<u>13,413,343</u>	<u>12,362,359</u>

Source: District records.

<u>1998</u> <u>Fiscal</u>	<u>1997</u> <u>Fiscal</u>	<u>1996</u> <u>Fiscal</u>	<u>1995</u> <u>Fiscal</u>	<u>1994</u> <u>Fiscal</u>
7,091,378	6,732,849	6,273,740	5,923,415	5,751,340
436,490	421,593	384,024	343,218	336,406
438,208	397,315	368,209	357,090	326,326
27,671	19,934	21,269	19,934	22,399
1,211,454	1,171,316	1,013,279	1,038,941	862,710
332,641	340,945	311,252	306,317	264,402
894,584	866,973	859,493	842,413	841,128
1,057,198	1,030,003	953,194	849,928	785,231
-	851	1,168	1,378	1,180
225,832	185,000	176,831	168,493	153,566
275,383	227,848	14,024	81,541	92,171
<u>44,080</u>	<u>54,592</u>	<u>66,891</u>	<u>52,944</u>	<u>58,347</u>
<u>12,034,919</u>	<u>11,449,219</u>	<u>10,443,374</u>	<u>9,985,612</u>	<u>9,495,206</u>

**ROSS LOCAL SCHOOL DISTRICT, OHIO
GENERAL FUND REVENUES BY SOURCE
LAST TEN YEARS**

	<u>2003 Fiscal</u>	<u>2002 Fiscal</u>	<u>2001 Fiscal</u>	<u>2000 Fiscal</u>	<u>1999 Fiscal</u>
Taxes	\$ 5,283,108	4,901,079	5,987,162	5,415,742	5,217,795
Tuition	6,787	15,240	10,964	17,029	5,961
Earnings on Investments	175,749	120,339	298,465	244,395	197,012
Other Local Revenues	395,299	90,066	131,055	340,176	261,782
Intergovernmental	<u>9,360,561</u>	<u>8,970,598</u>	<u>8,439,858</u>	<u>7,998,297</u>	<u>7,794,931</u>
Total Revenues	<u>\$ 15,221,504</u>	<u>\$ 14,097,322</u>	<u>14,867,504</u>	<u>14,015,639</u>	<u>13,477,481</u>

Source: District records.

<u>1998 Fiscal</u>	<u>1997 Fiscal</u>	<u>1996 Fiscal</u>	<u>1995 Fiscal</u>	<u>1994 Fiscal</u>
5,088,667	5,061,769	4,805,486	4,159,065	3,695,455
12,018	7,501	4,875	2,943	4,686
176,073	152,882	79,098	58,449	42,413
230,395	132,050	121,441	126,863	112,951
<u>7,031,261</u>	<u>6,738,308</u>	<u>6,320,497</u>	<u>5,580,587</u>	<u>5,511,264</u>
<u>12,538,414</u>	<u>12,092,510</u>	<u>11,331,397</u>	<u>9,927,907</u>	<u>9,366,769</u>

**ROSS LOCAL SCHOOL DISTRICT, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS - REAL AND PUBLIC UTILITY PROPERTY
LAST TEN COLLECTION (CALENDAR) YEARS**

<u>Year</u>	<u>Tax Levied (1)</u>	<u>Current Collection (2)</u>	<u>Percent Collected</u>	<u>Delinquent Collection</u>	<u>Total Tax Collection</u>	<u>Percent of Total Collections to Levy</u>	<u>Outstanding Delinquent Taxes (3)</u>	<u>Percent of Outstanding Delinquent Taxes to Tax Levied</u>
2003	\$ 6,262,051	6,195,706	98.94%	125,756	6,321,462	100.95%	250,755	4.00%
2002	5,768,382	5,722,821	99.21%	155,314	5,878,135	101.90%	302,885	5.25%
2001	5,994,187	5,629,321	93.91%	166,376	5,795,697	96.69%	565,004	9.43%
2000	5,978,841	5,593,400	93.55%	112,471	5,705,871	95.43%	366,514	6.13%
1999	5,505,565	5,401,165	98.10%	167,019	5,568,184	101.14%	93,545	1.70%
1998	5,384,738	5,242,795	97.36%	139,579	5,382,374	99.96%	156,162	2.90%
1997	5,358,931	5,205,129	97.13%	166,919	5,372,048	100.24%	153,800	2.87%
1996	NA	NA	NA	NA	NA	NA	NA	NA
1995	NA	NA	NA	NA	NA	NA	NA	NA
1994	NA	NA	NA	NA	NA	NA	NA	NA

Source: Butler County Auditor.

- (1) Taxes levied and collected are presented on a cash basis.
- (2) State reimbursements of rollback and homestead exemptions are included.
- (3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.
- NA Information not available from the County

ROSS LOCAL SCHOOL DISTRICT, OHIO
PROPERTY TAX RATES (PER \$1,000 OF ASSESSED VALUATION)
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN COLLECTION (CALENDAR YEARS)

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Butler County	8.75	8.75	8.75	8.45	8.45	8.44	8.45	8.44	7.44	7.45
Ross Township	5.72	5.72	5.72	5.72	5.72	5.72	5.72	5.72	3.72	5.72
Butler County Joint Vocational School	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93

Source: Butler County Auditor

ROSS LOCAL SCHOOL DISTRICT, OHIO
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN CALENDAR YEARS (1)

Collection Year	Real Property		Tangible Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2003	\$ 244,534,330	698,669,514	9,136,105	36,544,420
2002	217,059,670	620,170,486	9,238,487	36,953,948
2001	211,676,960	604,791,257	8,738,086	34,952,344
2000	207,818,580	593,767,371	7,835,089	31,340,356
1999	173,867,580	496,764,543	7,569,992	30,279,968
1998	169,523,550	484,353,000	6,927,607	27,710,428
1997	166,897,720	476,850,629	6,414,341	25,657,364
1996	NA	NA	NA	NA
1995	NA	NA	NA	NA
1994	NA	NA	NA	NA

Source: Butler County Auditor.

(1) Butler County Auditor property tax records are maintained on a calendar year basis.

NA Information not available from the County

Public Utilities Personal		Total		Ratio
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
8,658,870	7,993,815	262,329,305	743,207,749	35.30%
8,768,710	9,964,443	235,066,867	667,088,877	35.24%
12,015,310	13,653,761	232,430,356	653,397,362	35.57%
12,960,720	14,728,091	228,614,389	639,835,818	35.73%
12,694,070	14,425,080	194,131,642	541,469,591	35.85%
12,679,920	14,409,000	189,131,077	526,472,428	35.92%
13,271,050	15,080,739	186,583,111	517,588,732	36.05%
NA	NA	NA	NA	NA
NA	NA	NA	NA	NA
NA	NA	NA	NA	NA

ROSS LOCAL SCHOOL DISTRICT, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2003

Assessed valuation of District	\$	<u>262,329,305</u>
Voted Debt Limit - 9% of Assessed Value	\$	23,609,637
Amount of Debt Applicable to Debt Limit:		
Net Bonded Debt		<u>24,900,000</u>
Voted Debt Margin	\$	<u>(1,290,363)</u>
Unvoted Debt Limit - .1% of Assessed Value	\$	262,329
Amount of Debt Applicable to Debt Limit:		<u>-</u>
Unvoted Debt Margin	\$	<u>262,329</u>

Source: County Auditor and School District Records

Note: Ohio Bond Law sets a limit of 9% for voted debt and 0.1% for unvoted debt.

Note: Bonds issued for Energy Conservation Projects are excludable when calculating legal debt margin.

ROSS LOCAL SCHOOL DISTRICT, OHIO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2003

<u>Governmental Unit</u>	<u>General Obligation Debt Outstanding</u>	<u>Percent Applicable to District</u>	<u>Amount Applicable to District</u>
Direct:			
Ross Local School District:			
Energy Conservation Bond	\$ 20,000	100.00%	20,000
Bonds	<u>24,900,000</u>	100.00%	<u>24,900,000</u>
Total Ross Local School District	\$ <u>24,920,000</u>		<u>24,920,000</u>
Overlapping:			
Butler County	\$ <u>47,035,000</u>	3.98%	<u>1,871,993</u>
Total Overlapping	\$ <u>47,035,000</u>		<u>1,871,993</u>
Total Direct and Overlapping	\$ <u>71,955,000</u>		<u>26,791,993</u>

Source: Butler County Auditor.

Overlapping governments with no outstanding debt are not reflected.

**ROSS LOCAL SCHOOL DISTRICT, OHIO
CONSTRUCTION, BANK DEPOSITS AND PROPERTY VALUES
LAST TEN YEARS**

Year		Property Values (1)	Construction Values (2)	Bank Deposits (3)
2003	\$	262,329,305	4,321,500	1,136,994,000
2002		235,066,867	4,308,690	1,136,994,000
2001		222,215,590	2,373,890	1,152,810,000
2000		218,357,230	3,669,590	913,169,000
1999		183,170,020	3,773,570	864,105,000
1998		178,856,290	2,968,200	815,435,000
1997		175,717,540	2,685,244	783,398,000
1996		154,772,930	4,294,130	800,556,000
1995		151,996,860	3,537,500	737,683,000
1994		NA	NA	711,686,000
1993		NA	NA	724,213,000

(1) Source: Butler County Auditor.

(2) Source: Butler County Auditor.

(3) Includes all Butler County deposits. Source: Department of Data Service, Federal Reserve Bank of Cleveland.

ROSS LOCAL SCHOOL DISTRICT, OHIO
PRINCIPAL TAXPAYERS - REAL AND TANGIBLE PERSONAL PROPERTY
JUNE 30, 2003

<u>Name of Taxpayer</u>	<u>Assessed Value</u>	<u>Percent of Assessed Value</u>
Cincinnati Gas & Electric	\$ 2,755,640	1.05%
Cincinnati Bell Telephone	2,137,380	0.81%
Butler Rural Electric	1,723,320	0.66%
Watson Ronnie	1,379,530	0.53%
Broshear Contractors	1,111,080	0.42%
Watson Gravel, Inc.	1,006,450	0.38%
Texas Eastern	737,920	0.28%
Welch Sand and Gravel	730,840	0.28%
Cornelius Daniel	637,930	0.24%
Burwinkel Joseph	539,540	0.21%

Source: Butler County Auditor.

**ROSS LOCAL SCHOOL DISTRICT, OHIO
GENERAL FUND EXPENDITURES,
AVERAGE DAILY MEMBERSHIP AND
GENERAL COST PER PUPIL
LAST TEN FISCAL YEARS**

Fiscal Year	General Fund Expenditures (1)	Average Daily Membership	General Fund Cost per Pupil (2)
2003	\$ 15,725,745	2,557	6,150
2002	15,530,600	2,546	6,100
2001	14,942,304	2,456	6,084
2000	14,350,931	2,479	5,789
1999	14,277,816	2,646	5,396
1998	13,867,150	2,654	5,225
1997	13,082,594	2,693	4,858
1996	11,383,218	2,709	4,202
1995	11,250,816	2,656	4,236
1994	10,925,091	2,637	4,143

Source: District records.

(1) Expenditures on Cash Basis, including other financing uses with the exception of advances and transfers out.

(2) Certified by the Ohio Department of Education.

ROSS LOCAL SCHOOL DISTRICT, OHIO
COST TO EDUCATE A 2003 GRADUATE
ROSS LOCAL SCHOOL DISTRICT VS. STATE OF OHIO AVERAGE
(1991 - 2003)

<u>Fiscal Year</u>	<u>Grade</u>	<u>Ross Local School District Annual Per Pupil Cost</u>	<u>State of Ohio Average Cost Per Pupil</u>	<u>Comparison to State Average Cost</u>
2003	12	6,150	7,483	(1,333)
2002	11	6,100	7,052	(952)
2001	10	6,084	6,602	(518)
2000	9	5,789	6,176	(387)
1999	8	5,396	5,788	(392)
1998	7	5,225	5,113	112
1997	6	4,858	4,915	(57)
1996	5	4,202	4,758	(556)
1995	4	4,236	4,640	(404)
1994	3	4,143	4,437	(294)
1993	2	4,194	4,254	(60)
1992	1	3,729	4,159	(430)
1991	KDG(1)	<u>1,762</u>	<u>1,981</u>	<u>(219)</u>
		<u>55,718</u>	<u>59,875</u>	<u>(4,157)</u>

Source: District records.

Annual cost per pupil is General Fund, on cash basis

(1) Annual per pupil cost for Kindergarten is one half annual per pupil cost.

**ROSS LOCAL SCHOOL DISTRICT, OHIO
STUDENT DEMOGRAPHIC INFORMATION
LAST TEN YEARS**

<u>School Year</u>	<u>Enrollment</u>	<u>Minority Percent</u>	<u>ADC Percent</u>	<u>Attendance Rate</u>
2002-2003	2557	1.01%	3.79%	97.80%
2001-2002	2546	0.78%	2.50%	96.20%
2000-2001	2456	0.78%	2.50%	96.20%
1999-2000	2479	0.93%	2.49%	94.90%
1998-1999	2646	1.02%	3.44%	95.50%
1997-1998	2654	1.28%	4.36%	95.38%
1996-1997	2693	1.23%	4.61%	94.73%
1995-1996	2709	1.10%	4.52%	94.87%
1994-1995	2656	1.15%	4.54%	94.61%
1993-1994	2637	0.38%	4.37%	94.83%
1992-1993	2688	0.37%	4.43%	94.15%

Source: District records.

**ROSS LOCAL SCHOOL DISTRICT, OHIO
COMPARISON TO OTHER SCHOOL DISTRICTS
SELECTED STAFF DATA (1) (2)**

District	County	ADM 1999-2000	1999-2000 Average Teacher Salary	1999-2000 Student Teacher Ratio	1999-2000 General Fund Cost per Pupil
Ross Local School District	Butler	2,479	40,945	18.1	7,057
Madison Local School District	Butler	1,511	34,214	17.8	6,247
Tecumseh Local School District	Clark	3,690	40,056	17.8	6,410
Goshen Local School District	Clermont	2,514	37,775	20.1	5,732
Buckeye Valley local School District	Delaware	2,117	41,116	22.1	6,169
Madison Local School District	Lake	3,434	46,578	20.8	6,487
Southwest Licking Local School District	Licking	2,961	41,074	19.4	6,350
Firelans Local School District	Lorain	1,914	38,015	19.1	6,258
Keystone Local School District	Lorain	1,632	39,436	21.1	6,032
Midview Local School District	Lorain	3,092	39,820	19.8	6,429
Milton-Union Ex. Village	Miami	1,819	38,918	19.6	5,945
Valley View Local School District	Montgomery	1,863	40,423	18.9	6,583
East Muskingum Local School District	Muskingum	2,230	39,650	20.6	5,732
Genoa Area Local School District	Ottawa	1,629	37,556	20.3	6,575
Crestwood Local School District	Portage	2,743	40,367	23.2	6,233
Southeast Local School District	Portage	2,298	39,663	19.7	6,210
Louisville City School District	Stark	3,132	41,682	19.6	5,646
Northwest Local School District	Stark	2,394	41,468	19.2	5,717
Little Miami Local School District	Warren	2,564	39,724	19.2	6,101
Chippewa Local School District	Wayne	1,499	38,743	18.4	6,198
Ostego Local School District	Wood	1,640	38,352	18.8	6,394

Source: Ohio Department of Education Vital Statistics

(1) Comparison group is defined by the Ohio Department of Education, based on socio-economic factors.

(2) 1999-2000 School Year is the most recent for which cost per pupil figures are available for all districts.

**ROSS LOCAL SCHOOL DISTRICT, OHIO
COMPARISON TO OTHER SCHOOL DISTRICTS
ECONOMIC INDICATORS (1) (2)**

District	County	ADM 1999-2000	Average Income	1999-2000 General Fund Revenue Per Pupil	Property Value Per Pupil
Ross Local School District	Butler	2,479	33,504	5,778	86,853
Madison Local School District	Butler	1,511	34,638	5,695	75,193
Tecumseh Local School District	Clark	3,690	29,411	6,195	64,161
Goshen Local School District	Clermont	2,514	29,825	6,379	60,170
Buckeye Valley local School District	Delaware	2,117	34,565	6,377	116,891
Madison Local School District	Lake	3,434	30,218	6,487	74,634
Southwest Licking Local School District	Licking	2,961	36,266	6,047	91,155
Firelans Local School District	Lorain	1,914	33,041	6,385	99,710
Keystone Local School District	Lorain	1,632	34,323	6,349	93,323
Midview Local School District	Lorain	3,092	33,066	6,116	92,873
Milton-Union Ex. Village	Miami	1,819	30,730	5,478	79,968
Valley View Local School District	Montgomery	1,863	33,143	6,237	81,371
East Muskingum Local School District	Muskingum	2,230	30,375	5,402	64,281
Genoa Area Local School District	Ottawa	1,629	32,501	6,072	76,450
Crestwood Local School District	Portage	2,743	31,248	5,522	78,783
Southeast Local School District	Portage	2,298	33,210	5,734	61,602
Louisville City School District	Stark	3,132	30,167	5,351	84,540
Northwest Local School District	Stark	2,394	32,950	5,555	81,540
Little Miami Local School District	Warren	2,564	35,527	5,615	111,789
Chippewa Local School District	Wayne	1,499	31,225	5,858	85,723
Ostego Local School District	Wood	1,640	32,265	6,300	83,811
State of Ohio Average		2,835	29,363	7,013	

Source: Ohio Department of Education Vital Statistics

(1) Comparison group is defined by the Ohio Department of Education, based on socio-economic factors.

(2) 1999-2000 School Year is the most recent for which cost per pupil figures are available for all districts.

ROSS LOCAL SCHOOL DISTRICT, OHIO
BOARD OWNED PROPERTY
JUNE 30, 2003

Instructional Sites:						<u>Year</u> <u>Constructed</u>	<u>Capacity/</u> <u>Square Ft.</u>	<u>Acreage</u>
Elda Elementary	3980 Hamilton Cleves Road	Hamilton	Ohio	45013	1963	42,751	10.0	
Morgan Elementary	3427 Chapel Road	Hamilton	Ohio	45013	1982	47,050	13.0	
Ross Middle School	3371 Hamilton Cleves Road	Hamilton	Ohio	45013	1938	77,363	17.0	
Ross High School	3425 Hamilton Cleves Road	Hamilton	Ohio	45013	1967	101,278	37.0	
Administrative and Service Sites								
Administrative Offices	3371 Hamilton Cleves Road	Hamilton	Ohio	45013	1938	2,000	-	
Transportation Department		Hamilton	Ohio	45013		6,000	3.5	

Note: The Administrative Office and the Ross Middle School share a common site.
The Transportation Department is leased from MBA.

**ROSS LOCAL SCHOOL DISTRICT, OHIO
 DIRECTORY OF EDUCATIONAL SERVICES
 JUNE 30, 2003**

Instructional Sites:

Elda Elementary	Principal	Mr. Michael Teufel	(513)738-1972
Morgan Elementary	Principal	Mr. Tom Perry	(513)738-1986
Ross Middle School	Principal	Mr. Clint Moore	(513)863-1251
Ross High School	Principal	Mr. Greg Young	(513)863-1252

Administrative and Service Sites

Administrative Offices	Superintendent	Mr. David McWilliams	(513)863-1253
	Treasurer	Mrs. Tracy Jarvis	(513)863-1250
	Asst. Superintendent	Mr. Joel Fink	(513)863-1253
Transportation Department	Director of Transportation	Mr. Ron Mandery	(513)738-2900

Note: The Administrative Office and the Ross Middle School share a common site.
 The Transportation Department is leased from MBA.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

ROSS LOCAL SCHOOL DISTRICT

BUTLER COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 24, 2004**