

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

AUDITED FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT

FOR THE YEAR ENDED  
JUNE 30, 2001





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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**JIM PETRO, AUDITOR OF STATE**

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Board of Education  
West Branch Local School District  
Beliot, Ohio 44609

We have reviewed the Independent Auditor's Report of the West Branch Local School District, Mahoning County, prepared by Guillan & Company, for the audit period July 1, 2000 to June 30, 2001. 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 West Branch Local School District is responsible for compliance with these laws and regulations.

**JIM PETRO**  
Auditor of State

January 15, 2002

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WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY  
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WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

ELECTED OFFICIALS  
AS OF JUNE 30, 2001

<u>Elected Officials</u>	<u>Title</u>	<u>Term of Office</u>
<u>Board of Education:</u>		
Keith Martig	President	1/1/00-12/31/01
Samuel Martig	Vice President	1/1/00-12/31/03
John Wallace	Member	1/1/98-12/31/01
Kim Burkhart	Member	1/1/00-12/31/03
Larry Romigh	Member	1/1/98-12/31/01

Statutory Legal Counsel:

Kenneth J. Cardinal  
Mahoning County Prosecutor  
120 Market Street  
Youngstown, Ohio 44503

Official Address:

West Branch Local School District  
14277 Main Street  
Beliot, Ohio 44609

(A) William's & Case Insurance Agency, Inc.



<u>Surety</u>	<u>Amount</u>	<u>Period</u>
(A)	\$20,000	1/12/00-1/12/03

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

ADMINISTRATIVE PERSONNEL  
AS OF JUNE 30, 2001

<u>Name</u>	<u>Title</u>	<u>Term of Office or Contract Period</u>
Louis Ramunno	Superintendent	8/1/00 - 7/31/02
Karen Elsner	Treasurer	1/1/01 - 1/1/04

(A) William's & Case Insurance Agency, Inc.

<u>Surety</u>	<u>Amount</u>	<u>Period</u>
(A)	\$20,000	1/12/00 - 1/12/03
(A)	\$50,000	1/12/01-1/1/04

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

INDEX OF FUNDS

GOVERNMENTAL FUND TYPES:

General Fund:

General Fund

Special Revenue Funds:

Emergency Levy  
Student Activities Athletic Fund  
Phonics Demonstration Project Grant  
Disadvantaged Pupil Program Fund  
Teacher Development Fund  
Management Information System Fund  
Title VI-B - Special Education: Assistance To States For  
Education Of Handicapped Children Fund  
Elementary And Secondary Education Act Block Grant:  
Title I - Special Educational Needs Of Disadvantaged  
Children Fund  
Elementary And Secondary Education Act Block Grant:  
Title VI - Consolidation Of Federal Programs  
For Elementary And Secondary Education Fund  
Drug Free Schools Grant Fund  
Auxiliary Services Fund  
Conflict Management Grant Fund  
Schoolnet Grant  
Textbook Subsidy Gund  
Auditorium Fund

Capital Projects Funds:

Permanent Improvement Fund  
Schoolnet Plus  
Technology Equity Grant  
Ohio School Facilities Grant

Debt Service Fund:

Bond Retirement Fund

PROPRIETARY FUND TYPES:

Enterprise Funds:

Food Services Fund

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

INDEX OF FUNDS  
(Continued)

PROPRIETARY FUND TYPES:

Internal Service Funds:

Internal Services Rotary Fund

FIDUCIARY FUND TYPES:

Expendable Trust Fund:

West Trust Fund  
Tucker Scholarship Fund  
Humeniuk Scholarship Fund  
Elva Boyer Scholarship Fund  
Martha Holden Jennings Fund

Non Expendable Trust Fund:

Staff Fund/JH  
Staff Fund/KX  
Staff Fund/MR

Agency Fund:

Student Managed Activity Funds

ACCOUNT GROUPS:

General Long-Term Debt Account Group  
General Fixed Assets Account Group

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# ***Guillan & Company***

## **Independent Auditor's Report**

Board of Education  
West Branch Local School District  
Beliot, Ohio 44609

We have audited the accompanying general-purpose financial statements of the West Branch Local School District, as of and for the year ended June 30, 2001, 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 West Branch Local School District, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type 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 December 20, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provision 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.

**West Branch Local School District  
Mahoning County**

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the West Branch Local School 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 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.

December 20, 2001

*Guillan & Company*



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WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 2001

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<b><u>Assets and Other Debits</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$ 3,845,264	\$ 458,332	\$ 356,851	\$ 19,055,232
Receivable (Net Allowances for Uncollectables)				
Taxes - Current	2,953,264	-	547,934	68,492
Taxes - Delinquent	372,039	-	61,278	7,660
Accounts	260	316	-	-
Prepaid Items	19,264	-	-	-
Due from Other Funds	568	-	-	-
Inventory Held for Resale	-	-	-	-
Material and Supplies Inventory	-	-	-	-
Restricted Assets:				
Equity in pooled cash and Investments	75,712	-	-	-
Fixed Assets (net of A/D)	-	-	-	-
Amount available from Debt Service	-	-	-	-
Amount to be provided for Retirement of General Long-Term Obligations	-	-	-	-
<b>Total Assets and Other Debits</b>	<b><u>\$ 7,266,371</u></b>	<b><u>\$ 458,648</u></b>	<b><u>\$ 966,063</u></b>	<b><u>\$ 19,131,384</u></b>

The notes to the general purpose financial statements are an integral part of this statement.

PROPRIETARY FUND TYPES		FIDUCIARY FUNDS	ACCOUNT GROUPS		TOTALS
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	(MEMO-RANDUM ONLY)
\$ 89,127	\$ 36,970	\$ 67,169	\$ -	\$ -	\$ 23,908,945
-	-	-	-	-	3,569,690
-	-	-	-	-	440,977
20,276	-	-	-	-	20,852
-	-	-	-	-	19,264
-	-	-	-	-	568
31,562	-	-	-	-	31,562
2,126	-	-	-	-	2,126
-	-	-	-	-	75,712
-	-	-	12,433,020	-	12,433,020
-	-	-	-	966,063	966,063
-	-	-	-	17,742,878	17,742,878
<b>\$ 143,091</b>	<b>\$ 36,970</b>	<b>\$ 67,169</b>	<b>\$ 12,433,020</b>	<b>\$ 18,708,941</b>	<b>\$ 59,211,657</b>

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 2001  
(Continued)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<b><u>Liabilities, Equity and Other Credits</u></b>				
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 26,773	\$ 3,723	\$ -	\$ -
Accrued Wages and Benefits	1,543,530	89,493	-	-
Compensated Absences Payable	14,279	-	-	-
Due to Other Funds	-	568	-	-
Due to Other Governments	207,372	12,007	-	-
Due to Other Students	-	-	-	-
Bonds Payable	-	-	-	-
Notes Payable	-	-	-	-
Deferred Revenues	3,272,152	-	608,686	76,087
<b>Total Liabilities</b>	<b>5,064,106</b>	<b>105,791</b>	<b>608,686</b>	<b>76,087</b>
<b><u>Equity and Other Credits</u></b>				
Investment in General Fixed Assets	-	-	-	-
Retained Earnings : Unreserved	-	-	-	-
Reserved for Endowment	-	-	-	-
Fund Balances:				
Reserved for Property Taxes	53,151	-	526	65
Reserve for Budget Stabilization	75,712	-	-	-
Reserved for Encumbrances	208,959	10,700	-	604,454
Reserved for Prepaid Items	19,264	-	-	-
Unreserved - Undesignated	1,845,179	342,157	356,851	18,450,778
<b>Total Equity and Other Credits</b>	<b>2,202,265</b>	<b>352,857</b>	<b>357,377</b>	<b>19,055,297</b>
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$ 7,266,371</b>	<b>\$ 458,648</b>	<b>\$ 966,063</b>	<b>\$ 19,131,384</b>

The notes to the general purpose financial statements are an integral part of this statement.

PROPRIETARY FUND TYPES		FIDUCIARY FUNDS	ACCOUNT GROUPS		TOTALS
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	(MEMO-RANDUM ONLY)
\$ 1,040	\$ -	\$ -	\$ -	\$ -	\$ 31,536
38,450	-	-	-	-	1,671,473
14,818	-	-	-	695,665	724,762
-	-	-	-	-	568
20,584	-	-	-	113,277	353,240
-	-	40,799	-	-	40,799
-	-	-	-	8,949,999	8,949,999
-	-	-	-	8,950,000	8,950,000
20,759	-	-	-	-	3,977,684
<b>95,651</b>	<b>-</b>	<b>40,799</b>	<b>-</b>	<b>18,708,941</b>	<b>24,700,061</b>
-	-	-	12,433,020	-	12,433,020
47,440	-	22,692	-	-	70,132
-	36,970	-	-	-	36,970
-	-	-	-	-	53,742
-	-	-	-	-	75,712
-	-	-	-	-	824,113
-	-	-	-	-	19,264
-	-	3,678	-	-	20,998,643
<b>47,440</b>	<b>36,970</b>	<b>26,370</b>	<b>12,433,020</b>	<b>-</b>	<b>34,511,596</b>
<b>\$ 143,091</b>	<b>\$ 36,970</b>	<b>\$ 67,169</b>	<b>\$ 12,433,020</b>	<b>\$ 18,708,941</b>	<b>\$ 59,211,657</b>

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2001

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<b><u>Revenues</u></b>				
Taxes	\$ 3,400,697	\$ 39,135	\$ 313,605	\$ -
Earnings on Investments	291,062	13,216	14,606	116,917
Intergovernmental	9,110,374	920,371	35,073	1,124,061
Tuition and Fees	401,194	-	-	-
Classroom Materials & Supplies	13,982	-	-	-
Extracurricular Activities	-	209,256	-	-
Other Revenues	26,655	77,340	-	-
<b>Total Revenues</b>	<b>13,243,964</b>	<b>1,259,318</b>	<b>363,284</b>	<b>1,240,978</b>
<b><u>Expenditures</u></b>				
Instruction:				
Regular Instruction	6,560,349	96,274	-	45,468
Special Instruction	718,313	535,429	-	-
Vocational Instruction	443,174	-	-	6,680
Other Instruction	414	-	-	-
Support Services:				
Pupils	596,826	55,426	-	-
Instructional Staff	518,397	82,753	-	30,361
School Administration	1,092,497	84,366	-	-
Fiscal	320,425	738	5,907	-
Board of Education	23,560	-	-	-
Operations and Maintenance	1,537,458	13,320	-	18,274
Pupil Transportation	1,248,635	447	-	-
Central	36,463	-	-	-
Extracurricular Activities	293,427	215,385	-	-
Food Service Operations	9,491	-	-	-
Operation of Non-Instructional	41,541	60,170	-	-
Facilities Acquisition	2,750	319,615	-	212,152
<b>Total Expenditures</b>	<b>\$ 13,443,720</b>	<b>\$ 1,463,923</b>	<b>\$ 5,907</b>	<b>\$ 312,935</b>

The notes to the general purpose financial statements are an integral part of this statement.

FIDUCIARY FUND TYPE	TOTALS
EXPENDABLE TRUST	(MEMORANDUM ONLY)
\$ -	\$ 3,753,437
-	435,801
-	11,189,879
-	401,194
-	13,982
1,261	210,517
4,044	108,039
<b>5,305</b>	<b>16,112,849</b>
3,772	6,705,863
-	1,253,742
-	449,854
-	414
-	652,252
228	631,739
-	1,176,863
-	327,070
-	23,560
-	1,569,052
-	1,249,082
-	36,463
-	508,812
-	9,491
210	101,921
-	534,517
<b>\$ 4,210</b>	<b>\$ 15,230,695</b>

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES

FOR THE YEAR ENDED JUNE 30, 2001

(Continued)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<b>Excess (Deficit) of Revenues Over (Under) Expenditures</b>	<b>\$ (199,756)</b>	<b>\$ (204,605)</b>	<b>\$ 357,377</b>	<b>\$ 928,043</b>
<b><u>Other Financing Sources/ (Uses)</u></b>				
Proceeds From Sale Of Assets	18,170	-	-	-
Refund of Prior Year Expenditures	4,548	906	-	-
Proceeds from Sale of Bonds	-	-	-	8,949,999
Proceeds from Sale of Notes	-	-	-	8,950,000
Operating Transfers In	55,000	24,000	-	50,000
Operating Transfers Out	(129,000)	(55,000)	-	-
<b>Total Other Financing Sources/ (Uses)</b>	<b>(51,282)</b>	<b>(30,094)</b>	<b>-</b>	<b>17,949,999</b>
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(251,038)	(234,699)	357,377	18,878,042
<b>FUND BALANCES - July 1, 2000</b>	<b>2,453,303</b>	<b>587,556</b>	<b>-</b>	<b>177,255</b>
<b>FUND BALANCES - June 30, 2001</b>	<b>\$ 2,202,265</b>	<b>\$ 352,857</b>	<b>\$ 357,377</b>	<b>\$ 19,055,297</b>

The notes to the general purpose financial statements are an integral part of this statement.



FIDUCIARY	
FUND TYPE	TOTALS
EXPENDABLE TRUST	(MEMORANDUM ONLY)
<u>\$ 1,095</u>	<u>\$ 882,154</u>
-	18,170
-	5,454
-	8,949,999
-	8,950,000
-	129,000
-	(184,000)
<u>-</u>	<u>17,868,623</u>
1,095	18,750,777
<u>2,583</u>	<u>3,220,697</u>
<u><u>\$ 3,678</u></u>	<u><u>\$ 21,971,474</u></u>

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES, BUDGET - ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2001

	GENERAL FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
<b><u>Revenues</u></b>			
Taxes	\$ 3,311,015	\$ 3,393,050	\$ 82,035
Tuition and Fees	421,000	401,194	(19,806)
Earnings on Investments	250,000	291,208	41,208
Extracurricular Activities	-	-	-
Classroom Materials & Fees	500	13,982	13,482
Intergovernmental	9,160,870	9,110,374	(50,496)
Other Revenues	21,900	26,395	4,495
	<b>13,165,285</b>	<b>13,236,203</b>	<b>70,918</b>
<b>Total Revenues</b>			
<b><u>Expenditures</u></b>			
Instruction:			
Regular Instruction	6,572,867	6,572,867	-
Special Instruction	708,177	708,177	-
Vocational Instruction	460,662	460,662	-
Other Instruction	414	414	-
Support Services:			
Pupils	582,794	582,794	-
Instructional Staff	521,274	521,274	-
Board of Education	23,462	23,462	-
School Administration	1,088,162	1,088,162	-
Fiscal	320,781	320,781	-
Operations and Maintenance	1,606,076	1,606,076	-
Pupil Transportation	1,362,246	1,362,246	-
Central	49,569	49,569	-
Operation of Non-Instructional	51,032	51,032	-
Facilities Acquisition and Construction Services	2,750	2,750	-
Extracurricular Activities	296,803	296,803	-
	<b>\$ 13,647,069</b>	<b>\$ 13,647,069</b>	<b>\$ -</b>
<b>Total Expenditures</b>			

The notes to the general purpose financial statements are an integral part of this statement.

SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND			
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)		REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)	
\$ -	\$ 728	\$ 728		\$ -	\$ -	\$ -	
-	-	-		-	-	-	
10,500	13,216	2,716		-	116,917	116,917	
180,450	208,940	28,490		-	-	-	
-	-	-		-	-	-	
890,987	920,371	29,384		85,094	1,123,996	1,038,902	
33,850	77,340	43,490		-	-	-	
<b>1,115,787</b>	<b>1,220,595</b>	<b>104,808</b>		<b>85,094</b>	<b>1,240,913</b>	<b>1,155,819</b>	
82,826	82,826	-		131,602	131,602	-	
528,716	528,716	-		-	-	-	
-	-	-		6,680	6,680	-	
-	-	-		-	-	-	
55,145	55,145	-		-	-	-	
85,428	85,428	-		32,661	32,661	-	
-	-	-		-	-	-	
84,285	84,285	-		-	-	-	
738	738	-		-	-	-	
13,320	13,320	-		61,958	61,958	-	
447	447	-		-	-	-	
-	-	-		-	-	-	
61,835	61,835	-		-	-	-	
421,368	421,368	-		792,315	792,315	-	
223,411	223,857	(446)		-	-	-	
<b>\$ 1,557,519</b>	<b>\$ 1,557,965</b>	<b>\$ (446)</b>		<b>\$ 1,025,216</b>	<b>\$ 1,025,216</b>	<b>\$ -</b>	

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES, BUDGET - ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2001

(Continued)

	GENERAL FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
<b>Excess (Deficit) of Revenues Over (Under) Expenditures</b>	\$ (481,784)	\$ (410,866)	\$ 70,918
<b><u>Other Financing Sources/ (Uses)</u></b>			
Refund of Prior Year Expenditures	500	4,548	4,048
Proceeds from Sale of Bonds	-	-	-
Proceeds from Sale of Assets	1,000	18,169	17,169
Proceeds from Sale of Notes	-	-	-
Advances In	-	29,444	29,444
Advances Out	(568)	(568)	-
Operating Transfers In	55,000	55,000	-
Operating Transfers Out	(129,000)	(129,000)	-
<b>Total Other Financing Sources/ (Uses)</b>	<b>(73,068)</b>	<b>(22,407)</b>	<b>50,661</b>
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(554,852)	(433,273)	121,579
<b>FUND BALANCES - July 1, 2000</b>	<b>4,118,526</b>	<b>4,118,526</b>	<b>-</b>
<b>FUND BALANCES - June 30, 2001</b>	<b>\$ 3,563,674</b>	<b>\$ 3,685,253</b>	<b>\$ 121,579</b>

The notes to the general purpose financial statements are an integral part of this statement.

SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUND		
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
\$ (441,732)	\$ (337,370)	\$ 104,362	\$ (940,122)	\$ 215,697	\$ 1,155,819
-	906	906	-	-	-
-	-	-	-	8,949,999	8,949,999
-	-	-	-	-	-
-	-	-	-	8,950,000	8,950,000
-	568	568	-	-	-
(29,444)	(29,444)	-	-	-	-
24,000	24,000	-	50,000	50,000	-
(55,000)	(55,000)	-	-	-	-
<b>(60,444)</b>	<b>(58,970)</b>	<b>1,474</b>	<b>50,000</b>	<b>17,949,999</b>	<b>17,899,999</b>
(502,176)	(396,340)	105,836	(890,122)	18,165,696	19,055,818
801,836	801,836	-	285,081	285,081	-
<b>\$ 299,660</b>	<b>\$ 405,496</b>	<b>\$ 105,836</b>	<b>\$ (605,041)</b>	<b>\$ 18,450,777</b>	<b>\$ 19,055,818</b>

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES, BUDGET - ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2001

(Continued)

	DEBT SERVICE FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
<b><u>Revenues</u></b>			
Taxes	\$ -	\$ 5,823	\$ 5,823
Tuition and Fees	-	-	-
Earnings on Investments	-	-	-
Extracurricular Activities	-	-	-
Classroom Materials & Fees	-	-	-
Intergovernmental	-	35,073	35,073
Other Revenues	-	14,605	14,605
	-	55,501	55,501
<b>Total Revenues</b>	-	55,501	55,501
 <b><u>Expenditures</u></b>			
Instruction:			
Regular Instruction	-	-	-
Special Instruction	-	-	-
Vocational Instruction	-	-	-
Other Instruction	-	-	-
Support Services:			
Pupils	-	-	-
Instructional Staff	-	-	-
Board of Education	-	-	-
School Administration	-	-	-
Fiscal	5,907	5,907	-
Operations and Maintenance	-	-	-
Pupil Transportation	-	-	-
Central	-	-	-
Operation of Non-Instructional	-	-	-
Facilities Acquisition and Construction Services	-	-	-
Extracurricular Activities	-	-	-
	5,907	5,907	-
<b>Total Expenditures</b>	\$ 5,907	\$ 5,907	\$ -

The notes to the general purpose financial statements are an integral part of this statement.

EXPENDABLE TRUST FUND			TOTALS (MEMORANDUM ONLY)		
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
\$ -	\$ -	\$ -	\$ 3,311,015	\$ 3,399,601	\$ 88,586
-	-	-	421,000	401,194	(19,806)
-	-	-	260,500	421,341	160,841
1,200	1,261	61	181,650	210,201	28,551
-	-	-	500	13,982	13,482
-	-	-	10,136,951	11,189,814	1,052,863
-	4,044	4,044	55,750	122,384	66,634
<b>1,200</b>	<b>5,305</b>	<b>4,105</b>	<b>14,367,366</b>	<b>15,758,517</b>	<b>1,391,151</b>
3,772	3,772	-	6,791,067	6,791,067	-
-	-	-	1,236,893	1,236,893	-
-	-	-	467,342	467,342	-
-	-	-	414	414	-
-	-	-	637,939	637,939	-
228	228	-	639,591	639,591	-
-	-	-	23,462	23,462	-
-	-	-	1,172,447	1,172,447	-
-	-	-	327,426	327,426	-
-	-	-	1,681,354	1,681,354	-
-	-	-	1,362,693	1,362,693	-
-	-	-	49,569	49,569	-
210	210	-	113,077	113,077	-
-	-	-	1,216,433	1,216,433	-
-	-	-	520,214	520,660	(446)
<b>\$ 4,210</b>	<b>\$ 4,210</b>	<b>\$ -</b>	<b>\$ 16,239,921</b>	<b>\$ 16,240,367</b>	<b>\$ (446)</b>

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES, BUDGET - ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2001

(Continued)

	DEBT SERVICE FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
<b>Excess (Deficit) of Revenues Over (Under) Expenditures</b>	\$ (5,907)	\$ 49,594	\$ 55,501
<b><u>Other Financing Sources/ (Uses)</u></b>			
Refund of Prior Year Expenditures	-	-	-
Proceeds from Sale of Bonds	-	-	-
Proceeds from Sale of Assets	-	-	-
Proceeds from Sale of Notes	-	-	-
Advances In	-	-	-
Advances Out	-	-	-
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
<b>Total Other Financing Sources/ (Uses)</b>	-	-	-
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,907)	49,594	55,501
<b>FUND BALANCES - July 1, 2000</b>	-	-	-
<b>FUND BALANCES - June 30, 2001</b>	\$ (5,907)	\$ 49,594	\$ 55,501

The notes to the general purpose financial statements are an integral part of this statement.



EXPENDABLE TRUST FUND			TOTALS (MEMORANDUM ONLY)		
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
\$ (3,010)	\$ 1,095	\$ 4,105	\$ (1,872,555)	\$ (481,850)	\$ 1,390,705
-	-	-	500	5,454	4,954
-	-	-	-	8,949,999	8,949,999
-	-	-	1,000	18,169	17,169
-	-	-	-	8,950,000	8,950,000
-	-	-	-	30,012	30,012
-	-	-	(30,012)	(30,012)	-
-	-	-	129,000	129,000	-
-	-	-	(184,000)	(184,000)	-
-	-	-	<b>(83,512)</b>	<b>17,868,622</b>	<b>17,952,134</b>
(3,010)	1,095	4,105	(1,956,067)	17,386,772	19,342,839
2,584	2,584	-	5,208,027	5,208,027	-
<b>\$ (426)</b>	<b>\$ 3,679</b>	<b>\$ 4,105</b>	<b>\$ 3,251,960</b>	<b>\$ 22,594,799</b>	<b>\$ 19,342,839</b>

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS - ALL PROPRIETARY AND NON-EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001

	ENTERPRISE FUND	INTERNAL SERVICE FUND	NON- EXPENDABLE TRUST FUND	TOTALS (MEMORANDUM ONLY)
<b><u>Operating Revenues</u></b>				
Food Services	\$ 466,502	\$ -	\$ -	\$ 466,502
Earnings on Investments	-	-	1,325	1,325
Extracurricular Activities	-	9,394	-	9,394
<b>Total Operating Revenues</b>	<b>466,502</b>	<b>9,394</b>	<b>1,325</b>	<b>477,221</b>
<b><u>Operating Expenses</u></b>				
Salaries	205,901	-	-	205,901
Fringe Benefits	122,312	-	-	122,312
Materials and Supplies	287,668	-	-	287,668
Purchased Services	16,996	9,805	-	26,801
Capital Outlay	271	-	-	271
Depreciation	1,649	-	-	1,649
Other Operating Expenses	3,076	24,677	1,020	28,773
<b>Total Operating Expenses</b>	<b>637,873</b>	<b>34,482</b>	<b>1,020</b>	<b>673,375</b>
Operating Income (Loss)	(171,371)	(25,088)	305	(196,154)
<b><u>Nonoperating Revenues</u></b>				
Intergovernmental Revenue	216,447	-	-	216,447
Miscellaneous	17	-	110	127
Transfers In	-	55,000	-	55,000
Earnings on Investments	1,917	-	-	1,917
<b>Total Nonoperating Revenues</b>	<b>218,381</b>	<b>55,000</b>	<b>110</b>	<b>273,491</b>
<b>Net Income</b>	<b>47,010</b>	<b>29,912</b>	<b>415</b>	<b>77,337</b>
Retained Earnings - July 1, 2000	430	7,058	22,277	29,765
<b>Retained Earnings - June 30, 2001</b>	<b>\$ 47,440</b>	<b>\$ 36,970</b>	<b>\$ 22,692</b>	<b>\$ 107,102</b>

The notes to the general purpose financial statements are an integral part of this statement.

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY AND NON-EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001

	ENTERPRISE FUND	INTERNAL SERVICE FUND	NON- EXPENDABLE TRUST FUND	TOTALS (MEMORANDUM ONLY)
<b><u>Cash Flows from Operating Activities</u></b>				
Operating Income(Loss)	\$ (171,371)	\$ (25,088)	\$ 305	\$ (196,154)
Adjustments to Reconcile Operating Income(Loss) to Net Cash (Used By) Operating Activities:				
Depreciation Expense	1,649	-	-	1,649
<i>(Increase) Decrease in Assets:</i>				
Due from Other Governments	(20,276)	-	-	(20,276)
Prepaid Items	-	411	-	411
Inventory Held for Resale	(6,298)	-	-	(6,298)
Material and Supplies Inventory	103	-	-	103
<i>Increase (Decrease) in Liabilities:</i>				
Accounts Payable	(8,960)	-	-	(8,960)
Accrued Wages and Benefits	(3,576)	-	-	(3,576)
Compensated Absences Payable	(2,579)	-	-	(2,579)
Deferred Revenues	4,378	-	-	4,378
Due to Other Governments	(572)	-	-	(572)
Total Adjustments	(36,131)	411	-	(35,720)
Net cash (used by)operating activities	(207,502)	(24,677)	305	(231,874)
<b><u>Cash Flows from Noncapital Financing Activities</u></b>				
Intergovernmental Revenue	216,447	-	-	216,447
Miscellaneous	17	-	110	127
Transfers In	-	55,000	-	55,000
Earnings on Investments	1,917	-	-	1,917
Net cash provided by noncapital financing activities	218,381	55,000	110	273,491
Net increase in cash and cash equivalents	10,879	30,323	415	41,617
Cash and Cash Equivalents - July 1, 2000	78,248	6,647	22,277	107,172
<b>Cash and Cash Equivalents - June 30, 2001</b>	<b>\$ 89,127</b>	<b>\$ 36,970</b>	<b>\$ 22,692</b>	<b>\$ 148,789</b>

The notes to the general purpose financial statements are an integral part of this statement.

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

1. Description of the School District and Reporting Entity

The West Branch Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is governed by a five-member board of education (the Board) elected by its citizens. The Board controls the District's Six school buildings, and bus garage staffed by administrators, teachers, and non-certified personnel providing educational opportunities to its students.

The Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the general purpose financial statements of the District are not misleading.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the District is 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. The District does not have any component units.

The following organizations are not part of the reporting entity and are excluded from the accompanying financial statements:

Non-Public Schools - Within the District's boundaries, non-public schools are operated by religious organizations. Current state legislation provides funding to these schools. The monies are received and disbursed on behalf of the non-public schools by the Treasurer of the District. The accounting for these state monies are reflected as part of the District's Special Revenue Funds.

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

2. Summary of Significant Accounting Policies

The general purpose financial statements of the West Branch Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as it applies to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under the guidelines of Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Units That Use Proprietary Fund Accounting, the District has elected not to apply Financial Accounting Standards Board (FASB) Statements and interpretations issued after November 30, 1989, to its proprietary activities. The adoption of this approach to accounting for proprietary activities by the District has required no change from prior years.

The District's significant accounting policies are described below.

A. Basis of Presentation

Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid 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 recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available resources. For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

**Governmental Fund Types**

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the District's governmental fund types:

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

General Fund

The General Fund is the operating fund of the District and 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.

Special Revenue Funds

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

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by propriety funds or trust funds).

Debt Service Fund

The Debt Service Fund is used to account for financial resources for, and the payment of, general long-term obligation principal, interest, and related costs.

**Proprietary Fund Types**

Proprietary Funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following is the District's Proprietary Fund type:

Enterprise Funds

Enterprise Funds are used to account for District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Internal Service Funds

Internal Service Funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

**Fiduciary Fund Types**

Fiduciary Funds are used to account for assets not owned by the District, but held for a separate entity.

Trust Funds

Trust Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. This includes both Expendable Trust and Non-Expendable Trust Funds.

Agency Funds

Agency Funds are used to account for assets held by the District as an agent. Agency Funds are custodial in nature (Assets equal Liabilities) and do not involve measurement of results 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 a general nature, the following account groups are used:

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Fund.

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the District except those accounted for in the Proprietary Fund.

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

2. Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental and expendable trust 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 increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary and non-expendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary and non-expendable trust fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of Accounting

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

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and 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.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.



WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

2. Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2001, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2002 operations, have been recorded as deferred revenue.

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, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes for proprietary and non-expendable trust fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. 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.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

2. Summary of Significant Accounting Policies (Continued)

C. Budgetary Process (Continued)

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 Mahoning 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 Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values 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 level 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 measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

2. Summary of Significant Accounting Policies (Continued)

C. Budgetary Process (Continued)

Appropriations (Continued)

alter total function appropriations within a fund, or alter object appropriations within functions, 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. During the year, several supplemental appropriations were legally enacted. 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 District funds, consistent with statutory provisions.

Encumbrances

As part of formal budgetary control, 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. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent year end expenditures of governmental funds.

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.

D. Cash and Cash Equivalents

To improve cash management, all cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

2. Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2001. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2001.

E. Inventory

Inventories are valued at cost (first in, first out) and are determined by physical count. Inventory in Proprietary Funds, consist of expendable supplies held for consumption and food service items held for resale. The cost has been recorded as an expense at the time individual inventory items was consumed. Donated commodities which are still on hand at year end are recorded as deferred revenue.

F. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. Fixed assets utilized in the proprietary funds are capitalized in those funds. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$500. The District does not have any infrastructure.

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.

Assets in the General Fixed Assets Account Group are not depreciated. Depreciation of furniture and equipment in the Enterprise Fund is computed using the straight-line method over estimated useful lives of eight to twenty years.

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

2. Summary of Significant Accounting Policies (Continued)

G. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as nonoperating revenues in the accounting period in which they are earned and become measurable. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

*State Foundation Program*

*State Property Tax Relief*

Nonreimbursable Grants

Special Revenue Funds

*Drug Free Grant*

*Title I*

*Title VI*

*Title VI-B Flow Through*

Capital Projects Fund

*SchoolNet*

Reimbursable Grants

General Fund

*Driver Education Reimbursement*

*School Bus Reimbursement*

Enterprise Fund

*National School Lunch Program*

*School Breakfast Program*

*Government Donated Commodities*

WEST BRANCH LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

2. Summary of Significant Accounting Policies (Continued)

H. 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. 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, in accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences. 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.

For governmental funds, the District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The District records a liability for accumulated unused sick leave for both classified and certified employees once they meet the eligibility requirements for retirement from one of the State retirement systems. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees are paid. The remainder is reported in the General Long-term Obligations Account Group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

I. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the General Long-term Obligations Account Group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the General Long-term Obligations Account Group until due. Long-term debt and other obligations financed by proprietary funds are reported as liabilities of those funds.

WEST BRANCH LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

2. Summary of Significant Accounting Policies (Continued)

J. Interfund Transactions

Quasi-external transactions are accounted for as revenues and 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. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

K. Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, prepaids, budget stabilization, and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

L. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total-(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 cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in aggregation of this data.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by the state statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established.

WEST BRANCH LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

2. Summary of Significant Accounting Policies (Continued)

O. 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 may differ from those estimates.

3. Change in Accounting Principle

GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," was implemented during fiscal year 2001. This statement pertains to the financial reporting of certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions. The adoption of this statement had no effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

4. Budgetary Basis of Accounting

While the District is reporting financial position, results of operations, and changes in fund balance/retained earnings 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget -Actual (Non-GAAP Budgetary Basis) - All Governmental and Similar Fiduciary Fund Types are 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 that:

1. Revenues are recorded when received in cash (Budgetary basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (Budgetary basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditure equivalents for all funds (Budgetary basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the Budgetary and GAAP basis statements by fund type.



WEST BRANCH LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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4. Budgetary Basis of Accounting (Continued)

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	\$(433,273)	\$(396,340)	\$ 49,594	\$18,165,696	\$1,095
Adjustments for Revenue Accruals	240,277	300,116	307,783	65	-
Adjustments for Expenditure Accruals	(293,773)	(152,898)	-	107,827	-
Adjustments for Encumbrances	235,731	14,423	-	604,454	-
GAAP Basis	<u>\$(251,038)</u>	<u>\$(234,699)</u>	<u>\$357,377</u>	<u>\$18,878,042</u>	<u>\$1,095</u>

5. Deposits and Investments

State statutes classify monies held by the District into three categories. Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must 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 are public deposits that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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 or deposit accounts including passbook accounts.

Interim monies may be invested in the following obligations:

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 or 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.

WEST BRANCH LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

5. Deposits and Investments (Continued)

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; and
6. The State Treasurer's investment pool (STAR Ohio); and
7. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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 and Reverse Repurchase Agreements.

Deposits: At year end, the carrying amount of the District's deposits was \$4,362,364 and the bank balance was \$4,619,617. Of the bank balance, all was covered by federal depository insurance.

Investments: The District's investments are categorized below to give an indication of the level of custodial credit risk assumed by the District at fiscal year end. 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 insured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for

WEST BRANCH LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

5. Deposits and investments (Continued)

which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is unclassified since it is not evidenced by securities that exist in physical or book entry form.

	<u>Category</u> <u>2</u>	<u>Category</u> <u>3</u>	<u>Carrying</u> <u>Value</u>	<u>Market</u> <u>Value</u>
Repurchase Agreements	\$ -	\$ 64,580	\$ 64,580	\$ 64,580
STAR Ohio	-	-	16,583,649	16,583,649
<b>Federal Agency Securities:</b>				
Fifth-Third Bank Federal Home Loan due 12/18/03, 5.388%	1,979,000	-	1,979,000	1,983,444
Fifth-Third Bank Federal Home Loan due 01/15/04, 5.339%	<u>990,620</u>	<u>-</u>	<u>990,620</u>	<u>990,620</u>
Total Investments	<u>\$2,969,620</u>	<u>\$ 64,580</u>	<u>\$19,617,849</u>	<u>\$19,622,293</u>

6. Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied after April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

WEST BRANCH LOCAL SCHOOL DISTRICT  
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6. Property Taxes (Continued)

The District receives property taxes from Mahoning, Portage, and Columbiana Counties. These County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2001. 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 fiscal year operations. The receivable is therefore offset by a credit to a deferred revenue for that portion not intended to finance current year operations. The amount available to the District as an advance at June 30, 2001, was \$53,151, \$65, and \$526 in the General Fund, Capital Projects Fund, and Debt Service Fund respectively.

7. Interfund Activity

At June 30, 2001, outstanding interfund balances consisted of the following:

	Interfund Receivables	Interfund Payables
General Fund	\$568	\$ -
Special Revenue Fund	-	568
Total	\$568	\$568

8. Fixed Assets

A summary of the changes in the General Fixed Asset Account Group during the fiscal year is as follows:

	Balance 7/1/00	Additions	Disposals	Balance 6/30/01
Land and Land Improvements	\$1,266,160	\$ -	\$ -	\$ 1,266,160
Buildings and Building Improvements	4,972,884	554,892	-	5,527,776
Furniture, Fixtures, and Equipment	2,936,583	112,100	(98,481)	2,950,202
Textbooks and Library Books	894,697	-	-	894,697
Vehicles	<u>1,522,502</u>	<u>656,369</u>	<u>(384,686)</u>	<u>1,794,185</u>
Totals	<u>\$11,592,826</u>	<u>\$1,323,361</u>	<u>\$(483,167)</u>	<u>\$12,433,020</u>

WEST BRANCH LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

8. Fixed Assets (Continued)

A summary of the Enterprise Funds' fixed assets at June 30, 2001 is as follows:

	Balance 7/1/00	Additions	Disposals	Balance 6/30/01
Furniture, Fixtures, and Equipment	\$ 205,249	\$ -	\$ -	\$ 205,249
Less: Accumulated Depreciation	(203,600)	(1,649)	-	(205,249)
Net Fixed Assets	<u>\$ 1,649</u>	<u>\$(1,649)</u>	<u>\$ -</u>	<u>\$ -</u>

9. Long-Term Debt and Other Obligations

Debt outstanding at June 30, 2001 consisted of the following:

<u>General Obligation Bonds</u>		<u>General Obligation Notes</u>	
Principal Outstanding	\$8,949,999	Principal Outstanding	\$8,950,000
Interest Rate	5.10%	Interest Rate	4.75 %

The annual requirements to amortize all note debt outstanding as of June 30, 2001 including interest payments of \$6,624,925 are as follows:

<u>Year ending June 30</u>	<u>General Obligation Bonds</u>	<u>General Obligation Notes</u>
2002	\$ 509,169	\$9,268,844
2003	672,511	-
2004	671,511	-
2005	675,011	-
2006	668,111	-
Thereafter	<u>12,059,767</u>	<u>-</u>
TOTAL	<u>\$15,256,080</u>	<u>\$9,268,844</u>

Long-term debt and other obligations at June 30, 2001 and the related transactions for the year are summarized as follows:

	Balance 7/1/00	Additions	Reductions	Balance 6/30/01
Compensated Absences Payable	\$ 665,256	\$ 30,409	\$ -	\$ 695,665
Bonds Payable	-	8,949,999	-	8,949,999
Notes Payable	-	8,950,000	-	8,950,000
Due to Other Governments	112,414	863	-	113,277
Total	<u>\$ 777,670</u>	<u>\$17,931,271</u>	<u>\$ -</u>	<u>\$18,708,941</u>

WEST BRANCH LOCAL SCHOOL DISTRICT  
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FOR THE YEAR ENDED JUNE 30, 2001

10. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon the length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Upon retirement, payment is made to both classified and certified employees for one-third of accrued, but unused sick leave credit up to a maximum of 50 days for those employees with 10-19 years of continuous service to the District, and 55 days for those with 20 or more years of continuous service.

11. Risk Management

Comprehensive - The District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the District contracted with private carriers for property and fleet insurance, liability insurance, and inland marine coverage. Coverage provided by these carriers is as follows:

Building and Contents-replacement cost - \$26,521,524 (\$5,000 deductible)

Inland Marine Coverage - \$1,931,300 (\$250 deductible)

Boiler and Machinery - \$7,495,469 (\$1,000 deductible)

Automobile Liability - \$1,000,000

Uninsured Motorists - \$500,000

General Liability - \$2,000,000 each occurrence/ \$5,000,000 aggregate.

Settled claims have not exceeded this commercial coverage in any of the past three years.

Workers Compensation - For fiscal year 2001, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the

WEST BRANCH LOCAL SCHOOL DISTRICT  
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11. Risk Management (Continued)

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 share 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 Gates McDonald and Co. provides administrative, cost control and actuarial services to the GRP. Each year, the District pays an enrollment fee to the GRP to cover the costs of administering the program.

*Mahoning County School Employee Insurance Consortium* - The District is a participant in the Mahoning County School Employee Insurance Consortium, a public entity shared risk pool, currently operating as a common risk management and insurance program for 14 member school districts. The plan was organized to provide health care and other benefits to its member organizations. Rates are calculated and set through an annual update process. The District pays a monthly contribution which is placed in a common fund from which claim payments and claims are made for all participating districts, regardless of cash flow. The District is responsible for paying health plan claims up to \$135,000 per individual per year. Any claims exceeding the \$135,000 are covered by the District's stop-loss carrier, Cairnstone Insurance Company. The District pays 93% of the premiums for medical and dental coverage. A plan is also available were the District pays 100% of the premiums. Healthcare is administered by PRM: Dental coverage is administered by Coresource. The fiscal officer of the COG is the Treasurer of the Austintown City School District. The fiscal agent pays PMR monthly for the actual amount of claims processed, the stop-loss premium, and the administrative charges.

12. Defined Benefit Pension Plans

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

WEST BRANCH LOCAL SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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12. Defined Benefit Pension Plans (Continued)

A. School Employees Retirement System (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The contribution rate is 14 percent of annual covered payroll. For fiscal year 1998, 9.79 percent was the portion used to fund pension obligations. 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 for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$300,452, \$260,754 and \$285,894, respectively. 54% has been contributed for the fiscal year 2001 and 100% for fiscal years 2000 and 1999. \$139,632 representing the unpaid contribution for the fiscal year 2001, is recorded as a liability within the respective funds and the General Long-term Obligations Account Group.

B. State Teachers Retirement System

The District also contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit 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 statements and required supplementary information.

The 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 percent of their annual covered salary and the District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Prior to July 1, 1997, the portion used to fund pension obligations was 12 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$1,055,499, \$943,176, and \$975,467, respectively. 83% has been contributed for the fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$177,976 representing the unpaid contribution for the fiscal year 2001, is recorded as a liability within the respective funds.



WEST BRANCH LOCAL SCHOOL DISTRICT  
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13. Post Employment Benefits

The 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 obligations 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.

The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from the STRS funds shall be included in the employer contributions 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. The balance in the Health Care Reserve Fund at year end was \$3.419 billion. For the fiscal year ended June 30, 2000 (the latest information available), eligible benefit recipients totaled 99,011 and net health care costs paid by STRS were \$283,137,000.

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 this fiscal year, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 2000. 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 2000, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14 percent employer contribution provides for maintenance of the asset target level for the health care fund. For the fiscal year ended June 30, 2000 (the latest information available), net health care costs paid by SERS were \$140,696,340 and the target level was \$211.0 million. Net assets available for payment as of June 30, 2000 by the Retirement System were \$252.3 million, at cost. The number of participants currently receiving health care benefits is approximately 50,000. The portion of the District's contributions that were used to fund postemployment benefits was \$181,353.

14. Segment Information For Enterprise Funds

The District maintains one Enterprise Fund, which provides food services to the District. Therefore, segment information for the year ended June 30, 2001 is not presented in these notes.

WEST BRANCH LOCAL SCHOOL DISTRICT  
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15. Jointly Governed Organization

The District is a member of the Area Cooperative Computerized Educational Service System (ACCESS), a not-for-profit computer service. ACCESS is jointly governed organization which provides computer services to the school districts within the boundaries of Mahoning and Columbiana Counties. Each District's superintendent serves as a representative on the Board which consists of approximately 24 member districts. However, the degree of control exercised by any participating school district is limited to representation on the Board.

16. Contingencies and Commitments

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 is 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, 2001.

School Funding Decision

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. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in state funding for most Ohio school districts. However, as of November 15, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2001

16. Contingencies and Commitments (Continued)

individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school district 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.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

17. Statutory Reserves

The District is required by State law to set aside in the General Fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Cash Balance as of June 30, 2000	\$ -	\$ -	\$185,639
Current Year Set-aside Requirement	292,497	292,497	-
Elimination of non-BWC portion of the budget stabilization reserve	-	-	(109,927)
Qualifying Disbursements	<u>(292,497)</u>	<u>(292,497)</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,712</u>
Cash Balance Carried Forward to FY 2002			<u>\$ 75,712</u>

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

<u>Federal Grantor/ Sub-Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through Ohio Department of Education			
Title I	84.010	048389-C1-S1-00	\$ 468,550
		048389-C1-S1-01	\$ 468,564
Total Title I			
Title VI-B	84.027	048389-6B-SF-01	\$ 163,228
Total Title-VI-B			
Title VI	84.298	048389-C2-S1-99	\$ 9,704
		048389-C2-S1-00	\$ 13,119
		048389-C2-S1-01	\$ 12,935
Total Title VI			
Drug Free Schools Grant	84.186	048389-DR-S1-00	\$ 11,203
		048389-DR-S1-01	\$ 10,838
Total Drug Free Schools Grant			
School-to-Work Grant	84.276	048389-STW-99	\$ 15,000
Eisenhower Grant	84.281	048389-MS-S1-01	\$ 12,030
Class Size Reduction Grant	84.340	048389-CR-S1-00	\$ 58,989
Total Class Size Reduction Grant			
Total U.S. Department of Education			
Passed through Ohio Department Mental Retardation and Development Disabilities			
Title XIX - Medical Assistance Program	93.778	-	1,574

Balance <u>7/1/00</u>	Federal <u>Receipts</u>	Federal <u>Disbursements</u>	Balance <u>6/30/01</u>
\$ 44,484	\$ 75,896	\$ 120,380	\$ -
-	373,884	341,705	32,179
<u>44,484</u>	<u>449,780</u>	<u>462,085</u>	<u>32,179</u>
-	163,228	163,228	-
-	163,228	163,228	-
1,053	-	1,053	-
2,944	-	2,944	-
-	12,935	12,535	400
<u>3,997</u>	<u>12,935</u>	<u>16,532</u>	<u>400</u>
367	-	367	-
-	9,721	9,721	-
<u>367</u>	<u>9,721</u>	<u>10,088</u>	<u>-</u>
510	-	510	-
-	12,030	12,030	-
14,126	-	14,126	-
-	63,326	51,640	11,686
<u>14,126</u>	<u>63,326</u>	<u>65,766</u>	<u>11,686</u>
<u>63,484</u>	<u>711,020</u>	<u>730,239</u>	<u>44,265</u>
-	1,574	1,574	-

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

<u>Federal Grantor/ Sub-Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through Ohio Department of Education			
Nutrition Cluster:			
National School Lunch Program(B)	10.555	-	-
National School Breakfast Program	10.553	-	-
Food Distribution Program	10.550	-	-
Total U.S. Department of Agriculture			

(A) Total Federal Financial Assistance

(A) Schedule is presented on the cash basis of accounting. Federal Financial Assistance is determined to be on the First In, First Out basis.

(B) Commingled with state and local revenue from the sale of lunches.

<u>Balance</u> <u>7/1/00</u>	<u>Federal</u> <u>Receipts</u>	<u>Federal</u> <u>Disbursements</u>	<u>Balance</u> <u>6/30/01</u>
-	179,500	179,500	-
-	6,719	6,719	-
<u>16,381</u>	<u>70,488</u>	<u>66,110</u>	<u>20,759</u>
<u>16,381</u>	<u>256,707</u>	<u>252,329</u>	<u>20,759</u>
<u>\$ 79,865</u>	<u>\$ 969,301</u>	<u>\$ 984,142</u>	<u>\$ 65,024</u>

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# ***Guillan & Company***

## **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  
West Branch Local School District  
Beliot, Ohio 44609

We have audited the financial statements of the West Branch Local School District as of and for the year ended June 30, 2001, and have issued our report thereon date December 20, 2001. 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 in 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.

**West Branch Local School District  
Mahoning County**

This report is intended for the information and use of management, Auditor of State, 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.

December 20, 2001

*Guillan & Company*

# ***Guillan & Company***

## **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  
West Branch Local School District  
Beliot, Ohio 44609

### **Compliance**

We have audited the compliance of the West Branch Local School 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, 2001. 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 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 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 West Branch Local School 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, 2001.

**West Branch Local School District  
Mahoning County**

**Internal Control Over Compliance**

The management of the West Branch Local School 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.

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 in 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.

This report is intended for the information and use of management, Auditor of State, 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.

December 20, 2001

*Guillan & Company*

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2001

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the West Branch Local School District.
2. No reportable conditions were disclosed during the audit of the financial statements of the West Branch Local School District.
3. No instances of noncompliance material to the financial statements of the West Branch Local School District were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for the West Branch Local School District expresses an unqualified opinion.
6. No audit findings relative to the major programs for the West Branch Local School District were disclosed during the audit.
7. The programs tested as major included: Nutrition Cluster (10.555, 10.553, 10.550).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. West Branch Local School District was determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

WEST BRANCH LOCAL SCHOOL DISTRICT  
MAHONING COUNTY

GENERAL COMMENTS

The report, including the citations and recommendations, was reviewed with and acknowledged by the following officials on December 20, 2001:

Karen Elsner            Treasurer

These officials were informed that they had five working days for the Auditor of State and sixty days for the federal government from the date of the post audit conference to respond to, or contest, in writing, the report contents. No such response was received.

School District personnel were very cooperative and available for questions and assistance during regular working hours.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**WEST BRANCH LOCAL SCHOOL DISTRICT**

**MAHONING 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  
JANUARY 29, 2002**