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Frequently Asked Questions and Answers

We believe it is very important to be transparent and proactive in our communication. Understanding school finances and our budget is imperative as we move forward. Below are the most frequently asked questions along with answers. [For a deeper dive into the Permanent Improvement fund please listen to our podcast airing on 2/20/2022.](#)

All of the podcast episodes can be found at: <https://rossrams.buzzsprout.com>

1. What is the difference between the General Fund and Permanent Improvement Fund?

The General fund is our operating fund. This fund is used to pay for our daily operations. The majority of all staff wages and benefits are paid from the general fund. We also pay for things such as utilities, bus fuel, supplies for the classrooms, custodial supplies, and other items related to the daily operations of the school district.

The permanent improvement fund is used for capital improvements. The fund is used to pay for buses, major HVAC upgrades, building renovations, and other items that are capital in nature.

2. The District is building new tennis courts, refurbishing the track, renovating the Intermediate School and built a new bus garage. How are we in a financial crisis?

The financial crunch that we find ourselves in is surrounding the general fund. The General fund is our operating fund. As referenced in #1, this fund is used to pay for our daily operations.

The monies used for the renovations in question are spent out of the Permanent Improvement fund. *This is a completely different fund from the General Fund.*

The Permanent Improvement fund is used for capital improvements. The permanent improvement fund, by law, **cannot** be used for daily operations.

3. The District moved two inside mills a year ago. Why was this done and how did it help?

In order to explain this, it's important to define some terms that you may or may not be familiar with.

Mill: Under Ohio law, property taxes are calculated annually by the Auditor. Property taxes are charged as mills; a mill is equivalent to \$1 per \$1,000 of taxable value.

Inside Millage: In Ohio, millage is referred to as "inside" millage and "outside" millage. Inside millage is millage provided by the Constitution of the State of Ohio and is levied without a vote of the people. It is called inside millage because it is "inside" the law. Another name would be un-voted millage.

20 Mil Floor: As property values increase, voted millage rates are decreased so that school districts don't collect any additional money on voted millage due to inflation. Over time, millage rates could be reduced to near zero. To keep this from happening, Ohio law establishes a minimum millage level, or floor, that millage rates cannot fall below. This minimum level is 20 mills. Once a district's total millage is reduced to 20 mills, it cannot be reduced any further, hence the 20 mill floor.

The largest reason for moving two inside mills was to provide a stronger revenue stream for our permanent improvement fund. The permanent improvement fund is used to upkeep all of the district assets as well as purchase new equipment as older assets are retired.

Before the move, the permanent improvement fund was not funded adequately and as a result our general fund had to bear the cost of many of these updates and repairs. This includes the \$1.6M replacement of HVAC referenced in FAQ Part 1_Situation & ESSER.

The other reason for moving 2 mills was to get the district to the 20-mil floor. Ross Local School District was very close to the 20-mil floor before the move. We now sit on the floor. This allowed the district to not only get the increased revenue into our permanent improvement fund, which was much needed, but also increase the amount to our general fund by approximately \$16 per household.

Popular opinion is that we removed revenue from our operating account and placed it in the permanent improvement fund. But in actuality, because of the effect of the 20-mill floor concept, the general fund received a slight increase as well.