

**ROSS LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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REPORT OF INDEPENDENT ACCOUNTANTS

Ross Local School District
Butler County
3371 Hamilton-Cleves Road
Hamilton, Ohio 45013

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Ross Local School District, Butler County, Ohio (the District) as of and for the fiscal year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ross Local School District, Butler County, Ohio, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

As described in Note 16 to the accompanying general-purpose financial statements, the District changed its method of accounting for plan assets of its deferred compensation plan.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.


Jim Petro
Auditor of State

February 14, 2000

ROSS LOCAL SCHOOL DISTRICT
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1999

	GOVERNMENTAL FUND TYPES			
	General Fund	Special Revenue	Capital Projects	Debt Service
ASSETS AND OTHER DEBITS:				
Assets:				
Equity in pooled cash and investments.....	3,247,367	\$150,705	\$40,017	
Receivables (net of allowances)..... for uncollectibles)				
Taxes - current.....	5,270,000			52,744
Accounts.....	1,148	2,434		
Accrued interest.....	10,571			
Intergovernmental - State.....				
Intergovernmental - Federal.....				
Prepayments.....	11,157	49		
Materials and supplies inventory.....	4,226			
Restricted Equity in Pooled Cash and Investments.....	176,892			
Property, plant and equipment (net of accumulated depreciation, where applicable).....				
Other debits:				
Amount to be provided for retirement of General Long-term Obligations.....				
Total assets and other debits.....	\$8,721,361	\$153,188	\$40,017	\$52,744

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$244,824	\$576	\$102,471			\$3,785,960
					5,322,744
54					3,635
		125			10,696
666					666
14,138					14,138
					11,206
35,125					39,351
					176,892
72,580	710		29,969,456		30,042,746
				1,177,245	1,177,245
<u>\$367,387</u>	<u>\$1,286</u>	<u>\$102,596</u>	<u>\$29,969,456</u>	<u>\$1,177,245</u>	<u>\$40,585,280</u>

- continued

ROSS LOCAL SCHOOL DISTRICT
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS - continued
 JUNE 30, 1999

	GOVERNMENTAL FUND TYPES			
	General Fund	Special Revenue	Capital Projects	Debt Service
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable.....	\$47,839	\$11,209	118	
Accrued wages and benefits.....	1,322,854	20,785		
Compensated absences payable.....	36,119			
Capital Lease payable.....				
Pension obligation payable.....				
Deferred revenue	3,750,780			52,744
Due to students/government.....				
General obligation bonds payable.....				
Retirement Incentive Obligations.....				
Total liabilities.....	5,157,592	31,994	118	52,744
Equity and other credits:				
Investment in general fixed assets.....				
Contributed Capital.....				
Retained earnings: unreserved.....				
Fund Balances:				
Reserved-				
Reserved for encumbrances.....	297,889	20,283	10,794	
Reserved for supplies inventory.....	4,226			
Reserved for taxes.....	1,519,220			
Reserved for prepayments.....	11,157	48		
Reserved for budget stabilization.....	176,892			
Unreserved-Undesignated.....	1,554,390	100,863	29,105	
Total equity and other credits.....	3,563,774	121,194	39,899	0
Total liabilities, equity and other credits.....	\$8,721,361	\$153,188	\$40,017	\$52,744

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$3,731		\$2,229			\$65,126
65,510					1,409,149
18,895				510,150	565,164
				140,000	140,000
				90,232	90,232
20,480		46,429			3,824,004
				175,000	46,429
				261,863	175,000
108,616	0	48,658	0	1,177,245	261,863
					6,576,968
			29,969,456		29,969,456
258,771					258,771
					328,966
					4,226
					1,519,220
					11,205
					176,892
	\$1,286	\$53,938			1,739,582
258,771	1,286	53,938	29,969,456	0	34,008,318
\$367,387	\$1,286	\$102,596	\$29,969,456	\$1,177,245	\$40,585,280

ROSS LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 1999

GOVERNMENTAL FUND TYPES

	General Fund	Special Revenue	Debt Service	Capital Projects
Revenues:				
From local sources:				
Taxes.....	\$6,282,280		\$60,143	
Tuition.....	5,961			
Earnings on Investments.....	191,593	1,365		
Other local revenues.....	102,358	214,335		
Intergovernmental - State.....	7,794,931	194,949		277,568
Intergovernmental - Federal.....		321,930		
Total revenues.....	14,377,123	732,579	60,143	277,568
Expenditures:				
Current:				
Instruction:				
Regular.....	6,644,748	176,522		249,594
Special.....	641,253	211,925		
Vocational.....	(306)			
Other.....	176,709			
Support services:				
Pupil.....	456,056	23,976		
Instructional staff.....	490,798	66,579		
General administration.....	15,232			
School administration.....	1,185,991	10,194		
Fiscal.....	346,482			
Operations and maintenance.....	883,962			
Pupil transportation.....	1,096,225			
Community services.....	0	124,866		
Extracurricular activities.....	246,124	169,391		
Capital outlay.....	269,403			349
Debt service:				
Principal retirement.....			50,000	
Interest and fiscal charges.....			10,143	
Total expenditures.....	12,452,677	783,453	60,143	249,943
Excess (deficiency) of revenues over (under) expenditures.....	1,924,446	(50,874)	0	27,625
Other financing sources (uses):				
Refund of prior year expenditures.....	2,507	190		
Operating transfers in.....	104,624	21,684		
Operating transfers (out).....	(104,624)	(21,684)		
Proceeds of Capital Leases.....	140,000			
Other uses.....				
Sale and loss of fixed assets.....	2,721			
Refund of prior year receipts.....		(35)		
Total other financing sources (uses).....	145,228	155	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses.....	2,069,674	(50,719)	0	27,625
Fund balance, July 1.....	1,493,159	171,913	0	12,274
Increase in reserve for inventory.....	941			
Fund balance, June 30.....	\$3,563,774	\$121,194	\$0	\$39,899

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FIDUCIARY FUND TYPE	Totals (Memorandum Only)
Expendable Trust	
	\$6,342,423
	5,961
519	193,477
56,075	372,768
	8,267,448
	321,930
<u>56,594</u>	<u>15,504,007</u>
12,086	7,082,950
	853,178
	(306)
	176,709
	480,032
	557,377
	15,232
	1,196,186
	346,482
	883,962
	1,096,225
14,785	139,651
	415,515
	269,752
	50,000
	10,143
<u>26,871</u>	<u>13,573,086</u>
29,723	1,930,921
100	2,797
	126,307
	(126,307)
	140,000
(10,627)	(10,627)
	2,721
	(35)
<u>(10,527)</u>	<u>134,857</u>
19,196	2,065,775
34,742	1,712,088
	941
<u>\$53,938</u>	<u>\$3,778,805</u>

ROSS LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR YEAR ENDED JUNE 30, 1999

	General Fund			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes.....	\$5,217,795	\$5,217,795	\$0			
Tuition.....	5,961	5,961	0			
Earnings on investments.....	197,012	197,012	0	1,365	1,365	0
Other local revenues.....	102,370	102,370	0	214,378	214,378	0
Intergovernmental - State.....	7,794,931	7,794,931	0	194,949	194,949	0
Intergovernmental - Federal.....				321,930	321,930	0
Total revenues.....	13,318,069	13,318,069	0	732,622	732,622	0
Expenditures:						
Current:						
Instruction:						
Regular.....	6,630,055	6,630,055	0	206,930	183,624	23,306
Special.....	656,500	656,500	0	241,934	241,934	0
Vocational.....	(181)	(181)	0			
Other.....	284,686	284,686	0			
Support services:						
Pupil.....	465,659	465,659	0	23,975	23,975	0
Instructional staff.....	479,995	479,995	0	64,913	64,913	0
General administration.....	16,648	16,648	0			
School administration.....	1,192,923	1,192,923	0	10,112	10,112	0
Fiscal.....	350,263	350,263	0			
Operations and maintenance.....	951,179	951,179	0			
Pupil transportation.....	1,123,766	1,123,766	0			
Central.....				367	367	
Community services.....				139,669	128,792	10,877
Extracurricular activities.....	245,030	245,030	0	225,551	186,687	38,864
Capital outlay.....	156,250	156,250	0			
Debt service:						
Principal retirement.....						
Interest and fiscal charges.....						
Total expenditures.....	12,552,773	12,552,773	0	913,451	840,404	73,047
Excess (deficiency) of revenues over (under) expenditures.....	765,296	765,296	0	(180,827)	(107,782)	73,047
Other financing sources (uses):						
Operating transfers in.....	104,624	104,624	0	21,684	21,684	0
Operating transfers (out).....	(104,624)	(104,624)	0	(23,200)	(23,200)	0
Advances In/(out).....	500	500	0			
Refund of prior year transactions.....	2,507	2,507	0	156	156	0
Proceeds of sale of fixed assets.....	2,721	2,721	0			
Contingencies						
Total other financing sources (uses).....	5,728	5,728	0	(1,360)	(1,360)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses.....	771,025	771,025	0	(182,188)	(109,142)	73,047
Fund balance, July 1.....	2,046,570	2,046,570	0	182,740	182,740	0
Prior year encumbrances appropriated.....	262,570	262,570	0	45,698	45,698	0
Fund balance, June 30.....	\$3,080,161	\$3,080,161	\$0	\$46,250	\$119,296	\$73,047

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Debt Service			Capital Projects			Total (Memorandum only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$60,143	\$60,143	\$0				\$5,277,937	\$5,277,937	\$0
						5,961	5,961	0
						198,377	198,377	0
			277,568	277,568	0	316,747	316,747	0
						8,267,448	8,267,448	0
						321,930	321,930	0
60,143	60,143	0	277,568	277,568	0	14,388,401	14,388,401	0
			265,632	265,632	0	7,102,617	7,079,311	23,306
						898,433	898,433	0
						(181)	(181)	0
						284,686	284,686	0
						489,634	489,634	0
						544,908	544,908	0
						16,648	16,648	0
						1,203,035	1,203,035	0
						350,263	350,263	0
						951,179	951,179	0
						1,123,766	1,123,766	0
						367	367	0
						139,669	128,792	10,877
			349	349	0	470,581	431,717	38,864
						156,599	156,599	0
50,000	50,000	0				50,000	50,000	0
10,143	10,143	0				10,143	10,143	0
60,143	60,143	0	265,981	265,981	0	13,792,347	13,719,300	73,047
0	0	0	11,588	11,588	0	596,056	669,102	73,047
						126,307	126,307	0
						(127,823)	(127,823)	0
						500	500	0
						2,662	2,662	0
						2,721	2,721	0
0	0	0	0	0	0	4,368	4,368	0
0	0	0	11,588	11,588	0	600,424	673,470	73,047
0	0	0	2,241	2,241	0	2,231,551	2,231,551	0
			15,277	15,277	0	323,544	323,544	0
\$0	\$0	\$0	\$29,105	\$29,105	\$0	\$3,155,513	\$3,228,560	\$73,047

ROSS LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 ALL PROPRIETARY FUND TYPES
 FOR YEAR ENDED JUNE 30, 1999

	PROPRIETARY		Total (Memorandum only)
	Enterprise	Internal Service	
Operating revenues:			
Tuition and fees.....	\$75,688		75,688
Sales/Charges for services.....	550,893	49,322	600,215
Interest revenue.....	5,325		5,325
Total operating revenues.....	631,906	49,322	681,228
Operating expenses:			
Personalservices.....	387,142		387,142
Contract services.....	21,871		21,871
Materials and supplies.....	402,577		402,577
Other operating expenses.....	1,173	48,746	49,919
Depreciation.....	27,304	640	27,944
Total operating expenses.....	840,067	49,386	889,453
Operating income.....	(208,161)	(64)	(208,225)
Nonoperating revenues (expenses):			
Operating grants.....	103,090		103,090
Commodities Used.....	48,729		48,729
Total nonoperating revenues (expenses).....	151,819	0	151,819
Net income (loss).....	(56,342)	(64)	(56,406)
Retained earnings at July 1.....	315,113	1,350	316,462
Retained earnings at June 30.....	\$258,771	\$1,286	\$260,057

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

ROSS LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
FOR YEAR ENDED JUNE 30, 1999
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	Enterprise	Internal Service	Total (Memorandum only)
Cash flows from operating activities:			
Cash received from sales/service charges.....	\$550,893	\$49,322	\$600,215
Cash received from other operations.....	80,977		80,977
Cash payments for personal services.....	(381,479)		(381,479)
Cash payments for contract services.....	(21,919)		(21,919)
Cash payments for supplies and materials.....	(358,502)		(358,502)
Cash payments for other expenses.....	(1,173)	(48,746)	(49,919)
Net cash provided by operating activities.....	(131,203)	576	(130,627)
Cash flows from noncapital financing activities:			
Cash received from operating grants.....	102,590		102,590
Cash received from non-operating grants.....	(500)		(500)
Net cash provided by noncapital financing activities.....	102,090	0	102,090
Net increase (decrease) in cash and cash equivalents.....	(29,113)	576	(28,537)
Cash and cash equivalents at beginning of year.....	273,938	0	273,938
Cash and cash equivalents at end of year.....	\$244,824	\$576	\$245,401
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss).....	(\$208,161)	(\$64)	(\$208,225)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation.....	27,304	640	\$27,944
Changes in assets and liabilities:			
Supplies inventory.....	34,941		34,941
Commodities used.....	48,729		48,729
Capital Assets.....	(26,374)		(26,374)
Accounts receivable.....	(36)		(36)
Accounts payable.....	(12,158)		(12,158)
Accrued wages and benefits.....	4,179		4,179
Compensated absences payable.....	1,485		1,485
Deferred revenue.....	(1,112)		(1,112)
Net cash provided by operating activities.....	(\$131,203)	\$576	(\$130,627)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

NOTE 1-DESCRIPTION OF THE DISTRICT

The Ross Local 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's significant accounting policies are described below.

A. Reporting Entity

The District's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement 14, The Financial Reporting Entity, effective for financial statements for periods beginning after December 15, 1992. The 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. There were no component units included in the reporting entity. The Ross Local School District reporting entity includes all funds and account groups of the District.

Jointly Governed Organization: The District participates in a jointly governed organization. This jointly governed organization is described in Note 12.

B. Basis of Presentation - Fund Accounting

The accounting system is organized on the basis of funds and account groups, each of which is considered a separate accounting entity. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The operation of each fund is accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The following fund types and account groups are used by the District:

Governmental Fund Types

Governmental Funds are those through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except for those accounted for in Proprietary Funds) are accounted for through Governmental Funds. Governmental Funds are accounted for on a spending or "financial flow" measurement focus. The following are the District's Governmental Fund types:

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 bylaws of the Ross Local Board of Education and the laws of the State of Ohio.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or for major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital assets or facilities (other than those financed by Proprietary Funds).

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the

ROSS LOCAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1999

payment of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable.

Proprietary Fund Types

Proprietary Funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (Enterprise Funds) or to other departments or agencies primarily within the government (Internal Service Funds). Proprietary Funds are accounted for on a cost of service or "capital maintenance" measurement focus. The following are the District's Proprietary Fund types:

Enterprise Funds - These funds are used to account for the District's food services program and school supplies program which are financed and operated in a manner similar to private business enterprises with the intent that costs (expenses, including depreciation) of providing goods or services are financed or recovered primarily through user charges and/or subsidies on behalf of users.

Internal Service Fund - This fund is used to account for the District's Rotary Fund. This fund is used to account for student related transactions where it is the desire of the District to determine costs of service.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other funds. These include Expendable Trust Funds and Agency Funds. The District currently has Expendable Trust Funds which fall into the Fiduciary Fund Type category, and are accounted for in essentially the same manner as Governmental Funds. Accordingly, the measurement focus is upon spending or "financial flow". The District also has Agency Funds which are custodial in nature (assets equal liabilities) and do not involve measurement of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long term liabilities related to specific funds and those of general nature, the following Account Groups are used:

General Fixed Assets Account Group

This Account Group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary and Trust Funds.

General Long-Term Debt Account Group

This Account Group is used to account for all of the District's long-term obligations other than those accounted for in the Proprietary and Trust Funds.

C. Basis of Accounting

Basis of accounting refers to when revenues, expenditures (or expenses) and transfers, and the related assets and liabilities are recognized in the accounts and reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

Governmental, Expendable Trust, and Agency Funds use the modified accrual basis of accounting. Under this basis, revenues and other financing sources are recognized in the accounting period in which they become both available and measurable to finance current District operations. Expenditures and other financing uses are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due, and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by the employee. In applying the susceptible to accrual concept under the modified accrual basis, revenue sources deemed both measurable and available (i.e., collectible within the current period, or soon enough thereafter, to be used to pay obligations of the current period) are those received within 60 days after year-end. Those revenues susceptible to accrual are property taxes available for advance, tuition fees, interest, grants and entitlements (to the extent intended to finance the current fiscal year). Current property taxes measurable as of June 30, 1999, and which are intended to finance fiscal 2000 operations, have been

recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue.

Other miscellaneous receipts are recorded as revenue when received in cash because they are generally not available for use within the current period or soon enough thereafter to be used to pay obligations of the current period.

Proprietary Funds use the accrual basis of accounting. Under this basis, revenues are recognized when they are earned and expenses are recognized when they are incurred.

D. Budget and Budgetary Accounting

An annual budget prepared on the basis of cash receipts and disbursements is legally required to be prepared for all fund types (except Agency Funds) of the District. The District follows the following procedures in establishing the budgetary data reported in the combined financial statements:

Tax Budget and Estimated Resources - The Board of Education submits a tax budget for the following fiscal year to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year. Based upon this tax budget, the County Budget Commission issues to the District an official certificate of estimated resources which states the projected receipts of each fund. This certificate is issued prior to April 1. On or about July 1, this certificate is amended to include actual, unencumbered cash balances from the preceding year, finalized estimated tax receipts and any revised other revenue submitted by the District. The District's final appropriation for the year, from any fund, may not exceed the amount stated in the certificate of estimated resources.

Appropriations - An annual appropriation measure to control cash disbursements is passed by the Board of Education no later than July 1 each year for the ensuing fiscal year. (Statute permits a temporary appropriation to be effective until no later than October 1 of each year). The annual appropriation budget is the actual spending plan for the fiscal year. The primary objective is to develop an appropriation that insures a fiscally sound operation throughout the year. The appropriations may be amended or supplemented during the year as new information becomes available, but may not exceed the estimated resources.

ROSS LOCAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 1999

Amended and supplemental appropriations measures were enacted by the Board of Education during 1999, none of which significantly changed overall appropriations.

Encumbrances - The District is required to use the encumbrance method of accounting. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. All unencumbered appropriations lapse at year end. Encumbrances need not be reappropriated in the ensuing year's budget. For reporting in conformity with generally accepted accounting principles, encumbrances are recorded as a reservation of the fund balances for governmental fund types and the fiduciary fund type. The District reports its budget on a cash basis, which considers encumbrances to be the equivalent of expenditures in order to demonstrate legal compliance. The reconciliation to GAAP Basis is as follows:

Reconciliation of Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses

	<u>Governmental Funds</u>		
	General Fund	Special Revenue	Capital Projects
Budget Basis	\$ 771,021	\$(109,142)	\$ 11,587
Net Adjustment for Revenue Accruals	1,059,054	(43)	0
Net Adjustment for Expenditure Accruals	(244,001)	25,542	5,126
Net Adjustment for Other Sources (Uses)	139,500	1,515	0
Encumbrances	<u>344,100</u>	<u>31,409</u>	<u>10,912</u>
GAAP Basis	<u>\$2,069,674</u>	<u>\$(50,719)</u>	<u>\$27,625</u>

E. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary 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 combined balance sheet.

During the year, Ross Local School District invested in CD's and a Money Market Mutual Fund. Investments are reported at fair value which is based on quoted market prices. Nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to the General Fund, Special Revenue Funds, Expendable Trust Funds and the Enterprise Fund based on average monthly cash balances. Interest income earned in fiscal 1999 totaled \$198,377.

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Treasurer's investment account at the year-end is provided in Note 3.

During the year, Ross Local School District invested in CD's and a Money Market Mutual Fund.

F. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish reserves for the purchase of textbooks, capital improvements and budget stabilization. These reserves are required by State statute. The restricted assets can be used to purchase textbooks and supplies and for capital improvements. The budget stabilization set aside can be used only after receiving approval from the State Superintendent of Public Instruction. A corresponding fund balance reserve has also been established.

G. Short-Term Interfund Receivables/Payables

During the course of operations, numerous short-term interfund loans are made. These short-term interfund loans are classified as interfund loans receivable or interfund loans payable on the balance sheet. The District had no interfund receivables and payables as of June 30, 1999.

H. Inventories

Inventories for all Governmental Funds are valued at cost on a first-in, first-out basis and are accounted for using the purchase method, which records an expenditure when purchased. Material inventories of funds are reported as assets, which are equally offset by a fund balance reservation which indicates that they do not constitute "available expendable resources", even though they are a component of assets. Inventories of Proprietary Funds are valued at the lower of cost or market and expensed when used (consumption method) rather than when purchased.

Proprietary Fund inventory consists of food and consumable classroom supplies. General Fund inventory consists of custodial supplies.

I. Fixed Assets and Depreciation

All fixed assets except those in the Proprietary Funds are accounted for in the General Fixed Assets Account Group. All fixed assets are stated at cost or estimated historical cost. Donated fixed assets are stated at their estimated fair value when received. The District follows the policy of capitalizing assets which have an original cost of at least \$500.

The District does not possess any infrastructure.

Assets in the General Fixed Assets Account Group are not depreciated. Depreciation of fixed assets in the Proprietary Fund type is computed using the straight-line method over the following estimated useful lives:

Machinery and equipment	10 years
Furniture and fixtures	10 years

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purpose of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty (50) or greater with at least ten (10) years of service were considered expected to become eligible to retire in accordance with GASB 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance of Governmental Fund type employees meeting the above requirements have been recorded in the appropriate Governmental Fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and sick leave for employees meeting the above requirements who are paid from Proprietary Funds is recorded as an expense when earned.

Non-teaching District employees earn vacation leave at graduated rates based on length of service. The District accrues the vacation leave benefits as earned. Accrued vacation may be carried forward to the next fiscal year with Board of Education approval. At June 30, 1999 a liability of \$65,653 has been provided in the General Long Term Debt Account Group for earned, but unused vacation leave.

Vacation does not accumulate for teaching employees. Each teaching employee is required to work a specific number of days in accordance with their contract.

District employees earn sick leave which, if not taken, accumulates until retirement. Upon retirement, an employee is paid 26.4% of accumulated sick leave up to a maximum of 50 days, calculated at current wage rates.

A liability for earned but unused sick leave has been provided in the General Long Term Debt Account Group in the amount of \$104,990 for vested District employees. A liability for earned but unused sick leave has been provided in the General Long-Term Debt Account Group in the amount of \$336,166 for those employees expected to become vested in the future. A liability for employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future has been provided in the General Long Term Debt Account Group in the amount of \$108,331.

K. Prepaids and Deferrals

Prepayments and deferrals for Governmental Funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefiting from the advance payment. At period end, because prepayment and deferrals are not available to finance future Governmental Fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

L. Intergovernmental Revenues

In Governmental Funds, non-reimbursable grants (to the extent such grants relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary Fund operations are recognized as revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows.

Non-Reimbursable Grants:

Special Revenue Funds

Management Information Systems
Title VI B
Title I
Title VI
Drug-Free School
Local Professional Development Block
Eisenhower
E-Rate
School Net
Safe School Help Line
Preschool

Reimbursable Grants:

General Fund

School Bus Purchases
Driver Education
Vocational Education Travel/Salary

Proprietary

National School Lunch Program

Grants and entitlements amounted to approximately 33% of the District's operating revenue during the 1999 fiscal year.

M. Advances on Other Funds

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources which are available for appropriation. At June 30, 1999, the District had no such advances.

N. Long-Term Obligations

For long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a government fund. The remaining portion of such obligations is reported in the General Long-Term Obligations Account Group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

O. Fund Equity

Reserved fund balances indicate that a portion of fund equity is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, property taxes recognized as revenue but not available for appropriation, materials and supplies inventory, prepaids, and Budget Stabilization Reserve. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purposes of those funds.

P. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Q. Financial Reporting for Proprietary and Similar Fund Types

The District's financial statements have been prepared in accordance with GASB No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting." This statement is effective for financial statements beginning after December 15, 1993. The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

R. 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.

S. Memorandum Only - Total Columns

Total columns on the General Purpose Financial Statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

NOTE 3-EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments".

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.

ROSS LOCAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1999

Interim Deposits - Interim deposits are deposits of interim monies. Interim monies are those monies which 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;
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;

ROSS LOCAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1999

6. The State Treasurer's investment pool (STAR Ohio);

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.

During fiscal year 1999, all investments of the School District had a maturity of two years or less.

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 \$2,577,350 and the bank balance was \$3,095,128. Of the bank balance, \$183,545 was covered by federal depository insurance and \$2,911,583 was covered by a pool of securities held by the pledging financial institution, but not in the District's name. This pool of securities secures all public monies deposited in each institution.

Ohio Revised Code Chapter 135, Uniform Depository Act, 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 pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

ROSS LOCAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 1999

(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 institution's 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. The Mutual Fund is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	<u>Interest Rate</u>	<u>Unclassified</u>	<u>Fair/Carrying Value</u>
Fountain Square-US Treasury Mutual Fund	N/A	<u>1,385,503</u>	<u>1,385,503</u>
Total Investments		<u>1,385,503</u>	<u>1,385,503</u>

NOTE 4-PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District.

All property is required to be reappraised every six years with a triennial update.

Real property taxes, excluding public utility property, are assessed at 35% of appraised market value. Pertinent real property tax dates are:

- . Collection Dates February 13 and July 9 of the current collection year
- . Lien Date January 1 of the year preceding the collection year
- . Levy Date April 1 of the year preceding the collection year

ROSS LOCAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1999

Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value.

The taxes are based on assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Pertinent tangible personal property tax dates are:

- . Collection Dates April 30 and September 30 of the current year
- . Lien Date January 1 of the current year
- . Levy Date April 1 of the year preceding the collection year

Most public utility tangible personal property currently is assessed at 35 percent of its true value except for rural electric companies (50%) and railroads (30%). Pertinent public utility tangible personal property tax dates are:

- . Collection Dates February 13 and July 9 of the current year
- . Lien Date December 31 of the second year preceding the collection year
- . Levy Date April 1 of the year preceding the collection year

The School District receives property taxes from Butler County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999 are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total 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 year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

The amount available as an advance at June 30 was \$1,519,220 for the General Fund. The amount is recognized as revenue in its respective fund.

ROSS LOCAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 1999

The assessed values of real and tangible personal property upon which property tax revenues were based are as follows:

	2nd Half 1998	1st Half 1999
Real Property	\$169,525,550	\$173,865,590
Tangible Personal Property	6,927,607	7,569,992
Public Utility Personal Property	<u>12,679,920</u>	<u>12,694,070</u>
	<u>\$189,131,077</u>	<u>\$194,131,652</u>

NOTE 5-FIXED ASSETS

Balances in the General Fixed Assets Account Group are as follows:

Component	Balance	Additions	Reductions
	June 30, 1998		
Land and Land Improvements	\$ 1,472,434	\$ 0	\$ 0
Buildings and Building Improvements	23,473,837	254,400	0
Furniture and Equipment	<u>4,260,313</u>	<u>578,764</u>	<u>(70,292)</u>
Total	<u>\$29,206,584</u>	<u>\$ 833,164</u>	<u>\$ (70,292)</u>

	Balance
	June 30, 1999
Land and Land Improvements	\$ 1,472,434
Buildings and Building Improvements	23,728,237
Furniture and Equipment	<u>4,768,785</u>
Total	<u>\$29,969,456</u>

A summary of the Proprietary Fund fixed assets at June 30, 1999 follows:

Furniture and Equipment	\$ 125,106
Less: Accumulated Depreciation	<u>(51,816)</u>
Net Fixed Assets - Proprietary Fund	<u>\$ 73,290</u>

ROSS LOCAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 1999

NOTE 6-LONG-TERM OBLIGATIONS

Long-Term Obligations - At June 30, 1999, the following obligations are included in the General Long-Term Debt Account Group:

	Balance At June 30, 1998	Additions/ (Deletions)	Balance At June 30, 1999
Compensated Absences Liability	\$518,318	(\$8,168)	\$510,150
Pension Obligation Payable	0	90,232	90,232
Capital Leases Payable	0	140,000	140,000
STRS Early Retirement Incentive (Includes Note 7 A & B)	\$ 73,121	188,742	\$261,863
School Energy Conservation Bonds	\$225,000	\$(50,000)	\$175,000
Total General Long-Term Debt	<u>\$816,439</u>	<u>\$360,806</u>	<u>\$1,177,245</u>

The District's legal debt margin was approximately \$17,296,849 at June 30, 1999. The annual debt service requirements to maturity for School Energy Conservation Bonds, including interest of \$18,697 are as follows:

Fiscal Year Ending June 30	School Energy Conservation Bonds
2000	52,744
2001	50,471
2002	43,315
2003	26,657
Thereafter	<u>20,510</u>
Total	<u>\$193,697</u>

ROSS LOCAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 1999

NOTE 7-EARLY RETIREMENT INCENTIVE PROGRAM

During fiscal year 1999, the District participated in the State Teacher Retirement System Early Retirement Incentive program for certificated staff. During fiscal year 1999, 2 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:

Fiscal Year	Principal	Interest	Total
2000	\$100,215	\$ 0	\$100,215
2001	100,215	7,667	107,882
Total	\$200,430	\$7,667	\$208,097

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 Years 2000, 2001 and 2002.

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

Fiscal Year	Payment
2000	\$12,736
2001	\$33,201
2002	\$20,465
	\$66,402

NOTE 8-RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, accounts receivable, accrued interest, and intergovernmental grants and entitlements (to the extent such grants and/or entitlements relate to the current fiscal year).

All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of state and federal programs.

ROSS LOCAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1999

A summary of the principal items of receivables follows:

<u>General Fund</u>	<u>Amounts</u>
Taxes - Current	\$5,270,000
Accounts & Accrued Interest	\$ 11,719
<u>Debt Service</u>	
Taxes	\$ 52,744
<u>Enterprise</u>	
Intergovernmental	\$ 14,804

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.

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all districts in the GRP. Each participant pays its Workers' Compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of GatesMcDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 10-EMPLOYEE RETIREMENT SYSTEMS

All District employees are covered by the state-wide 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, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14%. Their contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The District considers all liabilities for the employer's share of pension payments to be payable from current available financial resources, and therefore they are considered a fund liability. The adequacy of the contribution rates is determined annually. The District's contributions to SERS for the year ended June 30, 1999, 1998, 1997, were \$254,977, \$220,818 and \$187,319, respectively, equal to the required contributions for each year.

STATE TEACHERS RETIREMENT SYSTEM

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer public employee retirement system. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial

ROSS LOCAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1999

statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%. The District considers all liabilities for the employer's share of pension payments to be payable from current available financial resources, and therefore they are considered a fund liability. 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, 1999, 1998, and 1997 were \$956,516, \$889,416, and \$844,810, respectively, equal to the required contributions for each year.

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. As of July 1, 1998, eligible benefit recipients totaled 91,999. For the fiscal year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000.

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 4.98 percent of covered payroll. 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 1999, the minimum pay has been established at \$12,400. The

ROSS LOCAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 1999

surcharge rate added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of the asset target level for the health care fund. For the School District, this amount equaled \$22,685 during the 1999 fiscal year. The number of participants currently receiving health care benefits is 50,000. For the fiscal year ended June 30, 1998, net health care costs paid by SERS were \$111,900,575.

NOTE 11-SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains two Enterprise Funds to account for the operations of Food Service and Uniform Supplies. The table below summarizes the more significant financial data relating to the Enterprise Funds of the district for the year ended June 30, 1999.

	Food Service	Uniform Supplies	Total
Operating Revenues	\$ 554,940	\$ 76,966	\$631,906
Operating Expenses Before			
Depreciation	738,997	73,766	812,763
Depreciation	27,304	0	27,304
Operating Income (Loss)	(211,362)	3,201	208,161
Operating Grants	103,090	0	103,090
Donated Commodities	48,729	0	48,729
Net Income (Loss)	(59,543)	3,201	(54,342)
Net Working Capital	189,781	16,890	206,671
Total Assets	346,918	20,469	367,387
Total Liabilities	105,037	3,579	108,616
Total Equity	241,881	16,890	258,771

NOTE 12-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.

NOTE 13-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 14-CONTINGENT LIABILITIES

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 participates in several state and federally assisted grant programs. The federal grants have been audited in accordance with the Single Audit Act of 1996, Public Law 98-502. Provisions of the Act allow federal agencies to conduct any additional audit work necessary to carry out their responsibilities under federal law or regulations, and to arrange for funding the cost of such additional audits. The state grants are subject to review and audit by the grantor agencies or their designee. Such federal or state audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant.

NOTE 15-STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program" which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$7,010,845 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional

ROSS LOCAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1999

issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

NOTE 16-CHANGE IN ACCOUNTING PRINCIPLE

The Internal Revenue Code previously required that Section 457 deferred compensation plan assets remain the property of the employer government until available to the employee or beneficiary. Under these regulations, plan assets were recorded in the District's Deferred Compensation agency fund. Recent changes to the Internal Revenue Code require Section 457 plan assets to be held in trust for the exclusive benefit of employees. GASB Statement No. 32, *"Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,"* requires that such assets held in trust not be reflected on the employee government's financial statements. During 1998, the Ohio Public Employees Deferred Compensation Program adopted a trust agreement. Accordingly, agency fund assets as of June 30, 1998 have been reduced in the amount of \$89,509.

ROSS LOCAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 1999

NOTE 17-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, 1999, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve
Set-Aside Cash Balance 7/1/98	\$ 0	\$ 0	\$ 72,269
Current Year Required Set-Aside	205,374	205,374	104,624
Current Year Offset Credits	(38,918)	0	0
Qualifying Disbursements	<u>(474,509)</u>	<u>(345,089)</u>	<u>0</u>
Total	<u>\$(308,053)</u>	<u>\$(139,715)</u>	<u>\$ 176,893</u>
Cash Balance Carried Forward To Fiscal Year 2000	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 176,893</u>

Offsets and expenditures for the textbook reserve exceeded the required set-aside. Offsets and expenditures for the capital maintenance reserve exceeded the required set-aside.

NOTE 18-FUND BALANCE DEFICIT

The following Special Revenue fund had a deficit fund balance due to the timing of the reimbursement checks from the respective State or Federal Agencies.

Special Revenue	
Title VI B Preschool	\$ 2,857

NOTE 19-YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations. District management has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits.

The District utilizes an external service organization for its financial reporting, payroll and employee benefit system. The service organization is responsible for remediating these systems.

Butler County collects property taxes for distribution to the District. Butler County is responsible for remediating its tax collection system.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. Further the State processes a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems.

To the best of management's knowledge and belief, as of 2/14/00, the District experienced no significant interruption of mission-critical operations or services related to the Year 2000 issue. However, because of the unprecedented nature of the Year 2000 issue, matters may yet arise, and parties with whom the District does business may also experience Year 2000 readiness issues that are as yet, unknown.

ROSS LOCAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 1999

NOTE 20-CAPITALIZED LEASES - LESSEE

The District entered into capitalized leases for the acquisition of a boiler. No principal payments pertaining to leases were made during fiscal year 1999. The first payment is due July 28, 2000.

The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments are reflected in the General Fund in the Combined Financial Statements.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 1999:

	General
June 2000	\$ 75,453
June 2001	<u>\$ 75,453</u>
Total Payments	150,906
Less: Amounts Representing Interest	<u>10,906</u>
Present Value of Minimum Lease Payments	<u>\$140,000</u>

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 1999

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Food Distribution Program	nn-n1	10.550	\$0	\$55,785	\$0	\$55,785
National School Lunch Program	04-PU	10.555	98,458	0	98,458	0
Total U.S. Department of Agriculture			<u>98,458</u>	<u>55,785</u>	<u>98,458</u>	<u>55,785</u>
U.S. DEPARTMENT OF LABOR						
<i>Passed Through Ohio Department of Education:</i>						
School to Work	WKBE	17.249	5,000	0	0	0
Total U.S. Department of Labor			<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
U.S. DEPARTMENT OF EDUCATION						
Direct:						
Telecomm ACT Grant (E-rate)	nn-n1	84.XXX	3,596		3,596	
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Title VI-B	6B-SF	84.027	106,002	0	109,555	0
Preschool Grant	PG-S1	84.173	507	0	524	0
Total Special Education Cluster			<u>106,509</u>	<u>0</u>	<u>110,079</u>	<u>0</u>
Title I	CX-S1	84.010	173,479	0	201,852	0
Title VI	C2-S1	84.298	10,394	0	10,738	0
Drug-Free Schools Grant	DR-S1	84.186	13,610	0	11,847	0
Dwight D. Eisenhower Grant	MS-S1	84.281	9,308	0	9,442	0
Total U.S. Department of Education			<u>313,300</u>	<u>0</u>	<u>343,958</u>	<u>0</u>
Totals			<u>\$420,354</u>	<u>\$55,785</u>	<u>\$448,012</u>	<u>\$55,785</u>

The accompanying notes to this schedule are an integral part of this schedule.

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had food commodities valued at \$20,480 in inventory.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Ross Local School District
Butler County
3371 Hamilton-Cleves Road
Hamilton, Ohio 45013

To the Board of Education:

We have audited the financial statements of Ross Local School District, Butler County, Ohio (the District), as of and for the fiscal year ended June 30, 1999, and have issued our report thereon dated February 14, 2000, wherein we noted that the District has changed its method of accounting for plan assets of its deferred compensation plan. We conducted our audit in accordance with generally accepted auditing standards 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.*

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 operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated February 14, 2000.

Ross Local School District
Butler County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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.

A handwritten signature in black ink, appearing to read "Jim Petro", is written over a circular stamp or seal that is partially obscured.

Jim Petro
Auditor of State

February 14, 2000



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Ross Local School District
Butler County
3371 Hamilton-Cleves Road
Hamilton, Ohio 45013

To the Board of Education:

Compliance

We have audited the compliance of the Ross Local School District, Butler County, Ohio (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 its major federal program for the fiscal year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. 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 generally accepted auditing standards; 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 Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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, Ross Local School District, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year year ended June 30, 1999.

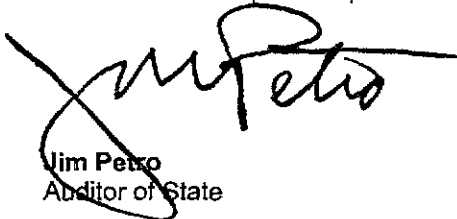
Internal Control Over Compliance

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 noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance, that in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings as items 1999-10409-001.

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 requirements of 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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described about is not a material weakness.

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.



Jim Petto
Auditor of State

February 14, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Title I – CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all other programs
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999
(Continued)

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 1999-10409-001

Records Retention

The District is required by the grant agreement to utilize Title I funds only for those students that are eligible. Eligibility is determined through certain criteria and documentation of this determination is currently maintained by individual teachers. The eligibility files for one elementary grade level (approximately 12%) could not be located to support the federal eligibility compliance requirement. We recommend that the Title I coordinator maintain the student files in a central location to ensure that there is sufficient documentary evidence to support for each student's eligibility.

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 1999

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-10409-001	Title I Coordinator will maintain centralized files for individual students.	02/28/00	Joel Fink, Title I Coordinator



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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.

By: *Susan Babbitt*
Clerk of the Bureau

Date: MAR 09 2000