

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

AUDITED FINANCIAL STATEMENTS
AND AUDITOR'S REPORT

FOR THE YEAR ENDED
JUNE 30, 2002



**Auditor of State
Betty Montgomery**

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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, 2001 through June 30, 2002. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

January 21, 2003

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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, 2002

<u>Elected Officials</u>	<u>Title</u>	<u>Term of Office</u>
<u>Board of Education:</u>		
John Wallace	President	1/1/02-12/31/05
Samuel Martig	Vice President	1/1/00-12/31/03
Terry Criss	Member	1/1/02-12/31/05
Kim Burkhart	Member	1/1/00-12/31/03
Larry Romigh	Member	1/1/02-12/31/05

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, 2002

<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 Fund
Ohio Reads Grant
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, 2002, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2002, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2002 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, 2002

Guillan & Comapny

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WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 2002

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<u>Assets and Other Debits</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 3,752,974	\$ 526,254	\$ 220,060	\$ 11,354,400
Investments	-	-	-	7,887,281
Receivable (Net Allowances for Uncollectables)				
Taxes - Current	3,331,300	74,848	626,631	-
Taxes - Delinquent	396,390	8,806	71,756	-
Accounts	1,421	5,840	-	-
Accrued Interest	152	-	-	125,850
Prepaid Items	25,019	-	-	9,106
Due from Other Funds	77,594	-	-	-
Due from Other Governments	6,277	210,124	-	27,153,696
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	-	-	-	-
Total Assets and Other Debits	\$ 7,666,839	\$ 825,872	\$ 918,447	\$ 46,530,333

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)
\$ 73,830	\$ 174,232	\$ 80,910	\$ -	\$ -	\$ 16,182,660
-	-	-	-	-	7,887,281
-	-	-	-	-	4,032,779
-	-	-	-	-	476,952
2	-	36	-	-	7,299
-	-	-	-	-	126,002
-	-	-	-	-	34,125
-	-	-	-	-	77,594
27,082	-	-	-	-	27,397,179
26,721	-	-	-	-	26,721
2,316	-	-	-	-	2,316
-	-	-	-	-	75,712
3,485	-	-	14,712,539	-	14,716,024
-	-	-	-	243,910	243,910
-	-	-	-	9,388,610	9,388,610
\$ 133,436	\$ 174,232	\$ 80,946	\$ 14,712,539	\$ 9,632,520	\$ 80,675,164

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 2002
(Continued)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<u>Liabilities, Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 25,120	\$ 30,388	\$ -	\$ -
Contracts Payable	-	-	-	381,358
Accrued Wages and Benefits	2,014,448	109,301	-	-
Compensated Absences Payable	32,548	-	-	-
Pension Obligation Payable	211,590	11,261	-	1,458
Due to Other Funds	-	77,594	-	-
Due to Other Governments	32,568	1,791	-	25
Due to Other Students	-	-	-	-
Bonds Payable	-	-	-	-
Deferred Revenues	3,604,508	214,515	674,537	27,256,806
Total Liabilities	5,920,782	444,850	674,537	27,639,647
<u>Equity and Other Credits</u>				
Investment in General Fixed Assets	-	-	-	-
Retained Earnings : Unreserved	-	-	-	-
Reserved for Endowment	-	-	-	-
Fund Balances:				
Reserved for Property Taxes	119,250	2,825	23,850	-
Reserve for Budget Stabilization	75,712	-	-	-
Reserved for Encumbrances	151,080	17,295	-	1,798,668
Reserved for Debt Service	-	-	220,060	-
Reserved for Prepaid Items	25,019	-	-	9,106
Unreserved - Undesignated	1,374,996	360,902	-	17,082,912
Total Equity and Other Credits	1,746,057	381,022	243,910	18,890,686
Total Liabilities, Equity and Other Credits	\$ 7,666,839	\$ 825,872	\$ 918,447	\$ 46,530,333

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)
\$ 97	\$ -	\$ 647	\$ -	\$ -	\$ 56,252
-	-	-	-	-	381,358
68,760	151,432	-	-	-	2,343,941
19,420	-	-	-	645,255	697,223
13,073	-	-	-	124,744	362,126
-	-	-	-	-	77,594
973	-	4,786	-	-	40,143
-	-	42,172	-	-	42,172
-	-	-	-	8,862,521	8,862,521
20,346	-	-	-	-	31,770,712
122,669	151,432	47,605	-	9,632,520	44,634,042
-	-	-	14,712,539	-	14,712,539
10,767	22,800	-	-	-	33,567
-	-	19,847	-	-	19,847
-	-	-	-	-	145,925
-	-	-	-	-	75,712
-	-	-	-	-	1,967,043
-	-	-	-	-	220,060
-	-	-	-	-	34,125
-	-	13,494	-	-	18,832,304
10,767	22,800	33,341	14,712,539	-	36,041,122
\$ 133,436	\$ 174,232	\$ 80,946	\$ 14,712,539	\$ 9,632,520	\$ 80,675,164

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, 2002

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<u>Revenues</u>				
Taxes	\$ 3,474,746	\$ 79,693	\$ 653,433	\$ -
Earnings on Investments	129,550	3,386	-	751,427
Intergovernmental	10,687,109	988,004	72,883	9,843,086
Tuition and Fees	877,743	-	-	-
Extracurricular Activities	-	265,184	-	-
Other Revenues	112,187	57,645	-	-
Total Revenues	15,281,335	1,393,912	726,316	10,594,513
<u>Expenditures</u>				
Instruction:				
Regular Instruction	7,532,925	147,895	-	69,920
Special Instruction	795,561	596,359	-	-
Vocational Instruction	521,114	-	-	5,018
Other Instruction	12,223	-	-	-
Support Services:				
Pupils	688,237	18,973	-	-
Instructional Staff	564,085	79,019	-	17,732
School Administration	1,328,646	123,025	-	-
Fiscal	345,132	1,437	11,770	-
Board of Education	37,976	-	-	-
Operations and Maintenance	1,528,779	10,609	-	113,699
Pupil Transportation	1,445,508	1,748	-	-
Central	54,835	-	-	-
Extracurricular Activities	293,398	258,376	-	-
Operation of Non-Instructional	81,266	113,737	-	-
Intergovernmental Pass Through	-	40,569	-	-
Facilities Acquisition	3,250	-	-	2,102,755
Debt Service:				
Principal Retirement	-	-	115,000	8,950,000
Interest and Fiscal Charges	-	-	713,013	-
Total Expenditures	\$ 15,232,935	\$ 1,391,747	\$ 839,783	\$ 11,259,124

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

FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
EXPENDABLE TRUST	
\$ -	\$ 4,207,872
-	884,363
-	21,591,082
-	877,743
1,650	266,834
13,505	183,337
15,155	28,011,231
4,432	7,755,172
-	1,391,920
-	526,132
-	12,223
625	707,835
1,511	662,347
-	1,451,671
-	358,339
-	37,976
-	1,653,087
446	1,447,702
-	54,835
-	551,774
991	195,994
-	40,569
-	2,106,005
-	9,065,000
-	713,013
\$ 8,005	\$ 28,731,594

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, 2002

(Continued)

	GOVERNMENTAL FUND TYPES			
	SPECIAL		DEBT	CAPITAL
	GENERAL	REVENUE	SERVICE	PROJECTS
Excess (Deficit) of Revenues Over (Under) Expenditures	\$ 48,400	\$ 2,165	\$ (113,467)	\$ (664,611)
<u>Other Financing Sources/ (Uses)</u>				
Proceeds From Sale Of Assets	21,392	-	-	-
Operating Transfers In	-	26,000	-	500,000
Operating Transfers Out	(526,000)	-	-	-
Total Other Financing Sources/ (Uses)	(504,608)	26,000	-	500,000
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(456,208)	28,165	(113,467)	(164,611)
FUND BALANCES - July 1, 2001	2,202,265	352,857	357,377	19,055,297
FUND BALANCES - June 30, 2002	\$ 1,746,057	\$ 381,022	\$ 243,910	\$ 18,890,686

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

FIDUCIARY FUND TYPE	TOTALS
EXPENDABLE	(MEMORANDUM
TRUST	ONLY)
<u>\$ 7,150</u>	<u>\$ (720,363)</u>
-	21,392
-	526,000
-	<u>(526,000)</u>
<u>-</u>	<u>21,392</u>
7,150	(698,971)
<u>3,678</u>	<u>21,971,474</u>
<u><u>\$ 10,828</u></u>	<u><u>\$ 21,272,503</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 FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002

	GENERAL FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
<u>Revenues</u>			
Taxes	\$ 3,436,368	\$ 3,405,054	\$ (31,314)
Tuition and Fees	870,000	877,743	7,743
Earnings on Investments	125,000	129,398	4,398
Extracurricular Activities	-	-	-
Intergovernmental	9,751,467	10,680,832	929,365
Other Revenues	74,600	95,953	21,353
	14,257,435	15,188,980	931,545
Total Revenues			
 <u>Expenditures</u>			
Instruction:			
Regular Instruction	7,300,086	7,279,525	20,561
Special Instruction	772,735	762,388	10,347
Vocational Instruction	498,194	537,064	(38,870)
Other Instruction	12,250	12,223	27
Support Services:			
Pupils	675,107	675,050	57
Instructional Staff	560,927	560,587	340
Board of Education	40,918	41,029	(111)
School Administration	1,327,302	1,275,041	52,261
Fiscal	353,312	335,196	18,116
Operations and Maintenance	1,636,147	1,574,266	61,881
Pupil Transportation	1,397,910	1,411,715	(13,805)
Central	80,456	67,859	12,597
Operation of Non-Instructional	85,129	74,444	10,685
Facilities Acquisition and Construction Services	750	3,000	(2,250)
Extracurricular Activities	290,914	279,649	11,265
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
	\$ 15,032,137	\$ 14,889,036	\$ 143,101
Total Expenditures			

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)
\$ 81,300	\$ 76,933	\$ (4,367)	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,100	3,394	294	536,000	603,266	67,266
269,300	261,713	(7,587)	-	-	-
1,228,348	911,565	(316,783)	12,094,000	9,843,151	(2,250,849)
51,000	55,443	4,443	-	-	-
1,633,048	1,309,048	(324,000)	12,630,000	10,446,417	(2,183,583)
168,200	142,930	25,270	49,860	79,460	(29,600)
570,445	580,620	(10,175)	-	-	-
-	-	-	5,018	5,018	-
-	-	-	-	-	-
30,865	25,887	4,978	-	-	-
88,043	79,005	9,038	12,267	26,315	(14,048)
-	-	-	-	-	-
124,070	123,440	630	-	-	-
1,550	1,437	113	-	-	-
11,193	10,595	598	96,183	172,018	(75,835)
205	-	205	-	-	-
-	-	-	-	-	-
170,527	161,171	9,356	-	-	-
-	-	-	2,605,209	3,458,422	(853,213)
266,801	266,631	170	-	-	-
-	-	-	8,950,000	8,950,000	-
-	-	-	-	-	-
\$ 1,431,899	\$ 1,391,716	\$ 40,183	\$ 11,718,537	\$ 12,691,233	\$ (972,696)

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 FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002

(Continued)

	GENERAL FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
Excess (Deficit) of Revenues Over (Under) Expenditures	\$ (774,702)	\$ 299,944	\$ 1,074,646
<u>Other Financing Sources/ (Uses)</u>			
Refund of Prior Year Receipts	-	-	-
Refund of Prior Year Expenditures	2,000	15,063	13,063
Proceeds from Sale of Assets	25,000	21,392	(3,608)
Advances In	568	568	-
Advances Out	(77,594)	(77,594)	-
Operating Transfers In	-	-	-
Operating Transfers Out	(526,000)	(526,000)	-
Total Other Financing Sources/ (Uses)	(576,026)	(566,571)	9,455
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,350,728)	(266,627)	1,084,101
Prior Year Encumbrances Appropriated	235,731	235,731	-
FUND BALANCES - July 1, 2001	3,685,253	3,685,253	-
FUND BALANCES - June 30, 2002	\$ 2,570,256	\$ 3,654,357	\$ 1,084,101

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)
\$ 201,149	\$ (82,668)	\$ (283,817)	\$ 911,463	\$ (2,244,816)	\$ (3,156,279)
-	-	-	-	(4,444)	(4,444)
700	150	(550)	-	-	-
-	-	-	-	-	-
-	77,594	77,594	-	-	-
(568)	(568)	-	-	-	-
26,000	26,000	-	500,000	500,000	-
-	-	-	-	-	-
26,132	103,176	77,044	500,000	495,556	(4,444)
227,281	20,508	(206,773)	1,411,463	(1,749,260)	(3,160,723)
14,423	14,423	-	604,454	604,454	-
443,903	443,903	-	18,450,777	18,450,777	-
\$ 685,607	\$ 478,834	\$ (206,773)	\$ 20,466,694	\$ 17,305,971	\$ (3,160,723)

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, 2002

(Continued)

	DEBT SERVICE FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
<u>Revenues</u>			
Taxes	\$ 608,816	\$ 630,109	\$ 21,293
Tuition and Fees	-	-	-
Earnings on Investments	-	-	-
Extracurricular Activities	-	-	-
Intergovernmental	78,812	72,883	(5,929)
Other Revenues	-	-	-
	687,628	702,992	15,364
Total Revenues			
 <u>Expenditures</u>			
Instruction:			
Regular Instruction	-	-	-
Special Instruction	-	-	-
Vocational Instruction	-	-	-
Other Instruction	-	-	-
Support Services:			
Pupils	-	-	-
Instructional Staff	-	-	-
Board of Education	-	-	-
School Administration	-	-	-
Fiscal	11,605	11,769	(164)
Operations and Maintenance	-	-	-
Pupil Transportation	-	-	-
Central	-	-	-
Operation of Non-Instructional	-	-	-
Facilities Acquisition and Construction Services	-	-	-
Extracurricular Activities	-	-	-
Debt Service:			
Principal Retirement	115,000	115,000	-
Interest and Fiscal Charges	713,013	713,013	-
	839,618	839,782	(164)
Total Expenditures			

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

TOTALS (MEMORANDUM ONLY)

REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
\$ 4,126,484	\$ 4,112,096	\$ (14,388)
870,000	877,743	7,743
664,100	736,058	71,958
269,300	261,713	(7,587)
23,152,627	21,508,431	(1,644,196)
125,600	151,396	25,796
29,208,111	27,647,437	(1,560,674)

7,518,146	7,501,915	16,231
1,343,180	1,343,008	172
503,212	542,082	(38,870)
12,250	12,223	27
705,972	700,937	5,035
661,237	665,907	(4,670)
40,918	41,029	(111)
1,451,372	1,398,481	52,891
366,467	348,402	18,065
1,743,523	1,756,879	(13,356)
1,398,115	1,411,715	(13,600)
80,456	67,859	12,597
255,656	235,615	20,041
2,605,959	3,461,422	(855,463)
557,715	546,280	11,435
9,065,000	9,065,000	-
713,013	713,013	-
\$ 29,022,191	\$ 29,811,767	\$ (789,576)

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, 2002

(Continued)

	DEBT SERVICE FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
Excess (Deficit) of Revenues Over (Under) Expenditures	\$ (151,990)	\$ (136,790)	\$ 15,200
<u>Other Financing Sources/ (Uses)</u>			
Refund of Prior Year Receipts	-	-	-
Refund of Prior Year Expenditures	-	-	-
Proceeds from Sale of Assets	-	-	-
Advances In	-	-	-
Advances Out	-	-	-
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Sources/ (Uses)	-	-	-
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(151,990)	(136,790)	15,200
Prior Year Encumbrances Appropriated	-	-	-
FUND BALANCES - July 1, 2001	356,850	356,850	-
FUND BALANCES - June 30, 2002	\$ 204,860	\$ 220,060	\$ 15,200

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

TOTALS (MEMORANDUM ONLY)

REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
\$ 185,920	\$ (2,164,330)	\$ (2,350,250)
-	(4,444)	(4,444)
2,700	15,213	12,513
25,000	21,392	(3,608)
568	78,162	77,594
(78,162)	(78,162)	-
526,000	526,000	-
(526,000)	(526,000)	-
(49,894)	32,161	82,055
136,026	(2,132,169)	(2,268,195)
854,608	854,608	-
22,936,783	22,936,783	-
\$ 23,927,417	\$ 21,659,222	\$ (2,268,195)

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, 2002

	ENTERPRISE FUND	INTERNAL SERVICE FUND	NON- EXPENDABLE TRUST FUND	TOTALS (MEMORANDUM ONLY)
<u>Operating Revenues</u>				
Food Services	\$ 484,482	\$ -	\$ -	\$ 484,482
Earnings on Investments	-	-	571	571
Extracurricular Activities	21	158,451	-	158,472
Total Operating Revenues	484,503	158,451	571	643,525
<u>Operating Expenses</u>				
Salaries	402,568	-	-	402,568
Materials and Supplies	375,626	-	-	375,626
Purchased Services	22,398	7,019	-	29,417
Depreciation	184	-	-	184
Other Operating Expenses	1,797	165,602	750	168,149
Total Operating Expenses	802,573	172,621	750	975,944
Operating (Loss)	(318,070)	(14,170)	(179)	(332,419)
<u>Nonoperating Revenues</u>				
Operating Grants	204,372	-	-	204,372
Federal Commodities	76,073	-	-	76,073
Earnings on Investments	952	-	-	952
Total Nonoperating Revenues	281,397	-	-	281,397
Net Income	(36,673)	(14,170)	(179)	(51,022)
Retained Earnings - July 1, 2001	47,440	36,970	22,692	107,102
Retained Earnings - June 30, 2002	\$ 10,767	\$ 22,800	\$ 22,513	\$ 56,080

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 FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2002

	PROPRIETARY FUND TYPES		FIDUCIARY	TOTALS (MEMORANDUM ONLY)
	ENTERPRISE FUND	INTERNAL SERVICE FUND	NON- EXPENDABLE TRUST FUND	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash received from Charges for Services	\$ 484,482	\$ 158,451	\$ -	\$ 642,933
Cash received from Other Operations	19	-	-	19
Cash payments for Personal Services	(374,194)	-	-	(374,194)
Cash payments for Contractual Services	(22,398)	(7,019)	-	(29,417)
Cash payments for Materials & Supplies	(296,258)	-	-	(296,258)
Cash payments for other operating expenses	(1,797)	(14,170)	(750)	(16,717)
Net cash provided by (used in) operating activities	(210,146)	137,262	(750)	(73,634)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
Cash received from Operating grants	197,566	-	-	197,566
Net cash provided by Noncapital financing activities	197,566	-	-	197,566
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
Acquisition of Capital Assets	(3,669)	-	-	(3,669)
Net Cash used in Capital and Related Financing Activities:	(3,669)	-	-	(3,669)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Interest on cash equivalents	952	-	571	1,523
Net cash provided by investing activities	952	-	571	1,523
Net increase (decrease) in case and cash equivalents	(15,297)	137,262	(179)	121,786
Cash & Cash Equivalents July 1, 2001	89,127	36,970	22,692	148,789
Cash & Cash Equivalents June 30, 2002	\$ 73,830	\$ 174,232	\$ 22,513	\$ 270,575
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (318,070)	\$ (14,170)	\$ (179)	\$ (332,419)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Depreciation	184	-	-	184
Federal Donated Commodities	76,073	-	-	76,073
Interest Reported as Operating Income	-	-	(571)	(571)
CHANGES IN ASSETS AND LIABILITIES:				
(Increase) decrease in Supplies Inventory	(190)	-	-	(190)
(Increase) decrease in Accounts Receivable	(2)	-	-	(2)
(Increase) decrease in Inventory Held for Resale	4,841	-	-	4,841
Increase (decrease) in Accounts Payable	(943)	-	-	(943)
Increase (decrease) in Accrued Wages	30,310	151,432	-	181,742
Increase (decrease) in Compensated Absences	4,602	-	-	4,602
Increase (decrease) in Due to Other Governments	(19,611)	-	-	(19,611)
Increase (decrease) in Pension Obligation Payable	13,073	-	-	13,073
Increase (decrease) in Deferred Revenue	(413)	-	-	(413)
Net cash provided by (used in) operating activities	\$ (210,146)	\$ 137,262	\$ (750)	\$ (73,634)

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, 2002

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, 2002

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, 2002

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, 2002

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, 2002

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, 2002

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, 2002, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2003 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, 2002

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 2002.

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, 2002

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, 2002

2. Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents (Continued)

During fiscal year 2002, investments were limited to federal agency securities, investments in STAR Ohio, nonnegotiable certificates of deposit and a repurchase agreement. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2002. 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, 2002.

Under existing Ohio statutes all investment earnings are assigned to the general fund except those required to be assigned to another fund. Interest revenue credited to the general fund during fiscal 2002 amounted to \$129,550, which includes \$6,722 assigned from other District funds.

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.

E. Inventory

Inventories are valued at cost (first in, first out) and are determined by physical count. Inventory in Proprietary Funds consists 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 that are still on hand at year-end are recorded as deferred revenue.

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

2. Summary of Significant Accounting Policies (Continued)

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 8 to 20 years.

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 non-operating 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

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

2. Summary of Significant Accounting Policies (Continued)

G. Intergovernmental Revenues (Continued)

Non-reimbursable Grants

Special Revenue Funds

Drug Free Grant

Title I

Title VI

Title VI-B Flow Through

Ohio Reads Grant

Eisenhower Grant

Class Size Reduction Grant

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

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.

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

2. Summary of Significant Accounting Policies (Continued)

H. Compensated Absences (Continued)

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.

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 non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

2. Summary of Significant Accounting Policies (Continued)

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 that are restricted in use by State statute. A fund balance reserve has also been established.

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.

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

3. Accountability and Compliance

Fund balance at June 30, 2002 included the following individual fund deficits:

<u>Special Revenue Funds</u>	<u>Deficit Balance</u>
Management Information Systems	\$ 28
DPIA	14
Title I	95,456
Drug Free Schools Grant	1,327
Class Size Reduction	13,911

These funds complied with Ohio state law, which does not permit a cash deficit at year-end. The deficit fund balances in these funds are caused by accruing wage and benefit obligations in accordance with GAAP. In addition, the Drug-Free Schools special revenue fund must report an interfund loan payable for an "advance in" subject to repayment under GAAP. These deficits will be eliminated by future intergovernmental revenues and other subsidies not recognized at June 30.

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
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

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
Budget Basis	\$(266,627)	\$20,508	\$(136,790)	\$(1,749,260)
Adjustments for Revenue Accruals	92,355	84,864	23,324	148,096
Adjustments for Expenditure Accruals	(518,228)	(47,451)	(1)	(378,181)
Adjustments for Other Financing Sources/Uses	61,963	(77,176)	-	4,444
Adjustments for Encumbrances	<u>174,329</u>	<u>47,420</u>	<u>-</u>	<u>1,810,290</u>
GAAP Basis	<u>\$(456,208)</u>	<u>\$28,165</u>	<u>\$(113,467)</u>	<u>\$ (164,611)</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;

WEST BRANCH LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

5. Deposits and Investments (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptance and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. 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.

WEST BRANCH LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

5. Deposits and Investments (Continued)

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 \$4,361,696 and the bank balance was \$4,898,480. These balances include \$4,792,241 in nonnegotiable certificates of deposit. Of the bank balance:

1. \$200,000 was covered by federal depository insurance; and
2. \$4,698,480 was uninsured and uncollateralized as defined by GASB although it was secured by collateral held by third party trustees pursuant to Section 135.181, Ohio Revised Code, in collateralized pools securing all public fund on deposit with specific depository instructions; these securities not being in the name of the District. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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 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.

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

5. Deposits and investments (Continued)

	<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	\$ -	\$ 265,909	\$ 265,909	\$ 265,909
STAR Ohio	-	-	16,423,008	16,423,008
Federal Agency Securities:	<u>3,095,040</u>	<u>-</u>	<u>3,095,040</u>	<u>3,095,040</u>
Total Investments	<u>\$3,095,040</u>	<u>\$ 265,909</u>	<u>\$19,783,957</u>	<u>\$ 19,783,957</u>

The classification of cash and cash equivalents on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That use Proprietary Fund Accounting".

A reconciliation between the classifications of pooled cash and cash equivalents on the combined financial statements (per GASB Statement No. 9) and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash</u> <u>Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 16,258,372	\$ 7,887,281
Investments of the cash management pool:		
Repurchase agreement	(265,909)	265,909
Certificates of deposit with maturity greater than 90 days	4,792,241	(4,792,241)
Investment in STAR Ohio	<u>(16,423,008)</u>	<u>16,423,008</u>
GASB Statement No. 3	<u>\$ 4,361,696</u>	<u>\$ 19,783,957</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.

WEST BRANCH LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

6. Property Taxes (Continued)

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.

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, 2002, are available to finance fiscal year 2002 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 that became measurable as of June 30, 2002. 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 amounts available to the District as an advance at June 30, 2002, were \$119,250, \$2,825, and \$23,850 in the General Fund, Special Revenue Funds, and Debt Service Fund respectively.

7. Interfund Activity

At June 30, 2002, outstanding interfund balances consisted of the following:

	Interfund Receivables	Interfund Payables
General Fund	\$77,594	\$ -
<u>Special Revenue Fund</u>		
Drug Free Schools	-	1,156
Title VI-B	-	<u>76,438</u>
Total	<u>\$77,594</u>	<u>\$77,594</u>

WEST BRANCH LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

8. Fixed Assets

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

	Balance 7/1/01	Additions	Disposals	Balance 6/30/02
Land and Land Improvements	\$1,266,160	\$ -	\$ -	\$ 1,266,160
Buildings and Building Improvements	5,527,776	2,000	-	5,529,776
Furniture, Fixtures, and Equipment	2,950,202	151,631	(41,405)	3,060,428
Textbooks and Library Books	894,697	-	-	894,697
Vehicles	1,794,185	301,957	(232,975)	1,863,167
Construction In Progress	-	2,098,311	-	2,098,311
Totals	<u>\$12,433,020</u>	<u>\$ 2,553,899</u>	<u>\$(274,380)</u>	<u>\$14,712,539</u>

A summary of the Enterprise Funds' fixed assets at June 30, 2002 is as follows:

	Balance 7/1/01	Additions	Disposals	Balance 6/30/02
Furniture, Fixtures, and Equipment	\$ 205,249	\$ 3,669	\$ -	\$ 208,918
Less: Accumulated Depreciation	<u>(203,600)</u>	<u>(1,833)</u>	<u>-</u>	<u>(205,433)</u>
Net Fixed Assets	<u>\$ 1,649</u>	<u>\$ 1,836</u>	<u>\$ -</u>	<u>\$ 3,485</u>

9. Long-Term Debt and Other Obligations

On June 15, 2001, the District issued \$8,949,999 in general obligation bonds (Series 2001, Classroom Facilities Improvement Bonds), which represent the District's share of a construction and renovation project approved and significantly funded by the Ohio School Facilities Commission (OSFC). OSFC has awarded the District a \$36,916,969 grant for the project, and will make quarterly disbursements to the District until the project is completed. These bonds are a general obligation of the District, for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the general long-term obligations account group. Payments of principle and interest relating to these bonds are recorded as an expenditure in the debt service fund. The source of payment is derived from a current 4.0 (average) mill bonded debt tax levy.

The general obligation bonds are being issued to pay the local share of school construction under the OSFC Program (the "Project"), including construction of two elementary schools to house grades K-5, construction of a new K-8 school, renovations and additions to the existing high school to house grades 9-12, abandonment and possible demolition of the existing Damascus and Knox Elementary Schools.

WEST BRANCH LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

9. Long-Term Debt and Other Obligations (Continued)

In conjunction with the 4.0 mills which support the bond issue, the District also passed in fiscal 2001 a .5 mill levy to ultimately fund the maintenance costs of the new facilities. Tax revenue from this levy have been reported in the special revenue funds.

This issue is comprised of current interest term bonds, par value \$6,350,000, serial bonds, par value \$2,235,000, and capital appreciation bonds, par value \$720,000. The capital appreciation bonds mature each December 1, 2009 and December 1, 2010, (effective interest 8.4199%, on both bonds) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the general long-term obligations account group at June 30,2002 was \$344,999. Total accreted interest of \$27,522 has been included in the general long-term obligations account group at June 30, 2002. The current interest bonds maturing on or after December 1, 2017 are subject to early redemption at the sole option of the District, at a redemption price equal to 100% of par plus accrued interest.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2023.

The annual requirements to amortize all note debt outstanding as of June 30, 2002 including interest payments of \$5,536,904 are as follows:

Year ending <u>June 30</u>	General <u>Obligation Bonds</u>	Capital <u>Appreciation Bonds</u>
2003	\$ 672,511	\$ -
2004	672,511	-
2005	675,011	-
2006	668,111	-
2007	675,711	-
Thereafter	<u>10,663,049</u>	<u>720,000</u>
TOTAL	<u>\$14,026,904</u>	<u>\$ 720,000</u>

Long-term debt and other obligations at June 30, 2002 and the related transactions for the year are summarized as follows:

	Balance 7/1/01	Additions	Reductions	Balance 6/30/02
Compensated Absences Payable	\$ 695,665	\$ -	\$ 50,410	\$ 645,255
General Obligations Bonds	8,949,999	27,522	115,000	8,862,521
Notes Payable	8,950,000	-	8,950,000	-
Due to Other Governments	<u>113,277</u>	<u>11,467</u>	<u>-</u>	<u>124,744</u>
Total	<u>\$18,708,941</u>	<u>\$ 38,989</u>	<u>\$9,115,410</u>	<u>\$ 9,632,520</u>

WEST BRANCH LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

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 2002, 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 - \$29,171,477 (\$5,000 deductible)

Inland Marine Coverage - \$2,004,338 (\$250 deductible)

Boiler and Machinery - \$8,478,000 (\$1,000 deductible)

Automobile Liability - \$2,000,000

Uninsured Motorists - \$500,000

General Liability - \$3,000,000 each occurrence/ \$3,000,000 aggregate.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

Workers Compensation - For fiscal year 2002, 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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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

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, PFL Aegon.

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, 300 East Broad Street, Columbus, Ohio 43215-3634.

WEST BRANCH LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

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 2002, 5.46 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, 2002, 2001, and 2000 were \$271,573, \$300,452 and \$260,754, respectively. 45% has been contributed for the fiscal year 2002 and 100% for fiscal years 2001 and 2000. \$149,712 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; 9.5 percent was the portion used to fund pension obligations. 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, 2002, 2001, and 2000 were \$1,042,281, \$1,055,499, and \$943,176, respectively. 83% has been contributed for the fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$175,948 representing the unpaid contribution for the fiscal year 2002, is recorded as a liability within the respective funds.

WEST BRANCH LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

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 4.5 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 \$3.256 billion. For the fiscal year ended June 30, 2001 (the latest information available), eligible benefit recipients totaled 102,132 and net health care costs paid by STRS were \$300,772,000.

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 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, 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, 2001 (the latest information available), net health care costs paid by SERS were \$161,440,000 and the target level was \$242.2 million. Net assets available for payment as of June 30, 2001 by the Retirement System were \$315.7 million. 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 \$201,380.

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, 2002 is not presented in these notes.

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

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, 2002.

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.

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

16. Contingencies and Commitments (Continued)

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 districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

The District is unable to determine what effect, if any, this decision 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 certain 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, 2002, 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, 2001	\$ -	\$ -	\$75,712
Current Year Set-aside Requirement	297,252	297,252	-
Qualifying Disbursements	<u>(378,457)</u>	<u>(11,090,612)</u>	<u>-</u>
Total	<u>\$ (81,205)</u>	<u>\$(10,793,360)</u>	<u>\$ 75,712</u>
Cash Balance Carried Forward to FY 2003	<u>\$ (81,205)</u>	<u>\$(10,793,360)</u>	<u>\$ 75,712</u>
Restricted assets			<u>\$ 75,712</u>

Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by state statute. This amount is reported as budget stabilization.

The District had a qualifying textbook and capital acquisition set aside carryover of \$81,205 and \$10,793,360, respectively, which is a carry forward to fiscal 2003.

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

18. Contractual Commitments

As of June 30, 2002, the District had the following contractual commitments outstanding relating to the Construction Project described in Note 9. A summary of the primary contractual commitments follows:

	<u>Total Contract</u>	<u>Amount Paid</u>	<u>Remaining Commitment At June 30, 2002</u>
<u>K-8 Building:</u>			
Hively Construction, Inc.	\$ 9,020,950	\$ -	\$ 9,020,950
Aerotech Mechanical Contractors, Inc	1,886,700	-	1,886,700
Ellyson Plumbing	649,400	-	649,400
"Joe" Dickey Electric	1,316,980	-	1,316,980
RWJ Corporation	231,076	-	231,076
BrySCO Food Service	158,725	-	158,725
<u>High School:</u>			
Precision Environmental	418,000	65,425	352,575
Hudson Construction, Inc.	6,107,200	-	6,107,200
Aerotech Mechanical Contractors, Inc.	1,775,400	-	1,775,400
Enertech Electrical, Inc.	2,043,900	-	2,043,900
RWJ Corporation	370,277	-	370,277
Best Restaurant Equipment & Design, Inc.	<u>110,977</u>	<u>-</u>	<u>110,977</u>
Total	<u>\$24,089,585</u>	<u>\$ 65,425</u>	<u>\$24,024,160</u>

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

<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-S1-01 048389-C1-S1-02	\$ 468,550 469,558
Total Title I			
Title VI-B	84.027	048389-6B-SF-02	\$ 191,096
Total Title-VI-B			
Title VI	84.298	048389-C2-S1-01 048389-C2-S1-02	\$ 9,704 13,419
Total Title VI			
Drug Free Schools Grant	84.186	048389-DR-S1-01 048389-DR-S1-02	\$ 11,203 10,183
Total Drug Free Schools Grant			
Eisenhower Grant	84.281	048389-MS-S1-02	\$ 14,560
Class Size Reduction Grant	84.340	048389-CR-S1-01 048389-CR-S1-02	\$ 58,989 73,953
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	-	23,220

<u>Balance</u> <u>7/1/01</u>	<u>Federal</u> <u>Receipts</u>	<u>Advances</u> <u>In/(Out)</u>	<u>Federal</u> <u>Disbursements</u>	<u>Balance</u> <u>6/30/02</u>
\$ 32,179	\$ 94,680	\$ -	\$ 126,859	\$ -
-	349,882	-	347,414	2,468
<u>32,179</u>	<u>444,562</u>	<u>-</u>	<u>474,273</u>	<u>2,468</u>
-	<u>114,657</u>	<u>76,439</u>	<u>191,096</u>	-
-	<u>114,657</u>	<u>76,439</u>	<u>191,096</u>	-
400	-	-	400	-
-	<u>13,419</u>	-	<u>13,040</u>	<u>379</u>
<u>400</u>	<u>13,419</u>	<u>-</u>	<u>13,440</u>	<u>379</u>
-	1,686	(568)	1,118	-
-	<u>5,294</u>	<u>1,156</u>	<u>6,450</u>	-
-	<u>6,980</u>	<u>588</u>	<u>7,568</u>	-
-	14,560	-	12,083	2,477
11,686	-	-	11,686	-
-	<u>66,272</u>	-	<u>63,302</u>	<u>2,970</u>
<u>11,686</u>	<u>66,272</u>	<u>-</u>	<u>74,988</u>	<u>2,970</u>
<u>44,265</u>	<u>660,450</u>	<u>77,027</u>	<u>773,448</u>	<u>8,294</u>
-	23,220	-	23,220	-

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

<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>7/1/01</u>	<u>Federal</u> <u>Receipts</u>	<u>Transfers</u> <u>In/Out</u>	<u>Federal</u> <u>Disbursements</u>	<u>Balance</u> <u>6/30/02</u>
-	180,197	-	180,197	-
-	8,415	-	8,415	-
<u>20,759</u>	<u>69,663</u>	<u>-</u>	<u>70,076</u>	<u>20,346</u>
<u>20,759</u>	<u>258,275</u>	<u>-</u>	<u>258,688</u>	<u>20,346</u>
<u>\$ 65,024</u>	<u>\$ 941,945</u>	<u>\$ 77,027</u>	<u>\$ 1,055,356</u>	<u>\$ 28,640</u>

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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, 2002, and have issued our report thereon date December 20, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 20, 2002.

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, 2002

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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, 2002. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit 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, 2002.

**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, 2002

Guillan & Company

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2002

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: Title I (84.010).
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, 2002:

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.



**Auditor of State
Betty Montgomery**

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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
FEBRUARY 6, 2003**