

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
*(AUDITED)***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2009***

DANIEL TELZROW, TREASURER



Mary Taylor, CPA
Auditor of State

Board of Education
West Branch Local School District
14277 Main Street
Beloit, Ohio 44609

We have reviewed the *Independent Auditor's Report* of the West Branch Local School District, Mahoning County, prepared by Julian & Grube, Inc., for the audit period July 1, 2008 through June 30, 2009. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 5, 2010

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**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Board of Education
West Branch Local School District
14277 Main Street
Beloit, Ohio 44609

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Branch Local School District, Mahoning County, Ohio, as of and for the fiscal year ended June 30, 2009, which collectively comprise West Branch Local School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of West Branch Local School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of West Branch Local School District, as of June 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the fiscal 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 4, 2009, on our consideration of West Branch Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Independent Auditor's Report
West Branch Local School District
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Branch Local School District's basic financial statements. The accompanying schedule of receipts and 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 basic financial statements. The schedule of receipts and expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a period at the end.

Julian & Grube, Inc.
December 4, 2009

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The management's discussion and analysis of the West Branch Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- In total, net assets of governmental activities decreased \$1,106,473 which represents a 2.65% decrease from 2008.
- General revenues accounted for \$17,078,196 in revenue or 77.07% of all revenues. Program specific revenue in the form of charges for services and sales, grants and contributions accounted for \$5,081,664 or 22.93% of total revenues of \$22,159,860.
- The District had \$23,266,333 in expenses related to governmental activities; \$5,081,664 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$17,078,196 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and bond retirement fund. The general fund had \$18,876,835 in revenues and other financing sources and \$18,401,596 in expenditures and other financing uses. During fiscal 2009, the general fund's fund balance increased \$475,239 from \$1,163,582 to \$1,638,821.
- The bond retirement fund had \$667,777 in revenues and \$661,155 in expenditures. During fiscal 2009, the bond retirement fund's fund balance increased \$6,622 from \$650,788 to \$657,410.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net assets and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The District has two major funds: the general fund and bond retirement fund.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The statement of net assets and the statement of activities answer this question. These statements include non-fiduciary assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and bond retirement fund.

Governmental Funds

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in two agency funds. The District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-48 of this report.

The District as a Whole

The statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2009 and 2008.

	Net Assets	
	Governmental Activities 2009	Governmental Activities 2008
<u>Assets</u>		
Current and other assets	\$ 11,727,124	\$ 11,197,424
Capital assets, net	<u>44,352,222</u>	<u>46,336,006</u>
Total assets	<u>56,079,346</u>	<u>57,533,430</u>
<u>Liabilities</u>		
Current liabilities	7,288,498	7,335,996
Long-term liabilities	<u>8,078,510</u>	<u>8,378,623</u>
Total liabilities	<u>15,367,008</u>	<u>15,714,619</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	37,745,501	39,422,412
Restricted	2,007,634	1,863,010
Unrestricted	<u>959,203</u>	<u>533,389</u>
Total net assets	<u>\$ 40,712,338</u>	<u>\$ 41,818,811</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$40,712,338.

At year-end, capital assets represented 79.09% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, textbooks and library books and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2009, were \$37,745,501. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

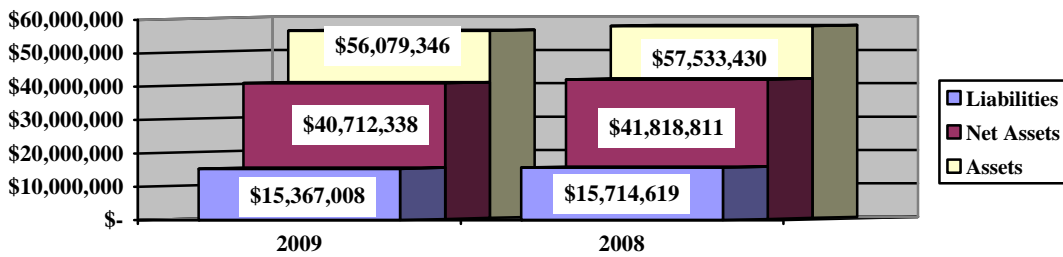
**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

A portion of the District's net assets, \$2,007,634, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$959,203 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below presents the District's governmental activities assets, liabilities and net assets for fiscal year 2009 and 2008.

Governmental Activities



The table below shows the change in net assets for fiscal years 2009 and 2008.

Change in Net Assets

	Governmental Activities 2009	Governmental Activities 2008
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 2,717,178	\$ 2,362,473
Operating grants and contributions	2,352,827	2,248,480
Capital grants and contributions	11,659	59,005
General revenues:		
Property taxes	4,849,243	4,801,745
Grants and entitlements	12,098,459	11,541,587
Investment earnings	66,024	210,343
Other	64,470	83,861
Total revenues	<u>22,159,860</u>	<u>21,307,494</u>

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Change in Net Assets

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 10,253,670	\$ 10,412,517
Special	2,245,724	2,027,162
Vocational	411,736	388,325
Other	66,842	102,161
Support services:		
Pupil	1,029,070	1,032,824
Instructional staff	1,166,828	1,152,950
Board of education	36,734	32,908
Administration	1,503,905	1,468,602
Fiscal	436,110	453,297
Operations and maintenance	2,228,932	2,087,104
Pupil transportation	1,598,047	1,227,349
Central	270,727	265,937
Operations of non-instructional services:		
Food service operations	919,906	881,004
Other non-instructional services	60,809	46,488
Extracurricular activities	691,271	699,491
Interest and fiscal charges	<u>346,022</u>	<u>352,219</u>
Total expenses	<u>23,266,333</u>	<u>22,630,338</u>
Change in net assets	(1,106,473)	(1,322,844)
Net assets at beginning of year	<u>41,818,811</u>	<u>43,141,655</u>
Net assets at end of year	<u>\$ 40,712,338</u>	<u>\$ 41,818,811</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$1,106,473. Total governmental expenses of \$23,266,333 were offset by program revenues of \$5,081,664 and general revenues of \$17,078,196. Program revenues supported 21.84% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These two revenue sources represent 76.48% of total governmental revenue. Real estate property is reappraised every six years.

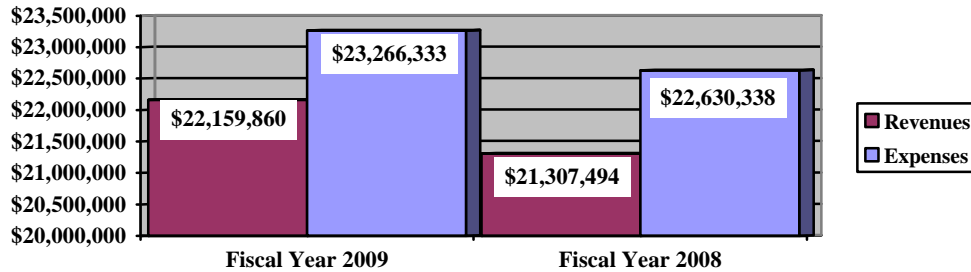
The District is located in Mahoning, Columbiana and Portage Counties and as a result is continually in a sexennial or triennial update. With the increase in property valuation, the District is now operating at the 20 mill floor which is the state minimum required property tax funding for a school district's operations. Due to this, the District is able to receive the full advantage of property tax valuation increases.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2009 and 2008.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>
Program expenses				
Instruction:				
Regular	\$ 10,253,670	\$ 8,678,954	\$ 10,412,517	\$ 9,089,606
Special	2,245,724	734,360	2,027,162	642,640
Vocational	411,736	313,827	388,325	296,281
Other	66,842	66,842	102,161	93,542
Support services:				
Pupil	1,029,070	846,736	1,032,824	878,300
Instructional staff	1,166,828	942,008	1,152,950	900,471
Board of education	36,734	36,734	32,908	32,908
Administration	1,503,905	1,496,531	1,468,602	1,459,973
Fiscal	436,110	436,110	453,297	453,297
Operations and maintenance	2,228,932	2,224,842	2,087,104	2,050,707
Pupil transportation	1,598,047	1,483,363	1,227,349	1,117,372
Central	270,727	87,334	265,937	94,087
Operations of non-instructional services:				
Food service operations	919,906	(50,253)	881,004	(28,023)
Other non-instructional services	60,809	47,601	46,488	39,765
Extracurricular activities	691,271	493,658	699,491	487,235
Interest and fiscal charges	346,022	346,022	352,219	352,219
Total expenses	<u>\$ 23,266,333</u>	<u>\$ 18,184,669</u>	<u>\$ 22,630,338</u>	<u>\$ 17,960,380</u>

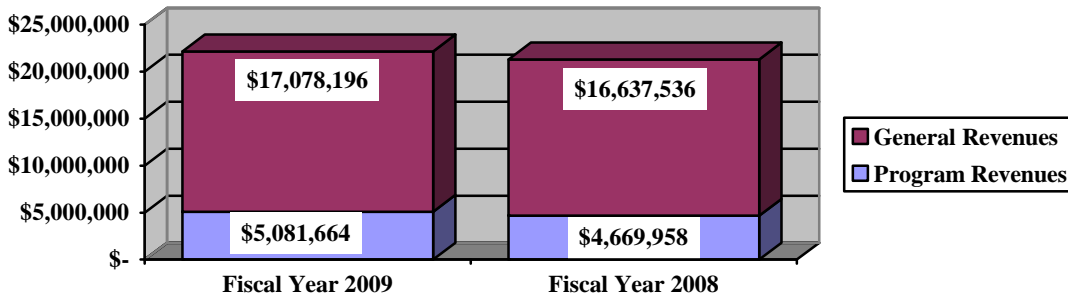
**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

The dependence upon tax and other general revenues for governmental activities is apparent, 75.47% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 78.16%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2009 and 2008.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$3,616,021, which is greater than last year's total of \$3,149,146. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	Fund Balance June 30, 2009	Fund Balance June 30, 2008	Increase (Decrease)
General	\$ 1,638,821	\$ 1,163,582	\$ 475,239
Bond retirement	657,410	650,788	6,622
Other governmental	<u>1,319,790</u>	<u>1,334,776</u>	<u>(14,986)</u>
Total	<u>\$ 3,616,021</u>	<u>\$ 3,149,146</u>	<u>\$ 466,875</u>

General Fund

The District's general fund balance increased \$475,239. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 4,034,912	\$ 4,132,641	\$ (97,729)	(2.36) %
Tuition	1,507,654	1,198,219	309,435	25.82 %
Earnings on investments	58,893	191,525	(132,632)	(69.25) %
Intergovernmental	12,978,442	12,340,783	637,659	5.17 %
Other revenues	<u>287,312</u>	<u>293,185</u>	<u>(5,873)</u>	(2.00) %
Total	<u>\$ 18,867,213</u>	<u>\$18,156,353</u>	<u>\$ 710,860</u>	3.92 %
<u>Expenditures</u>				
Instruction	\$ 10,613,799	\$10,508,504	\$ 105,295	1.00 %
Support services	7,349,555	7,356,270	(6,715)	(0.09) %
Operation of non-instructional services	39,773	43,793	(4,020)	(9.18) %
Extracurricular activities	<u>367,869</u>	<u>359,695</u>	<u>8,174</u>	2.27 %
Total	<u>\$ 18,370,996</u>	<u>\$18,268,262</u>	<u>\$ 102,734</u>	0.56 %

The increase in tuition is due to increased open enrollment payments made to the District during the fiscal year. Earnings on investments decreased due to decreasing interest rates during the fiscal year. The increase in intergovernmental revenue is due to an increase in foundation revenue received by the District. All other revenues and expenditures remained consistent with the prior year.

Bond Retirement

During fiscal year 2009, the District's bond retirement fund balance increased \$6,622. This increase is due to tax and intergovernmental revenue being more than bond retirement expenditures. The bond retirement fund had \$667,777 in revenues and \$661,155 in expenditures.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2009, the District amended its general fund budget. For the general fund, final budgeted revenues and other financing sources were \$19,004,847 which was increased from the original budgeted revenues estimate of \$18,038,567. Actual revenues and other financing sources for fiscal 2009 was \$19,045,039. This represents a \$40,192 increase over final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$18,404,507 were increased to \$19,850,788 in the final budget. Actual expenditures plus other financing uses for fiscal year 2009 were \$18,897,317, which is less than the final budgeted amount by \$953,471.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2009, the District had \$44,352,222 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, textbooks and library books. This entire amount is reported in governmental activities. The following table shows fiscal 2009 balances compared to 2008:

	Capital Assets at June 30	
	(Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Land	\$ 643,930	\$ 643,930
Land improvements	2,242,538	2,396,924
Building and improvements	40,030,124	41,424,664
Furniture and equipment	721,472	820,986
Vehicles	579,331	775,797
Textbooks and library books	<u>134,827</u>	<u>273,705</u>
Total	<u>\$ 44,352,222</u>	<u>\$ 46,336,006</u>

Total additions to capital assets for 2009 were \$105,025. Disposals to capital assets for 2009 were \$60,414 (net of accumulated depreciation). The District had \$2,028,395 in depreciation expense for the 2009 fiscal year. Overall, capital assets of the District decreased \$1,983,784.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2009, the District had \$6,926,312 in general obligation bonds outstanding. Of this total, \$410,456 is due within one year and \$6,515,856 is due in greater than one year. The following table summarizes the bonds outstanding.

	Outstanding Debt, at Year End	
	Governmental	Governmental
	<u>Activities</u>	<u>Activities</u>
	<u>2009</u>	<u>2008</u>
General obligation bonds:		
School improvement bonds - Series 2001	\$ 663,563	\$ 956,032
Refunding bonds - Series 2007	<u>6,262,749</u>	<u>6,271,791</u>
Total	<u>\$ 6,926,312</u>	<u>\$ 7,227,823</u>

At June 30, 2009, the District's legal voted debt margin was \$14,313,908 with an unvoted debt margin of \$224,247.

See Note 9 to the basic financial statements for additional information on the District's debt administration.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Current Financial Related Activities

As the preceding information shows, the District relies heavily upon grants, entitlements, and property taxes. However, the future financial stability of the District is not without challenges.

The first challenge, with only modest growth if any in the District's assessed valuation being forecast for the upcoming five forecast years and concerns with regard to the State of Ohio being able to fully fund its Evidence Based Model (EBM) over the upcoming years, is to closely monitor and control operating expenditures to a level of minimal growth in order to avoid depleting the current cash balance.

The next challenge facing the District is the ongoing decline in district of residence enrollment. To date, increasing open enrollment of out of district students has served to maintain a relatively steady total enrollment. Any decline in open enrollment in future years would impact our District State funding and again require the need to closely monitor and control operating expenditures to a level of minimal growth in order to avoid depleting the current cash balance.

The last challenge facing the District is the future of State funding. The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. At this time, the District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations. It is disheartening to learn that the legislators are analyzing Gap Aid funded districts to determine adequate funding.

In conclusion, the District has committed itself to financial excellence for many years. Audited annual financial reports are filed as required by law and no findings, citations, items for adjustment, or material weaknesses in internal controls were noted as a part of these audits. The District continues a program to improve the quality of its fiscal management by taking a proactive approach to cash management, not only to maximize funds, but also to achieve optimal income on cash balances. With the current banking environment safety of the District's dollars is the top priority. All this having been said, meeting the needs of natural budget cycles will be our greatest challenge.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Daniel J. Telzrow, Treasurer, West Branch Local School District, 14277 Main Street, Beloit, Ohio 44609.

**BASIC
FINANCIAL STATEMENTS**

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 5,898,116
Receivables:	
Taxes	5,389,764
Accounts	8,790
Intergovernmental	290,344
Accrued interest	1,125
Prepayments	22,300
Materials and supplies inventory	18,325
Unamortized bond issue costs	98,360
Capital assets:	
Land	643,930
Depreciable capital assets, net.	43,708,292
Capital assets, net	44,352,222
 Total assets.	 56,079,346
 Liabilities:	
Accounts payable.	173,276
Accrued wages and benefits	1,953,712
Matured compensated absences payable.	19,702
Pension obligation payable.	455,011
Intergovernmental payable	74,202
Accrued interest payable	19,650
Unearned revenue.	4,592,945
Long-term liabilities:	
Due within one year.	537,230
Due in more than one year	7,541,280
Total liabilities	15,367,008
 Net assets:	
Invested in capital assets, net of related debt.	37,745,501
Restricted for:	
Capital projects	496,197
Debt service.	719,148
Classroom facilities maintenance	351,293
Student activities	35,672
Other purposes	405,324
Unrestricted.	959,203
 Total net assets	 \$ 40,712,338

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 10,253,670	\$ 1,567,312	\$ 7,404	\$ -	\$ (8,678,954)
Special	2,245,724	33,104	1,478,260	-	(734,360)
Vocational	411,736	-	97,909	-	(313,827)
Other	66,842	-	-	-	(66,842)
Support services:					
Pupil	1,029,070	179,647	2,687	-	(846,736)
Instructional staff	1,166,828	338	224,482	-	(942,008)
Board of education	36,734	-	-	-	(36,734)
Administration	1,503,905	-	7,374	-	(1,496,531)
Fiscal	436,110	-	-	-	(436,110)
Operations and maintenance	2,228,932	3,906	184	-	(2,224,842)
Pupil transportation	1,598,047	-	105,025	9,659	(1,483,363)
Central	270,727	168,393	15,000	-	(87,334)
Operation of non-instructional services:					
Food service operations	919,906	577,823	392,336	-	50,253
Other non-instructional services	60,809	5,046	8,162	-	(47,601)
Extracurricular activities	691,271	181,609	14,004	2,000	(493,658)
Interest and fiscal charges	346,022	-	-	-	(346,022)
Total governmental activities	\$ 23,266,333	\$ 2,717,178	\$ 2,352,827	\$ 11,659	(18,184,669)
General revenues:					
Property taxes levied for:					
General purposes					4,183,244
Special revenue					80,559
Debt service					585,440
Grants and entitlements not restricted to specific programs					12,098,459
Investment earnings					66,024
Miscellaneous					64,470
Total general revenues					17,078,196
Change in net assets					(1,106,473)
Net assets at beginning of year					41,818,811
Net assets at end of year					\$ 40,712,338

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 3,861,064	\$ 629,776	\$ 1,407,276	\$ 5,898,116
Receivables:				
Taxes	4,688,448	610,770	90,546	5,389,764
Accounts	7,538	-	1,252	8,790
Intergovernmental	171,781	20,715	97,848	290,344
Accrued interest	1,125	-	-	1,125
Interfund loans	37,437	-	-	37,437
Prepayments	22,300	-	-	22,300
Materials and supplies inventory	-	-	18,325	18,325
Total assets	<u>\$ 8,789,693</u>	<u>\$ 1,261,261</u>	<u>\$ 1,615,247</u>	<u>\$ 11,666,201</u>
Liabilities:				
Accounts payable	\$ 157,419	\$ -	\$ 15,857	\$ 173,276
Accrued wages and benefits	1,836,281	-	117,431	1,953,712
Matured compensated absences payable	19,702	-	-	19,702
Pension obligation payable	424,205	-	30,806	455,011
Intergovernmental payable	69,823	-	4,379	74,202
Interfund loans payable	-	-	37,437	37,437
Deferred revenue	649,718	81,388	12,789	743,895
Unearned revenue	<u>3,993,724</u>	<u>522,463</u>	<u>76,758</u>	<u>4,592,945</u>
Total liabilities	<u>7,150,872</u>	<u>603,851</u>	<u>295,457</u>	<u>8,050,180</u>
Fund balances:				
Reserved for encumbrances	177,475	-	43,391	220,866
Reserved for materials and supplies inventory	-	-	18,325	18,325
Reserved for prepayments	22,300	-	-	22,300
Reserved for property tax unavailable for appropriation	51,255	6,919	999	59,173
Unreserved, undesignated, reported in:				
General fund	1,387,791	-	-	1,387,791
Special revenue funds	-	-	760,878	760,878
Debt service fund	-	650,491	-	650,491
Capital projects funds	-	-	496,197	496,197
Total fund balances	<u>1,638,821</u>	<u>657,410</u>	<u>1,319,790</u>	<u>3,616,021</u>
Total liabilities and fund balances	<u>\$ 8,789,693</u>	<u>\$ 1,261,261</u>	<u>\$ 1,615,247</u>	<u>\$ 11,666,201</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2009

Total governmental fund balances		\$	3,616,021
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			44,352,222
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	737,646	
Accrued interest receivable		1,125	
Intergovernmental receivable		5,124	
Total			743,895
Unamortized bond issue costs are not recognized in the funds			98,360
Unamortized premiums on bond issuance are not recognized in the funds.			(429,911)
Unamortized deferred charges on refundings are not recognized in the funds.			328,184
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(19,650)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		(1,050,471)	
General obligation bonds payable		(6,926,312)	
Total			(7,976,783)
Net assets of governmental activities		\$	40,712,338

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 4,034,912	\$ 576,878	\$ 77,563	\$ 4,689,353
Tuition.	1,507,654	-	-	1,507,654
Earnings on investments.	58,893	-	8,663	67,556
Charges for services.	-	-	577,823	577,823
Extracurricular.	4,402	-	362,856	367,258
Classroom materials and fees	1,679	-	32,865	34,544
Other local revenues.	281,231	-	35,136	316,367
Intergovernmental - Intermediate	5,579	-	-	5,579
Intergovernmental - State.	12,895,624	90,899	113,571	13,100,094
Intergovernmental - Federal	77,239	-	1,300,640	1,377,879
Total revenue	<u>18,867,213</u>	<u>667,777</u>	<u>2,509,117</u>	<u>22,044,107</u>
Expenditures:				
Current:				
Instruction:				
Regular	8,466,260	-	49,828	8,516,088
Special.	1,672,999	-	642,837	2,315,836
Vocational.	407,698	-	-	407,698
Other.	66,842	-	-	66,842
Support services:				
Pupil.	810,594	-	194,289	1,004,883
Instructional staff	841,831	-	231,344	1,073,175
Board of education	36,734	-	-	36,734
Administration.	1,501,179	132	7,387	1,508,698
Fiscal	435,384	11,864	1,650	448,898
Operations and maintenance.	2,082,859	-	209,728	2,292,587
Pupil transportation	1,396,112	-	-	1,396,112
Central.	244,862	-	15,000	259,862
Operation of non-instructional services:				
Food service operations	-	-	876,230	876,230
Other non-instructional services.	39,773	-	18,133	57,906
Extracurricular activities.	367,869	-	247,096	614,965
Facilities acquisition and construction	-	-	40,540	40,540
Debt service:				
Principal retirement	-	405,000	-	405,000
Interest and fiscal charges	-	244,159	-	244,159
Total expenditures	<u>18,370,996</u>	<u>661,155</u>	<u>2,534,062</u>	<u>21,566,213</u>
Excess of revenues over (under) expenditures	<u>496,217</u>	<u>6,622</u>	<u>(24,945)</u>	<u>477,894</u>
Other financing sources (uses):				
Transfers in	-	-	30,600	30,600
Transfers (out)	(30,600)	-	-	(30,600)
Sale of capital assets	183	-	-	183
Insurance claims.	9,439	-	-	9,439
Total other financing sources (uses)	<u>(20,978)</u>	<u>-</u>	<u>30,600</u>	<u>9,622</u>
Net change in fund balances	475,239	6,622	5,655	487,516
Fund balances at beginning of year.	1,163,582	650,788	1,334,776	3,149,146
Decrease in reserve for inventory	-	-	(20,641)	(20,641)
Fund balances at end of year.	<u>\$ 1,638,821</u>	<u>\$ 657,410</u>	<u>\$ 1,319,790</u>	<u>\$ 3,616,021</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds \$ 487,516

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

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

Capital outlay	\$ 105,025	
Depreciation expense	(2,028,395)	
Total		(1,923,370)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets. (60,414)

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed. (20,641)

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

Taxes	159,890	
Interest revenue	1,125	
Intergovernmental revenue	(45,262)	
Total		115,753

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 405,000

Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. More interest is reported in the statement of activities due to the following:

Decrease in accrued interest payable	1,393	
Accreted interest on "capital appreciation bonds"	(103,489)	
Amortization of bond issuance costs	(6,823)	
Amortization of bond premiums	29,820	
Amortization of deferred charges on refundings	(22,764)	
Total		(101,863)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (8,454)

Change in net assets of governmental activities \$ (1,106,473)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 3,819,024	\$ 4,035,996	\$ 4,035,996	\$ -
Tuition.	1,426,604	1,504,653	1,507,653	3,000
Earnings on investments.	55,735	58,042	58,901	859
Extracurricular.	4,165	4,402	4,402	-
Classroom materials and fees	1,329	1,315	1,405	90
Other local revenues	267,079	249,464	282,254	32,790
Intergovernmental - Intermediate	5,279	2,126	5,579	3,453
Intergovernmental - State	12,053,589	12,738,395	12,738,395	-
Intergovernmental - Federal.	64,221	67,870	67,870	-
Total revenue	<u>17,697,025</u>	<u>18,662,263</u>	<u>18,702,455</u>	<u>40,192</u>
Expenditures:				
Current:				
Instruction:				
Regular	8,243,594	9,006,985	8,468,275	538,710
Special.	1,635,796	1,525,911	1,680,380	(154,469)
Vocational.	389,960	410,047	400,588	9,459
Other.	64,209	70,615	65,959	4,656
Support services:				
Pupil.	876,381	972,660	900,267	72,393
Instructional staff	796,299	854,774	818,002	36,772
Board of education	35,758	51,425	36,733	14,692
Administration.	1,418,138	1,562,893	1,456,790	106,103
Fiscal	442,038	447,110	454,086	(6,976)
Operations and maintenance.	2,050,291	2,184,526	2,106,172	78,354
Pupil transportation	1,433,908	1,717,797	1,472,989	244,808
Central.	229,958	239,616	236,225	3,391
Operation of non-instructional services:				
Other non-instructional services.	39,729	44,378	40,812	3,566
Extracurricular activities.	354,716	366,396	364,384	2,012
Total expenditures	<u>18,010,775</u>	<u>19,455,133</u>	<u>18,501,662</u>	<u>953,471</u>
Excess of revenues over				
(under) expenditures	<u>(313,750)</u>	<u>(792,870)</u>	<u>200,793</u>	<u>993,663</u>
Other financing sources (uses):				
Refund of prior year expenditure.	9,242	9,767	9,767	-
Transfers (out)	(29,788)	(30,600)	(30,600)	-
Advances in.	323,195	323,195	323,195	-
Advances (out)	(359,639)	(360,632)	(360,632)	-
Sale of capital assets	173	183	183	-
Insurance claims.	8,932	9,439	9,439	-
Refund of prior year (receipts)	(4,305)	(4,423)	(4,423)	-
Total other financing sources (uses)	<u>(52,190)</u>	<u>(53,071)</u>	<u>(53,071)</u>	<u>-</u>
Net change in fund balance	(365,940)	(845,941)	147,722	993,663
Fund balance at beginning of year.	3,351,363	3,351,363	3,351,363	-
Prior year encumbrances appropriated	98,787	98,787	98,787	-
Fund balance at end of year	<u>\$ 3,084,210</u>	<u>\$ 2,604,209</u>	<u>\$ 3,597,872</u>	<u>\$ 993,663</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents.	\$ 21,137	\$ 33,167
Receivables:		
Accounts	-	548
Total assets	21,137	\$ 33,715
Liabilities:		
Accounts payable	-	\$ 215
Due to students	-	33,500
Total liabilities	-	\$ 33,715
Net assets:		
Held in trust for scholarships	21,137	
Total net assets	\$ 21,137	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 276
Total additions.	276
Deductions:	
Scholarships awarded	750
Change in net assets	(474)
Net assets at beginning of year	21,611
Net assets at end of year.	\$ 21,137

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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 District ranks as the 191st largest by enrollment among the 922 public school districts and community schools in the State. It currently operates five school buildings staffed by 119 non-certified and 157 certified employees to provide services to 2,482 students in grades K through 12.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. 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; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Area Cooperative Computerized Educational Service System (ACCESS)

Area Cooperative Computerized Educational Service System (ACCESS), a not-for-profit computer service, is jointly governed by 24 districts within Mahoning and Columbiana counties. ACCESS is governed by an assembly consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the assembly. Members of ACCESS are assessed annual user fees and periodic capital improvement fees based on their average daily membership. The members do not have an ongoing financial interest in ACCESS, however, they do have an equity interest. Financial information can be obtained from the Treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo Place, Youngstown, Ohio 44512-7019.

Mahoning County Career & Technology Center

The Mahoning County Career & Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Treasurer of the Career & Technology Center, at 7300 North Palmyra Road, Canfield, Ohio 44406.

PUBLIC ENTITY RISK POOLS

Ohio Association of School Business Officials

The District participates in a group rating plan (GRP) for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice Inc. 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 Mahoning County School Employee Insurance Consortium is a shared risk pool comprised of twelve Mahoning County School Districts. The consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operations of the Consortium. All Consortium revenues are generated from charges for services and remitted to the fiscal agent Springfield Local School District. The fiscal agent will then remit the charges for services to Professional Risk Management (PRM), who acts in the capacity of a third-party administrator (TPA) for claims processing.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have any proprietary funds.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

GOVERNMENTAL FUNDS

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

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

Bond retirement fund - The bond retirement fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for payment.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) grants and other resources whose use is restricted to a particular purpose; and (c) food service operations.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for student activities.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2009, are recorded as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental 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 governmental funds.

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for the fiscal year is as follows:

1. The Mahoning County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15th and the filing by January 20th. The Budget Commission now requires an alternate tax budget be submitted by January 20th, which no longer requires specific Board approval.
2. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, 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 certificated of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. 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 as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate in effect when the final appropriations were passed by the Board of Education.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations 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 total.
4. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
6. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2009. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education during the fiscal year.
7. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

During fiscal year 2009, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal year 2009. 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 are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2009.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$58,893, which includes \$15,865 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method on the basic financial statements and the purchases method on the fund financial statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets are those related to government activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years
Textbooks and library books	6 years

I. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column on the statement of net assets.

J. Compensated Absences

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2009 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “matured compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

L. Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

On the government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as an addition to or reduction of the face amount of the new debt. On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period.

A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 9.A.

M. Fund Reserves

The District reserves those portions of fund equity which are legally segregated for a 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 have been established for encumbrances, materials and supplies inventory, prepayments and property taxes unavailable for appropriation. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service, special trust, uniform school supplies, adult education, public school support and education foundation.

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

O. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

P. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

Q. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had no extraordinary or special items during fiscal year 2009.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2009, the District has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the District.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the District.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the District.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2009 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Management information systems	\$ 46
Entry year programs	12
Miscellaneous State grants	217
Drug-free schools	3
Class size reduction	2,488

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 4 - 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 five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not 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 deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent 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 classifications by at least two nationally recognized rating agencies.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Deposits with Financial Institutions

At June 30, 2009, the carrying amount of all District deposits was \$2,083,109. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$683,054 of the District's bank balance of \$2,183,054 was exposed to custodial risk as discussed below, while \$1,500,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

As of June 30, 2009, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities</u> 6 months or less
STAR Ohio	\$ 3,869,311	\$ 3,869,311
Total	<u>\$ 3,869,311</u>	<u>\$ 3,869,311</u>

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2009:

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
STAR Ohio	\$ 3,869,311	100.00
Total	<u>\$ 3,869,311</u>	<u>100.00</u>

C. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2009:

<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 5,898,116
Private-purpose trust fund	21,137
Agency funds	<u>33,167</u>
Total	<u>\$ 5,952,420</u>
 <u>Cash and investments per footnote</u>	
Carrying amount of deposits	\$ 2,083,109
Investments	<u>3,869,311</u>
Total	<u>\$ 5,952,420</u>

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2009 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 37,437

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B. Interfund transfers for the year ended June 30, 2009, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor governmental funds	\$ 30,600

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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. Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 6 - PROPERTY TAXES - (Continued)

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Portage, Columbiana, and Mahoning Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$51,255 in the general fund, \$6,919 in the bond retirement fund and \$999 in the classroom facilities maintenance fund (a nonmajor governmental fund). These amounts are recorded as revenue. The amount available for advance at June 30, 2008 was \$52,133 in the general fund, \$8,341 in the bond retirement fund and \$1,013 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been deferred.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 210,963,290	94.38	\$ 214,356,870	95.27
Public utility personal	10,541,370	4.72	10,261,010	4.56
Tangible personal property	<u>2,030,306</u>	<u>0.90</u>	<u>374,987</u>	<u>0.17</u>
Total	<u>\$ 223,534,966</u>	<u>100.00</u>	<u>\$ 224,992,867</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$35.80		\$35.30	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2009 consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds.

A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 5,389,764
Accounts	8,790
Intergovernmental	290,344
Accrued interest	<u>1,125</u>
Total	<u>\$ 5,690,023</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	<u>Balance</u> <u>6/30/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/09</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 643,930	\$ -	\$ -	\$ 643,930
Total capital assets, not being depreciated	<u>643,930</u>	<u>-</u>	<u>-</u>	<u>643,930</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	3,619,955	-	-	3,619,955
Building and improvements	48,762,332	105,025	-	48,867,357
Furniture and equipment	1,277,242	-	-	1,277,242
Textbooks and library books	833,270	-	-	833,270
Vehicles	2,724,112	-	(69,044)	2,655,068
Total capital assets, being depreciated	<u>57,216,911</u>	<u>105,025</u>	<u>(69,044)</u>	<u>57,252,892</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,223,031)	(154,386)	-	(1,377,417)
Building and improvements	(7,337,668)	(1,499,565)	-	(8,837,233)
Furniture and equipment	(456,256)	(99,514)	-	(555,770)
Textbooks and library books	(559,565)	(138,878)	-	(698,443)
Vehicles	(1,948,315)	(136,052)	8,630	(2,075,737)
Total accumulated depreciation	<u>(11,524,835)</u>	<u>(2,028,395)</u>	<u>8,630</u>	<u>(13,544,600)</u>
Governmental activities capital assets, net	<u>\$ 46,336,006</u>	<u>\$ (1,923,370)</u>	<u>\$ (60,414)</u>	<u>\$ 44,352,222</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,686,394
Vocational	2,454
<u>Support services:</u>	
Instructional staff	91,491
Administration	2,258
Operations and maintenance	8,298
Pupil transportation	137,365
Central	10,865
Extracurricular activities	76,306
Food service operations	<u>12,964</u>
Total depreciation expense	<u>\$ 2,028,395</u>

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 9 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2009, the following changes occurred in governmental activities long-term obligations:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts</u>
	<u>6/30/08</u>			<u>6/30/09</u>	<u>Due in</u>
					<u>One Year</u>
General obligation bonds	\$ 7,227,823	\$ 103,489	\$ (405,000)	\$ 6,926,312	\$ 410,456
Compensated absences	<u>1,042,017</u>	<u>277,094</u>	<u>(268,640)</u>	<u>1,050,471</u>	<u>126,774</u>
Total	<u>\$ 8,269,840</u>	<u>\$ 380,583</u>	<u>\$ (673,640)</u>	7,976,783	<u>\$ 537,230</u>
Less: Unamortized deferred charge on refunding				(328,184)	
Add: Unamortized premium on refunding				<u>429,911</u>	
Total on statement of net assets				<u>\$ 8,078,510</u>	

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid which, for the District, is primarily the general fund.

B. General Obligation Bonds

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). These bonds are a general obligation of the District, for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these bonds are recorded as an expenditure in the bond retirement fund. The source of payment is derived from a current 4.0 (average) mil bonded debt tax levy.

The general obligation bonds were issued to pay the local share of school construction under the OSFC Program, 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 and abandonment and demolition of West Branch Beloit and Maple Ridge Elementary Schools.

In conjunction with the 4.0 mils which support the bond issue, the District also passed in fiscal year 2001 a .5 mil levy to ultimately fund the maintenance costs of the new facilities. Tax revenue from this levy has been reported in the classroom facilities maintenance fund, a nonmajor governmental fund.

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 \$344,999. The capital appreciation bonds mature each December 1, 2009 and December 1, 2010, (approximate initial offering yield at maturity of 8.4199%, on both bonds) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$720,000. Total accreted interest of \$318,564 has been included in the statement of net assets at June 30, 2009.

On March 22, 2007, the District advance refunded the callable portion of the series 2001 current interest bonds (\$6,670,000) with proceeds of the series 2007 refunding bonds.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated on the remaining issue was December 1, 2008.

The following is a schedule of activity for fiscal year 2009 on the 2001 series general obligation bonds:

	<u>Balance</u> <u>6/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/09</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
General obligation bonds - series 2001:					
Current interest bonds	\$ 345,000	\$ -	\$ (345,000)	\$ -	\$ -
Capital appreciation bonds	344,999	-	-	344,999	179,608
Accreted interest	<u>266,033</u>	<u>52,531</u>	<u>-</u>	<u>318,564</u>	<u>165,848</u>
Total G.O. bonds - series 2001	<u>\$ 956,032</u>	<u>\$ 52,531</u>	<u>\$ (345,000)</u>	<u>\$ 663,563</u>	<u>\$ 345,456</u>

The following is a summary of the future debt service requirements to maturity for the 2001 series general obligation bonds:

Fiscal Year <u>Ending June 30,</u>	<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 179,608	\$ 180,392	\$ 360,000
2011	<u>165,391</u>	<u>194,609</u>	<u>360,000</u>
Total	<u>\$ 344,999</u>	<u>\$ 375,001</u>	<u>\$ 720,000</u>

On March 22, 2007, the District issued general obligation bonds (Series 2007 refunding bonds) to advance refund the callable portion of the Series 2001 current interest general obligation bonds (callable principal \$6,670,000). The issuance proceeds of \$6,729,403 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets. The principal balances outstanding of the defeased bonds was \$6,350,000 at June 30, 2009.

The refunding issue is comprised of both current interest term bonds, par value \$1,240,000, serial bonds, par value \$4,845,000 and capital appreciation bonds, par value \$264,995. The capital appreciation bonds mature December 1, 2015 and December 1, 2016 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,000,000. Total accreted interest of \$102,754 has been included in the statement of net assets at June 30, 2009.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of activity for fiscal year 2009 on the 2007 series refunding bonds:

	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>6/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/09</u>	<u>Due in</u>
					<u>One Year</u>
Refunding bonds - series 2007:					
Current interest bonds	\$ 5,955,000	\$ -	\$ (60,000)	\$ 5,895,000	\$ 65,000
Capital appreciation bonds	264,995	-	-	264,995	-
Accreted interest	51,796	50,958	-	102,754	-
	<u>\$ 6,271,791</u>	<u>\$ 50,958</u>	<u>\$ (60,000)</u>	<u>\$ 6,262,749</u>	<u>\$ 65,000</u>
Total refunding bonds - series 2007					

The reacquisition price exceeded the net carrying amount of the old debt by \$379,403. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

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

The following is a summary of the future debt service requirements to maturity for the 2007 series refunding bonds:

Fiscal Year Ending June 30,	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 65,000	\$ 234,500	\$ 299,500	\$ -	\$ -	\$ -
2011	65,000	231,900	296,900	-	-	-
2012	430,000	222,000	652,000	-	-	-
2013	450,000	204,400	654,400	-	-	-
2014	460,000	186,200	646,200	-	-	-
2015 - 2019	1,500,000	758,200	2,258,200	264,995	735,005	1,000,000
2020 - 2024	2,925,000	301,700	3,226,700	-	-	-
Total	<u>\$ 5,895,000</u>	<u>\$ 2,138,900</u>	<u>\$ 8,033,900</u>	<u>\$ 264,995</u>	<u>\$ 735,005</u>	<u>\$ 1,000,000</u>

**WEST BRANCH LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2009, are a voted debt margin of \$14,334,623 (including available funds of \$657,410) and an unvoted debt margin of \$224,247.

NOTE 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 one days of vacation per fiscal year, depending upon 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 60 days for those employees with 10-19 years of continuous service to the District, and 65 days for those with 20 or more years of continuous service.

NOTE 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 2009, 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 - \$67,196,471 (\$2,500 deductible)

Contents - replacement cost - \$7,065,524 (\$2,500 deductible)

Boiler and Machinery - equipment breakdown - included in contents - (\$1,000 deductible)

Inland Marine Coverage - \$2,664,722 (\$500 deductible per category)

Automobile Liability - \$2,000,000 combined single limit

Uninsured Motorists - \$250,000

General Liability - \$2,000,000 each occurrence / \$4,000,000 aggregate

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 11 - RISK MANAGEMENT - (Continued)

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

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 twelve 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 offers one health insurance plan with various options. Employee contributions range from 7 to 15 percent of the premium. The fiscal officer of the Mahoning County School Employee Insurance Consortium is the Treasurer of the Springfield Local School District. The fiscal agent pays Medical Mutual monthly for the actual amount of claims processed, the stop-loss premium, and the administrative charges.

The District also offers a dental plan. The District pays 93 percent of the premiums for the plan. The plan is administered by Medical Mutual.

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$226,422, \$232,931 and \$241,563, respectively; 41.08 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**WEST BRANCH LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 12 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$1,133,145, \$1,155,559 and \$1,115,838, respectively; 82.65 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$10,601 made by the District and \$19,914 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, the actuarially determined amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$154,361, \$142,374 and \$124,538, respectively; 41.08 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$18,682, \$16,783 and \$16,426, respectively; 41.08 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$87,165, \$88,889 and \$85,834, respectively; 82.65 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance 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 and disbursements.

The statement of revenues, expenditures, and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ 147,722
Net adjustment for revenue accruals	164,758
Net adjustment for expenditure accruals	(132,526)
Net adjustment for other sources/uses	32,093
Adjustment for encumbrances	<u>263,192</u>
GAAP basis	<u>\$ 475,239</u>

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 15 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is party to legal proceedings seeking damages generally incidental to its operations. The District management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the District.

NOTE 16 - 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, 2009, the reserve activity was as follows:

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Acquisition</u>
Set-aside balance as of June 30, 2008	\$ (650,803)	\$ (10,970,608)
Current year set-aside requirement	327,667	327,667
Qualifying disbursements	<u>(383,758)</u>	<u>(209,564)</u>
Total	<u>\$ (706,894)</u>	<u>\$ (10,852,505)</u>
Balance carried forward to fiscal year 2010	<u>\$ (706,894)</u>	<u>\$ (10,852,505)</u>

The District had qualifying expenditures during the year and an offset at the beginning of the year that reduced the set-aside amount below zero for the capital acquisition reserve. Because the District was involved in an OSFC project, this negative amount may be used to reduce the set-aside requirement for future years, and is therefore presented as being carried forward to the next fiscal year.

The District had qualifying expenditures during the year that reduced the set-aside amount below zero for the textbooks/instructional materials reserve. This negative amount may be used to reduce the set-aside requirement for future years, and is therefore presented as being carried forward to the next fiscal year.

SUPPLEMENTARY DATA

**WEST BRANCH LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(F) PASS-THROUGH GRANT NUMBER	(B) FEDERAL RECEIPTS	(B) FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:				
Nutrition Cluster:				
(A),(C) School Breakfast Program	10.553	2009	\$ 26,302	\$ 26,302
(A),(D) National School Lunch Program - Food Distribution	10.555	2009	55,047	55,047
(A),(C) National School Lunch Program	10.555	2009	299,963	299,963
Total National School Lunch Program			<u>355,010</u>	<u>355,010</u>
Total U.S. Department of Agriculture and Nutrition Cluster			<u>381,312</u>	<u>381,312</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES				
(E) Medical Assistance Program - Community Alternative Funding System	93.778	2001-2003	47,471	-
Medical Assistance Program	93.778	2009	15,184	15,184
Total Medical Assistance Program			<u>62,655</u>	<u>15,184</u>
State Children's Insurance Program	93.767	2009	5,215	5,215
Total U.S. Department of Health & Human Services			<u>67,870</u>	<u>20,399</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:				
Title I Grants to Local Educational Agencies	84.010	2008	31,719	40,275
Title I Grants to Local Educational Agencies	84.010	2009	293,599	281,053
Total Title I Grants to Local Educational Agencies			<u>325,318</u>	<u>321,328</u>
Special Education Grants to States	84.027	2008	-	31,066
Special Education Grants to States	84.027	2009	414,409	409,062
Total Special Education Grants to States			<u>414,409</u>	<u>440,128</u>
Safe and Drug-Free Schools and Communities-State Grants	84.186	2009	6,125	6,125
State Grants for Innovative Programs	84.298	2009	1,747	1,747
Education Technology State Grants	84.318	2009	2,876	2,876
Improving Teacher Quality State Grants	84.367	2008	15,037	19,200
Improving Teacher Quality State Grants	84.367	2009	103,221	101,298
Total Improving Teacher Quality State Grants			<u>118,258</u>	<u>120,498</u>
Total U.S. Department of Education			<u>868,733</u>	<u>892,702</u>
Total Federal Financial Assistance			<u>\$ 1,317,915</u>	<u>\$ 1,294,413</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at entitlement values.
- (E) During fiscal year 2009, the District received \$47,471 in Community Alternative Funding System (CAFS) settlements for CAFS service provided during prior years.
- (F) OAKS did not assign pass through numbers for fiscal year 2009.



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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Board of Education
West Branch Local School District
14277 Main Street
Beloit, Ohio 44609

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Branch Local School District as of and for the fiscal year ended June 30, 2009, which collectively comprise West Branch Local School District's basic financial statements and have issued our report thereon dated December 4, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Branch Local School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Branch Local School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of West Branch Local School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects West Branch Local School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of West Branch Local School District's financial statements that is more than inconsequential will not be prevented or detected by West Branch Local School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by West Branch Local School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Education
West Branch Local School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Branch Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to the management of the West Branch Local School District in a separate letter dated December 4, 2009.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 4, 2009



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**Report on Compliance With Requirements Applicable to Each
Major Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133**

Board of Education
West Branch Local School District
14277 Main Street
Beloit, Ohio 44609

Compliance

We have audited the compliance of 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 fiscal year ended June 30, 2009. West Branch Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of West Branch Local School District's management. Our responsibility is to express an opinion on West Branch Local School 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, *Audit 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 West Branch Local School 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 West Branch Local School District's compliance with those requirements.

In our opinion, 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 fiscal year ended June 30, 2009.

Internal Control Over Compliance

The management of 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 West Branch Local School District's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Branch Local School District's internal control over compliance.

Board of Education
West Branch Local School District

A control deficiency in West Branch Local School District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects West Branch Local School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by West Branch Local School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by West Branch Local School District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of management and Board of Education of West Branch Local School District 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.



Julian & Grube, Inc.
December 4, 2009

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Title I Grants to Local Educational Agencies CFDA# 84.010 and Education Technology State Grants CFDA# 84.318
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.

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Independent Accountant's Report on Applying Agreed-Upon Procedures

West Branch Local School District
Mahoning County
14277 Main Street
Beloit, Ohio 44609

To the Board of Education:

Ohio Revised Code Section 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Ohio Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school”.

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether West Branch Local School District (the District) has adopted an anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on November 15, 2007.
2. We read the policy, noting it included the following requirements from Ohio Revised Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;

- (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Ohio Revised Code and the “Family Educational Rights and Privacy Act of 1974,” 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student’s rights under the first amendment to the Constitution of the United States.
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the “Family Educational Rights and Privacy Act of 1974,” 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education of West Branch Local School District and is not intended to be and should not be used by anyone other than this specified party.



Julian & Grube, Inc.
December 4, 2009



Mary Taylor, CPA
Auditor of State

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 19, 2010