

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

Guillan & Company

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

AUDITED FINANCIAL STATEMENTS
AND AUDITOR'S REPORT

FOR THE YEAR ENDED
JUNE 30, 1999

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

ELECTED OFFICIALS
AS OF JUNE 30, 1999

| <u>Elected Officials</u> | <u>Title</u> | <u>Term of Office</u> |
|----------------------------|----------------|-----------------------|
| <u>Board of Education:</u> | | |
| Barbara Grove | President | 1/1/96-12/31/99 |
| Samuel Martig | Vice President | 1/1/96-12/31/99 |
| John Wallace | Member | 1/1/98-12/31/01 |
| Keith Martig | Member | 1/1/98-12/31/01 |
| Larry Romigh | Member | 1/1/98-12/31/01 |

Statutory Legal Counsel:

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

Official Address:

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

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

| <u>Surety</u> | <u>Amount</u> | <u>Period</u> |
|---------------|---------------|-----------------|
| (A) | \$20,000 | 1/12/97-1/12/00 |

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

ADMINISTRATIVE PERSONNEL
AS OF JUNE 30, 1999

| <u>Name</u> | <u>Title</u> | <u>Term of Office or Contract Period</u> |
|---------------|----------------|--|
| Louis Ramunno | Superintendent | 8/1/98 - 7/31/00 |
| Karen Elsner | Treasurer | 1/1/97 - 1/1/01 |

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

| <u>Surety</u> | <u>Amount</u> | <u>Period</u> |
|---------------|---------------|-------------------|
| (A) | \$20,000 | 1/1/97 - 12/31/00 |
| (A) | \$50,000 | 1/12/97-1/12/00 |

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

INDEX OF FUNDS

GOVERNMENTAL FUND TYPES:

General Fund:

General Fund

Special Revenue Funds:

Emergency Levy

Student Activities Athletic Fund

Phonics Demonstration Project Grant

Disadvantaged Pupil Program Fund

Teacher Development Fund

Management Information System Fund

Title VI-B - Special Education: Assistance To States For
Education Of Handicapped Children Fund

Elementary And Secondary Education Act Block Grant:
Title I - Special Educational Needs Of Disadvantaged
Children Fund

Elementary And Secondary Education Act Block Grant:
Title VI - Consolidation Of Federal Programs
For Elementary And Secondary Education Fund

Drug Free Schools Grant Fund

Auxiliary Services Fund

Conflict Management Grant Fund

Schoolnet Grant

Textbook Subsidy Fund

Capital Projects Funds:

Permanent Improvement Fund

Schoolnet Plus

Technology Equity Grant

Ohio School Facilities Grant

PROPRIETARY FUND TYPES:

Enterprise Funds:

Food Services Fund

Uniform School Supplies Fund

Adult Education

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

INDEX OF FUNDS
(Continued)

PROPRIETARY FUND TYPES:

Internal Service Funds:

Internal Services Rotary Fund

FIDUCIARY FUND TYPES:

Expendable Trust Fund:

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

Non Expendable Trust Fund:

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

Agency Fund:

Student Managed Activity Funds

ACCOUNT GROUPS:

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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P.O. Box 1140
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Board of Education
West Branch Local School District
Beliot, OH

We have reviewed the Independent Auditor's Report of the West Branch Local School District, Mahoning County, prepared by Guillan & Company, for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The West Branch Local School District is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

February 1, 2000

Guillan & Company

CERTIFIED PUBLIC ACCOUNTANT
Wales Office Building
2137 Wales Ave. N.W. • Massillon, Ohio 44646
Telephone (330) 837-0046
FAX (330) 837-1563

Independent Auditor's Report

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

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated December 29, 1999 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the West Branch Local School District, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general-purpose financial statements. Such information has been subjected to the

**West Branch Local School District
Mahoning County**

auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

December 29, 1999

Snittler & Company

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 1999

| | GOVERNMENTAL FUND TYPES | | |
|--|-------------------------|--------------------|---------------------|
| | GENERAL | SPECIAL REVENUE | CAPITAL PROJECTS |
| <u>Assets and Other Debits</u> | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 4,491,984 | \$ 564,576 | \$ 139,225 |
| Receivable (Net Allowances for Uncollectables) | | | |
| Taxes - Current | 2,591,818 | - | - |
| Taxes - Delinquent | 372,351 | - | - |
| Accounts | 6,162 | 2,298 | 2,450 |
| Due from Other Governments | 27,231 | - | - |
| Interest | 34 | - | - |
| Prepaid Items | 5,456 | 6,404 | - |
| Due from Other Funds | 185,213 | - | - |
| Inventory Held for Resale | - | - | - |
| Material and Supplies Inventory | - | - | - |
| Restricted Assets: | | | |
| Equity in pooled cash and Investments | 185,639 | - | - |
| Fixed Assets (net of A/D) | - | - | - |
| Amount to be provided for Retirement of General Long-Term Obligations | - | - | - |
| Total Assets and Other Debits | \$ 7,865,888 | \$ 573,278 | \$ 141,675 |

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

| PROPRIETARY FUND TYPES | | FIDUCIARY FUNDS | ACCOUNT GROUPS | | TOTALS |
|------------------------|------------------|------------------|----------------------|-------------------------------|----------------------|
| ENTERPRISE | INTERNAL SERVICE | TRUST AND AGENCY | GENERAL FIXED ASSETS | GENERAL LONG-TERM OBLIGATIONS | (MEMO-RANDUM ONLY) |
| \$ 7,948 | \$ 12,697 | \$ 54,979 | \$ - | \$ - | \$ 5,271,409 |
| - | - | - | - | - | 2,591,818 |
| - | - | - | - | - | 372,351 |
| - | - | - | - | - | 10,910 |
| 30,555 | - | - | - | - | 57,786 |
| - | - | - | - | - | 34 |
| 144 | - | - | - | - | 12,004 |
| - | - | - | - | - | 185,213 |
| 21,238 | - | - | - | - | 21,238 |
| 1,890 | - | - | - | - | 1,890 |
| - | - | - | - | - | 185,639 |
| 2,572 | - | - | 10,572,471 | - | 10,575,043 |
| - | - | - | - | 696,640 | 696,640 |
| \$ 64,347 | \$ 12,697 | \$ 54,979 | \$ 10,572,471 | \$ 696,640 | \$ 19,981,975 |

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 1999
(Continued)

| | GOVERNMENTAL FUND TYPES | | |
|---|-------------------------|--------------------|---------------------|
| | GENERAL | SPECIAL REVENUE | CAPITAL PROJECTS |
| <u>Liabilities, Equity and Other Credits</u> | | | |
| <u>Liabilities</u> | | | |
| Accounts Payable | \$ 22,908 | \$ 479 | \$ - |
| Accrued Wages and Benefits | 1,419,105 | 65,685 | - |
| Compensated Absences Payable | - | - | - |
| Due to Other Funds | - | - | 185,213 |
| Due to Other Governments | 185,929 | 8,204 | - |
| Due to Other Students | - | - | - |
| Deferred Revenues | 2,940,251 | - | - |
| | 4,568,193 | 74,368 | 185,213 |
| Total Liabilities | | | |
| <u>Equity and Other Credits</u> | | | |
| Investment in General Fixed Assets | - | - | - |
| Retained Earnings : Unreserved | - | - | - |
| Reserved for Endowment | - | - | - |
| Fund Balances: | | | |
| Reserved for Property Taxes | 19,334 | - | - |
| Reserve for Budget Stabilization | 185,639 | - | - |
| Reserved for Encumbrances | 443,266 | 23,606 | - |
| Reserved for Prepaid Items | 4,124 | 6,406 | - |
| Unreserved - Undesignated | 2,645,332 | 468,898 | (43,538) |
| | 3,297,695 | 498,910 | (43,538) |
| Total Equity and Other Credits | | | |
| Total Liabilities, Equity and Other Credits | \$ 7,865,888 | \$ 573,278 | \$ 141,675 |

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

| PROPRIETARY FUND TYPES | | FIDUCIARY FUNDS | ACCOUNT GROUPS | | TOTALS |
|------------------------|------------------|------------------|----------------------|-------------------------------|----------------------|
| ENTERPRISE | INTERNAL SERVICE | TRUST AND AGENCY | GENERAL FIXED ASSETS | GENERAL LONG-TERM OBLIGATIONS | (MEMO-RANDUM ONLY) |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 23,387 |
| 45,588 | - | - | - | - | 1,530,378 |
| 16,445 | - | - | - | 599,361 | 615,806 |
| - | - | - | - | - | 185,213 |
| 23,409 | - | - | - | 97,279 | 314,821 |
| - | - | 30,706 | - | - | 30,706 |
| 15,884 | - | - | - | - | 2,956,135 |
| 101,326 | - | 30,706 | - | 696,640 | 5,656,446 |
| - | - | - | 10,572,471 | - | 10,572,471 |
| (36,979) | - | 21,710 | - | - | (15,269) |
| - | 12,697 | - | - | - | 12,697 |
| - | - | - | - | - | 19,334 |
| - | - | - | - | - | 185,639 |
| - | - | - | - | - | 466,872 |
| - | - | - | - | - | 10,530 |
| - | - | 2,563 | - | - | 3,073,255 |
| (36,979) | 12,697 | 24,273 | 10,572,471 | - | 14,325,529 |
| \$ 64,347 | \$ 12,697 | \$ 54,979 | \$ 10,572,471 | \$ 696,640 | \$ 19,981,975 |

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999

| | GOVERNMENTAL FUND TYPES | | |
|--------------------------------|-------------------------|---------------------|---------------------|
| | GENERAL | SPECIAL REVENUE | CAPITAL PROJECTS |
| <u>Revenues</u> | | | |
| Taxes | \$ 2,887,516 | \$ 346,781 | \$ - |
| Earnings on Investments | 298,470 | 307 | - |
| Intergovernmental | 8,661,249 | 854,848 | 422,858 |
| Tuition and Fees | 103,846 | - | - |
| Extracurricular Activities | - | 226,293 | - |
| Other Revenues | 36,873 | 349,760 | - |
| Total Revenues | 11,987,954 | 1,777,989 | 422,858 |
| <u>Expenditures</u> | | | |
| Instruction: | | | |
| Regular Instruction | 5,972,474 | 78,012 | 201,062 |
| Special Instruction | 655,727 | 503,067 | - |
| Vocational Instruction | 403,580 | - | 3,373 |
| Other Instruction | 10,203 | - | - |
| Support Services: | | | |
| Pupils | 555,997 | 51,978 | - |
| Instructional Staff | 399,069 | 89,802 | 20,682 |
| School Administration | 1,061,278 | 88,310 | - |
| Fiscal | 290,190 | 6,802 | - |
| Board of Education | 19,812 | - | - |
| Operations and Maintenance | 1,453,697 | 280,028 | 724,344 |
| Pupil Transportation | 1,090,157 | 19,948 | - |
| Central | - | 38,700 | - |
| Extracurricular Activities | 238,663 | 192,663 | - |
| Operation of Non-Instructional | 9,553 | 17,014 | - |
| Facilities Acquisition | 190,062 | 153,946 | - |
| Total Expenditures | \$ 12,350,462 | \$ 1,520,270 | \$ 949,461 |

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

| FIDUCIARY FUND TYPE | | TOTALS |
|------------------------|------------|----------------------|
| EXPENDABLE TRUST | | (MEMORANDUM ONLY) |
| \$ | - | 3,234,297 |
| | - | 298,777 |
| | - | 9,938,955 |
| | - | 103,846 |
| | 479 | 226,772 |
| | 30 | 386,663 |
| | 509 | 14,189,310 |
| | - | 6,251,548 |
| | - | 1,158,794 |
| | - | 406,953 |
| | - | 10,203 |
| | - | 607,975 |
| | - | 509,553 |
| | - | 1,149,588 |
| | - | 296,992 |
| | - | 19,812 |
| | - | 2,458,069 |
| | - | 1,110,105 |
| | - | 38,700 |
| | - | 431,326 |
| | 922 | 27,489 |
| | | 344,008 |
| \$ | 922 | \$ 14,821,115 |

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999

(Continued)

| | GOVERNMENTAL FUND TYPES | | |
|--|-------------------------|--------------------|---------------------|
| | GENERAL | SPECIAL REVENUE | CAPITAL PROJECTS |
| Excess (Deficit) of Revenues Over (Under) Expenditures | \$ (362,508) | \$ 257,719 | \$ (526,603) |
| <u>Other Financing Sources/ (Uses)</u> | | | |
| Refund of Prior Year Expenditures | 10,926 | 186 | - |
| Refund of Prior Years Receipts | (7) | - | - |
| Operating Transfers In | - | 19,298 | - |
| Operating Transfers Out | (19,298) | - | - |
| Total Other Financing Sources/ (Uses) | (8,379) | 19,484 | - |
| Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (370,887) | 277,203 | (526,603) |
| FUND BALANCES - July 1, 1998 | 3,668,582 | 221,707 | 483,065 |
| FUND BALANCES - June 30, 1999 | \$ 3,297,695 | \$ 498,910 | \$ (43,538) |

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

| FIDUCIARY FUND TYPE | TOTALS |
|------------------------|----------------------|
| EXPENDABLE TRUST | (MEMORANDUM ONLY) |
| <u>\$ (413)</u> | <u>\$ (631,805)</u> |
| - | 11,112 |
| - | (7) |
| - | 19,298 |
| - | <u>(19,298)</u> |
| <u>-</u> | <u>11,105</u> |
| (413) | (620,700) |
| <u>2,976</u> | <u>4,376,330</u> |
| <u>\$ 2,563</u> | <u>\$ 3,755,630</u> |

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

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

| | GENERAL FUND | | |
|---|----------------------|----------------------|--|
| | REVISED BUDGET | ACTUAL | VARIANCE FAVORABLE / (UNFAVORABLE) |
| <u>Revenues</u> | | | |
| Taxes | \$ 2,999,950 | \$ 3,216,339 | 216,389 |
| Tuition and Fees | 13,000 | 78,205 | 65,205 |
| Earnings on Investments | 241,000 | 301,629 | 60,629 |
| Extracurricular Activities | - | - | - |
| Classroom Materials & Fees | 11,400 | 3,683 | (7,717) |
| Intergovernmental | 8,463,571 | 8,670,250 | 206,679 |
| Other Revenues | 21,950 | 30,919 | 8,969 |
| Total Revenues | 11,750,871 | 12,301,025 | 550,154 |
| <u>Expenditures</u> | | | |
| Instruction: | | | |
| Regular Instruction | 5,994,419 | 5,930,589 | 63,830 |
| Special Instruction | 701,814 | 662,436 | 39,378 |
| Vocational Instruction | 409,705 | 404,221 | 5,484 |
| Other Instruction | 11,000 | 10,203 | 797 |
| Support Services: | | | |
| Pupils | 573,076 | 556,150 | 16,926 |
| Instructional Staff | 438,208 | 412,350 | 25,858 |
| Board of Education | 24,745 | 19,542 | 5,203 |
| School Administration | 1,034,432 | 1,008,575 | 25,857 |
| Fiscal | 306,084 | 295,542 | 10,542 |
| Operations and Maintenance | 1,622,608 | 1,588,467 | 34,141 |
| Pupil Transportation | 1,464,780 | 1,419,108 | 45,672 |
| Central | 4,000 | - | 4,000 |
| Operation of Non-Instructional | 25,060 | 9,553 | 15,507 |
| Facilities Acquisition and Construction Service | 190,102 | 190,061 | 41 |
| Extracurricular Activities | 240,529 | 237,510 | 3,019 |
| Total Expenditures | \$ 13,040,562 | \$ 12,744,307 | \$ 296,255 |

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

| SPECIAL REVENUE FUNDS | | | CAPITAL PROJECTS FUND | | |
|-----------------------|---------------------|--|-----------------------|---------------------|--|
| REVISED BUDGET | ACTUAL | VARIANCE FAVORABLE / (UNFAVORABLE) | REVISED BUDGET | ACTUAL | VARIANCE FAVORABLE / (UNFAVORABLE) |
| \$ 342,500 | \$ 356,778 | \$ 14,278 | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | 307 | 307 | - | - | - |
| 175,150 | 224,889 | 49,739 | - | - | - |
| - | - | - | - | - | - |
| 842,624 | 854,848 | 12,224 | 665,600 | 420,408 | (245,192) |
| 3,350 | 349,760 | 346,410 | - | - | - |
| 1,363,624 | 1,786,582 | 422,958 | 665,600 | 420,408 | (245,192) |
| 78,012 | 78,012 | - | 271,451 | 201,872 | 69,579 |
| 530,696 | 507,124 | 23,572 | - | - | - |
| - | - | - | 3,373 | 3,373 | - |
| - | - | - | - | - | - |
| 66,255 | 54,457 | 11,798 | - | - | - |
| 124,114 | 90,731 | 33,383 | 73,913 | 22,445 | 51,468 |
| - | - | - | - | - | - |
| 98,290 | 91,869 | 6,421 | - | - | - |
| 6,802 | 6,802 | - | - | - | - |
| 285,197 | 283,705 | 1,492 | 855,561 | 837,383 | 18,178 |
| 17,564 | 17,564 | - | - | - | - |
| 38,700 | 38,700 | - | - | - | - |
| 28,692 | 28,692 | - | - | - | - |
| 153,946 | 153,946 | - | - | - | - |
| 201,502 | 201,502 | - | - | - | - |
| \$ 1,629,770 | \$ 1,553,104 | \$ 76,666 | \$ 1,204,298 | \$ 1,065,073 | \$ 139,225 |

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

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

(Continued)

| | GENERAL FUND | | |
|---|---------------------|---------------------|--|
| | REVISED BUDGET | ACTUAL | VARIANCE FAVORABLE / (UNFAVORABLE) |
| Excess (Deficit) of Revenues Over (Under) Expenditures | \$ (1,289,691) | \$ (443,282) | \$ 846,409 |
| <u>Other Financing Sources/ (Uses)</u> | | | |
| Refund of Prior Year Expenditures | (7) | 10,919 | 10,926 |
| Proceeds From Sale of Assets | 500 | - | (500) |
| Advances In | - | 63,666 | 63,666 |
| Advances Out | - | - | - |
| Operating Transfers In | (19,298) | (19,298) | - |
| Operating Transfers Out | (185,213) | (185,213) | - |
| Total Other Financing Sources/ (Uses) | (204,018) | (129,926) | 74,092 |
| Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (1,493,709) | (573,208) | 920,501 |
| FUND BALANCES - July 1, 1998 | 4,796,347 | 4,796,347 | - |
| FUND BALANCES - June 30, 1999 | \$ 3,302,638 | \$ 4,223,139 | 920,501 |

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

| SPECIAL REVENUE FUNDS | | | CAPITAL PROJECTS FUND | | |
|-----------------------|-------------------|------------------------------------|-----------------------|-------------------|------------------------------------|
| REVISED BUDGET | ACTUAL | VARIANCE FAVORABLE / (UNFAVORABLE) | REVISED BUDGET | ACTUAL | VARIANCE FAVORABLE / (UNFAVORABLE) |
| \$ (266,146) | \$ 233,478 | \$ 499,624 | \$ (538,698) | \$ (644,665) | \$ (105,967) |
| - | 186 | 186 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | 185,213 | 185,213 |
| - | - | - | (63,666) | (63,666) | - |
| 17,000 | 19,298 | 2,298 | - | - | - |
| - | - | - | - | - | - |
| 17,000 | 19,484 | 2,484 | (63,666) | 121,547 | 185,213 |
| (249,146) | 252,962 | 502,108 | (602,364) | (523,118) | 79,246 |
| 288,007 | 288,007 | - | 662,343 | 662,343 | - |
| \$ 38,861 | \$ 540,969 | \$ 502,108 | \$ 59,979 | \$ 139,225 | \$ 79,246 |

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

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

(Continued)

| | EXPENDABLE TRUST FUND | | |
|--|-----------------------|-----------------|--|
| | REVISED BUDGET | ACTUAL | VARIANCE FAVORABLE / (UNFAVORABLE) |
| <u>Revenues</u> | | | |
| Taxes | \$ - | \$ - | \$ - |
| Tuition and Fees | - | - | - |
| Earnings on Investments | - | - | - |
| Extracurricular Activities | 460 | 479 | 19 |
| Classroom Materials & Fees | - | - | - |
| Intergovernmental | - | - | - |
| Other Revenues | 10 | 30 | 20 |
| Total Revenues | 470 | 509 | 39 |
| <u>Expenditures</u> | | | |
| Instruction: | | | |
| Regular Instruction | - | - | - |
| Special Instruction | - | - | - |
| Vocational Instruction | - | - | - |
| Other Instruction | - | - | - |
| Support Services: | | | |
| Pupils | - | - | - |
| Instructional Staff | - | - | - |
| Board of Education | - | - | - |
| School Administration | - | - | - |
| Fiscal | - | - | - |
| Operations and Maintenance | - | - | - |
| Pupil Transportation | - | - | - |
| Central | - | - | - |
| Operation of Non-Instructional | 1,008 | 1,008 | - |
| Facilities Acquisition and Construction Services | - | - | - |
| Extracurricular Activities | - | - | - |
| Total Expenditures | \$ 1,008 | \$ 1,008 | \$ - |

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

TOTALS (MEMORANDUM ONLY)

| REVISED BUDGET | ACTUAL | VARIANCE FAVORABLE / (UNFAVORABLE) |
|----------------------|----------------------|--|
| \$ 3,342,450 | \$ 3,573,117 | 230,667 |
| 13,000 | 78,205 | 65,205 |
| 241,000 | 301,936 | 60,936 |
| 175,610 | 225,368 | 49,758 |
| 11,400 | 3,683 | (7,717) |
| 9,971,795 | 9,945,506 | (26,289) |
| 25,310 | 380,709 | 355,399 |
| 13,780,565 | 14,508,524 | 727,959 |
| 6,343,882 | 6,210,473 | 133,409 |
| 1,232,510 | 1,169,560 | 62,950 |
| 413,078 | 407,594 | 5,484 |
| 11,000 | 10,203 | 797 |
| 639,331 | 610,607 | 28,724 |
| 636,235 | 525,526 | 110,709 |
| 24,745 | 19,542 | 5,203 |
| 1,132,722 | 1,100,444 | 32,278 |
| 312,886 | 302,344 | 10,542 |
| 2,763,366 | 2,709,555 | 53,811 |
| 1,482,344 | 1,436,672 | 45,672 |
| 42,700 | 38,700 | 4,000 |
| 54,760 | 39,253 | 15,507 |
| 344,048 | 344,007 | 41 |
| 442,031 | 439,012 | 3,019 |
| \$ 15,875,638 | \$ 15,363,492 | \$ 512,146 |

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

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

(Continued)

| | <u>EXPENDABLE TRUST FUND</u> | | |
|--|------------------------------|-----------------|---|
| | <u>REVISED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE / (UNFAVORABLE)</u> |
| Excess (Deficit) of Revenues Over (Under) Expenditures | \$ (538) | \$ (499) | \$ 39 |
| <u>Other Financing Sources/ (Uses)</u> | | | |
| Refund of Prior Year Expenditures | - | - | - |
| Proceeds from Sale of Assets | - | - | - |
| Advances In | - | - | - |
| Advances Out | - | - | - |
| Operating Transfers In | - | - | - |
| Operating Transfers Out | - | - | - |
| Total Other Financing Sources/ (Uses) | - | - | - |
| Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (538) | (499) | 39 |
| FUND BALANCES - July 1, 1998 | 2,978 | 2,978 | - |
| FUND BALANCES - June 30, 1999 | \$ 2,440 | \$ 2,479 | \$ 39 |

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

TOTALS (MEMORANDUM ONLY)

| REVISED BUDGET | ACTUAL | VARIANCE FAVORABLE / (UNFAVORABLE) |
|---------------------|---------------------|--|
| \$ (2,095,073) | \$ (854,968) | \$ 1,240,105 |
| (7) | 11,105 | 11,112 |
| 500 | - | (500) |
| - | 248,879 | 248,879 |
| (63,666) | (63,666) | - |
| (2,298) | - | 2,298 |
| (185,213) | (185,213) | - |
| (250,684) | 11,105 | 261,789 |
| (2,345,757) | (843,863) | 1,501,894 |
| 5,749,675 | 5,749,675 | - |
| \$ 3,403,918 | \$ 4,905,812 | \$ 1,501,894 |

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS - ALL PROPRIETARY AND NON-EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1999

| | ENTERPRISE FUND | INTERNAL SERVICE FUND | NON- EXPENDABLE TRUST FUND | TOTALS (MEMORANDUM ONLY) |
|--|--------------------|-----------------------------|----------------------------------|--------------------------------|
| <u>Operating Revenues</u> | | | | |
| Food Services | \$ 448,261 | \$ - | \$ - | \$ 448,261 |
| Earnings on Investments | - | - | 1,102 | 1,102 |
| Tuition | 100 | - | - | 100 |
| Extracurricular Activities | - | 40,876 | - | 40,876 |
| Classroom Materials and Fees | 1,788 | - | - | 1,788 |
| Total Operating Revenues | 450,149 | 40,876 | 1,102 | 492,127 |
| <u>Operating Expenses</u> | | | | |
| Salaries | 249,573 | - | - | 249,573 |
| Fringe Benefits | 92,888 | - | - | 92,888 |
| Materials and Supplies | 5,321 | - | - | 5,321 |
| Purchased Services | 263,037 | 40,876 | - | 303,913 |
| Depreciation | 279 | - | - | 279 |
| Other Operating Expenses | 806 | 8,136 | 810 | 9,752 |
| Total Operating Expenses | 611,904 | 49,012 | 810 | 661,726 |
| Operating Income (Loss) | (161,755) | (8,136) | 292 | (169,599) |
| <u>Nonoperating Revenues</u> | | | | |
| Intergovernmental Revenue | 148,069 | - | - | 148,069 |
| Total Nonoperating Revenues | 148,069 | - | - | 148,069 |
| Net Income (Loss) | (13,686) | (8,136) | 292 | (21,530) |
| Retained Earnings - July 1, 1998 | (23,293) | 20,833 | 21,418 | 18,958 |
| Retained Earnings - June 30, 1999 | \$ (36,979) | \$ 12,697 | \$ 21,710 | \$ (2,572) |

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

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY AND NON-EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1999

| | ENTERPRISE FUND | INTERNAL SERVICE FUND | NON- EXPENDABLE TRUST FUND | TOTALS (MEMORANDUM ONLY) |
|--|--------------------|-----------------------------|----------------------------------|--------------------------------|
| <u>Cash Flows from Operating Activities</u> | | | | |
| Operating Income(Loss) | \$ (161,755) | \$ (8,136) | \$ 292 | \$ (169,599) |
| Adjustments to Reconcile Operating Income(Loss) to Net Cash (Used By) Operating Activities: | | | | |
| Depreciation Expense | 279 | - | - | 279 |
| <i>(Increase) Decrease in Assets:</i> | | | | |
| Due from Other Governments | (5,843) | - | - | (5,843) |
| Prepaid Items | 46 | - | - | 46 |
| Inventory Held for Resale | 1,307 | - | - | 1,307 |
| Material and Supplies Inventory | 32 | - | - | 32 |
| <i>Increase (Decrease) in Liabilities:</i> | | | | |
| Accrued Wages and Benefits | (1,035) | - | - | (1,035) |
| Compensated Absences Payable | 892 | - | - | 892 |
| Deferred Revenues | 538 | - | - | 538 |
| Due to Other Governments | 3,130 | - | - | 3,130 |
| Total Adjustments | (654) | - | - | (654) |
| Net cash (used by) operating activities | (162,409) | (8,136) | 292 | (170,253) |
| <u>Cash Flows from Noncapital Financing Activities</u> | | | | |
| Intergovernmental Revenue | 148,080 | - | - | 148,080 |
| Net cash provided by noncapital financing activities | 148,080 | - | - | 148,080 |
| Net increase in cash and cash equivalents | (14,329) | (8,136) | 292 | (22,173) |
| Cash and Cash Equivalents - July 1, 1998 | 22,277 | 20,833 | 21,418 | 64,528 |
| Cash and Cash Equivalents - June 30, 1999 | \$ 7,948 | \$ 12,697 | \$ 21,710 | \$ 42,355 |

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

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

1. Description of the School District and Reporting Entity

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

The Reporting Entity

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

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

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

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

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

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies

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

The District's significant accounting policies are described below.

A. Basis of Presentation

Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available resources. For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types

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

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

General Fund

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

Special Revenue Funds

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

Capital Projects Fund

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

Proprietary Fund Types

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

Enterprise Funds

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

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Internal Service Funds

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

Fiduciary Fund Types

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

Trust Funds

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

Agency Funds

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

Account Groups

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

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

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

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental and expendable trust fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet.

Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

Basis of Accounting

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

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after fiscal year end.

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

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 1999 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

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

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

C. Budgetary Process (Continued)

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board adopted budget is filed with the Mahoning County Budget Commission for rate determination.

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

C. Budgetary Process (Continued)

Appropriations (Continued)

alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted. The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all District funds, consistent with statutory provisions.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent year end expenditures of governmental funds.

Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, all cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 1999, investments were limited to repurchase agreements and STAR Ohio.

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio's share price, which is the price the investment could be sold for on June 30, 1999.

E. Inventory

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

F. Fixed Assets and Depreciation

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

G. Intergovernmental Revenues

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Nonreimbursable Grants

Special Revenue Funds

Drug Free Grant
Title I
Title VI
Title VI-B Flow Through

Capital Projects Fund

SchoolNet

Reimbursable Grants

General Fund

Driver Education Reimbursement
School Bus Reimbursement

Enterprise Fund

National School Lunch Program
School Breakfast Program
Government Donated Commodities

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future, in accordance with the provisions of Governmental Accounting Standards Board Statement 16, Accounting for Compensated Absences. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy.

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

I. Accrued Liabilities and Long-Term Obligations

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

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

J. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

K. Fund Balance Reserves

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

L. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total-(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in aggregation of this data.

M. Restricted Assets

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

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

3. Budgetary Basis of Accounting

While the District is reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget - Actual (Non-GAAP Budgetary Basis) - All Governmental and Similar Fiduciary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the Budgetary basis and GAAP basis are that:

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

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

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

| | General | Special Revenue | Capital Projects | Expendable Trust |
|------------------------------|---------------------|--------------------|---------------------|---------------------|
| Budget Basis | \$ (573,208) | \$252,962 | \$(523,118) | \$(499) |
| Adjustments for Revenue | | | | |
| Accruals | 368,451 | 8,593 | (3,485) | - |
| Adjustments for Expenditure | | | | |
| Accruals | (620,619) | (7,958) | - | - |
| Adjustments for Encumbrances | 454,489 | 23,606 | - | 86 |
| GAAP Basis | <u>\$ (370,887)</u> | <u>\$277,203</u> | <u>\$(526,603)</u> | <u>\$(413)</u> |

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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 two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Interim monies may be invested in the following obligations:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury, or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
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;

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

4. Deposits and Investments (Continued)

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio); and
7. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements.

Deposits: At year end, the carrying amount of the District's deposits was \$1,020,621 and the bank balance was \$1,306,711. Of the bank balance, all was covered by federal depository insurance.

Investments: The District's investments are categorized below to give an indication of the level of custodial credit risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes insured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is unclassified since it is not evidenced by securities that exist in physical or book entry form.

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

4. Deposits and investments (Continued)

| | <u>Category</u> <u>3</u> | <u>Carrying</u> <u>Value</u> | <u>Market</u> <u>Value</u> |
|-----------------------|-----------------------------|---------------------------------|-------------------------------|
| Repurchase Agreements | \$285,093 | \$ 285,093 | \$ 285,093 |
| STAR Ohio | - | 4,151,334 | 4,151,334 |
| Total Investments | <u>\$ 285,093</u> | <u>\$4,436,427</u> | <u>\$ 4,436,427</u> |

5. Property Taxes

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Mahoning, Portage, and Columbia Counties. These County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

5. Property Taxes (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to a deferred revenue for that portion not intended to finance current year operations. The amount available to the District as an advance at June 30, 1999, was \$4,124 and \$6,406 in the General and Special Revenue Funds, respectively.

6. Interfund Activity

At June 30, 1999, outstanding interfund balances consisted of the following:

| | Interfund Receivables | Interfund Payables |
|-----------------------|--------------------------|-----------------------|
| General Fund | \$185,213 | \$ - |
| Capital Projects Fund | - | 185,213 |
| Total | \$185,213 | \$185,213 |

7. Fixed Assets

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

| | Balance 7/1/98 | Additions | Disposals | Balance 6/30/99 |
|--|-------------------|-----------|-----------|--------------------|
| Land and Land Improvements | \$1,266,160 | \$ - | \$ - | \$ 1,266,160 |
| Buildings and Building Improvements | 3,974,839 | - | - | 3,974,839 |
| Furniture, Fixtures, and Equipment | 2,681,961 | 370,555 | 139,184 | 2,913,332 |
| Textbooks and Library Books | 894,697 | - | - | 894,697 |
| Vehicles | 1,518,834 | 349,330 | 344,721 | 1,523,443 |
| Totals | \$10,336,491 | \$719,885 | \$483,905 | \$10,572,471 |

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

7. Fixed Assets (Continued)

A summary of the Enterprise Funds' fixed assets at June 30, 1999 is as follows:

| | Balance 7/1/98 | Additions | Disposals | Balance 6/30/99 |
|------------------------------------|-------------------|-----------------|-------------|--------------------|
| Furniture, Fixtures, and Equipment | \$ 202,700 | \$ - | \$ - | \$ 202,700 |
| Less: Accumulated Depreciation | (199,849) | (279) | - | (200,128) |
| Net Fixed Assets | <u>\$ 2,851</u> | <u>\$ (279)</u> | <u>\$ -</u> | <u>\$ 2,572</u> |

8. Long-Term Debt and Other Obligations

Long-term debt and other obligations at June 30, 1999 and the related transactions for the year are summarized as follows:

| | Balance 7/1/98 | Additions | Reductions | Balance 6/30/99 |
|------------------------------|-------------------|------------------|------------------|--------------------|
| Compensated Absences Payable | \$ 497,536 | \$ 101,825 | \$ - | \$599,361 |
| Due to Other Governments | 111,518 | - | 14,239 | 97,279 |
| Total | <u>\$ 609,054</u> | <u>\$101,825</u> | <u>\$ 14,239</u> | <u>\$696,640</u> |

9. Compensated Absences

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

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

10. 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 1999, 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:

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

10. Risk Management (Continued)

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

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

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

Automobile Liability - \$1,000,000

Uninsured Motorists - \$500,000

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

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

Workers Compensation - For fiscal year 1999, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant share equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald and Co. provides administrative, cost control and actuarial services to the GRP. Each year, the District pays an enrollment fee to the GRP to cover the costs of administering the program.

Mahoning County School Employee Insurance Consortium - The District is a participant in the Mahoning County School Employee Insurance Consortium, a public entity shared risk pool, currently operating as a common risk management and insurance program for 14 member school districts. The plan was organized to provide health care and other benefits to its member organizations.

Rates are calculated and set through an annual update process. The District pays a monthly contribution which is placed in a common fund from which claim payments and claims are made for all participating districts, regardless of cash flow. The District is responsible for paying health plan claims up to \$135,000 per individual per year. Any claims exceeding the \$135,000 are covered by the District's stop-loss carrier, Caimstone Insurance Company. The District pays 93% of the premiums for medical and dental

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

10. Risk Management (Continued)

coverage. Healthcare is administered by PRM. Dental coverage is administered by Coresource. The fiscal officer of the COG is the Treasurer of the Austintown City School District. The fiscal agent pays PMR monthly for the actual amount of claims processed, the stop-loss premium, and the administrative charges.

11. Defined Benefit Pension Plans

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The contribution rate is 14 percent of annual covered payroll. For fiscal year 1998, 9.79 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$285,894, \$290,223 and \$244,692, respectively. 57% has been contributed for the fiscal year 1999 and 100% for fiscal years 1998 and 1997. \$123,840 representing the unpaid contribution for the fiscal year 1999, is recorded as a liability within the respective funds and the General Long-term Obligations Account Group.

B. State Teachers Retirement System

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

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

11. Defined Benefit Pension Plans (Continued)

B. State Teachers Retirement System (Continued)

The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Prior to July 1, 1997, the portion used to fund pension obligations was 12 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$975,467, \$956,595, and \$898,296, respectively. 84% has been contributed for the fiscal year 1999 and 100% for the fiscal years 1998 and 1997. \$157,468 representing the unpaid contribution for the fiscal year 1998, is recorded as a liability within the respective funds.

12. Post Employment Benefits

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State Statute. Both systems are funded on a pay-as-you-go basis.

The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from the STRS funds shall be included in the employer contributions rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. The balance in the Health Care Reserve Fund at year end was \$2,156 million. For the fiscal year ended June 30, 1998 (the latest information available), eligible benefit recipients totaled 91,999 and net health care costs paid by STRS were \$219,224,000.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

12. Post Employment Benefits (Continued)

of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium. For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll, an increase from 4.21 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14 percent employer contribution provides for maintenance of the asset target level for the health care fund. For the fiscal year ended June 30, 1998 (the latest information available), net health care costs paid by SERS were \$111,900,575 and the target level was \$139.9 million. Net assets available for payment as of June 30, 1998 by the Retirement System were \$160.3 million, at cost. The number of participants currently receiving health care benefits is approximately 50,000. The portion of the District's contributions that were used to fund postemployment benefits was \$119,250.

13. Segment Information For Enterprise Funds

The District maintains three Enterprise Funds to account for the operations of food service, uniform school supplies, and adult education. The table below reflects the more significant financial data relating to the enterprise funds of the District as of and for the fiscal year ended June 30, 1999.

| | Food Service | School Supplies | Adult Education | Total |
|------------------------|-----------------|--------------------|--------------------|-----------|
| Operating Revenues | \$448,261 | \$1,788 | \$ 100 | \$450,149 |
| Operating Expenses | 608,948 | 1,788 | 1,168 | 611,904 |
| Operating Income(Loss) | (160,687) | - | (1,068) | (161,755) |
| Nonoperating Revenues | 148,069 | - | - | 148,069 |
| Net Income (Loss) | (12,618) | - | (1,068) | (13,686) |
| Net Working Capital | (47,550) | - | 1,116 | (46,434) |
| Total Assets | 63,231 | - | 1,116 | 64,347 |
| Total Equity | (38,095) | - | 1,116 | (36,979) |

14. Deficit Retained Earnings

Retained Earnings at June 30, 1999 included the following individual fund deficit:

| | <u>Deficit Retained Earnings</u> |
|---|----------------------------------|
| <i>Enterprise Fund - Food Services Fund</i> | \$ (36,979) |
| <i>Capital Projects</i> | (43,538) |

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

14. Deficit Retained Earnings (Continued)

The above fund deficits did not exist on a cash basis of accounting in accordance with Ohio law. These GAAP deficits will be funded by anticipated future revenues not recognized or recorded by June 30, 1999.

15. Jointly Governed Organization

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

16. Contingencies and Commitments

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 1999.

School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$7,865,476 of school foundation support for its General Fund, and \$7,874,170 in total (all funds) support.

Since the Court's ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempted to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

16. Contingencies and Commitments (Continued)

on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, Districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

17. Year 2000 Issue

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal year 1999.

The District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System (EMIS)).

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and the State of Ohio Uniform Staff Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems.

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

Mahoning, Columbinana, and Portage Counties collect property taxes for distribution to the District. These Counties are responsible for remediating the tax collection system.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

18. Set-Aside Requirements

| | Textbooks | Capital Acquisitions | Budget Stabilization | Total |
|---|----------------|-------------------------|-------------------------|------------------|
| Set-aside Cash Balance as of June 30, 1998 | \$ - | \$ - | \$ 75,712 | \$ 75,712 |
| Current Year Set-aside Requirements | 219,854 | 219,854 | 109,927 | 549,635 |
| Qualifying Disbursements | <u>219,854</u> | <u>219,854</u> | <u>-</u> | <u>439,708</u> |
| Total | <u>-</u> | <u>-</u> | <u>185,639</u> | <u>185,639</u> |
| Cash Balance Carried forward to FY 1999 | <u>-</u> | <u>-</u> | <u>185,639</u> | <u>185,639</u> |
| Total Restricted Assets | | | <u>\$185,639</u> | <u>\$185,639</u> |

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

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

| <u>Federal Grantor/ Sub-Grantor Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Grantor's Number</u> | <u>Program or Award Amount</u> |
|---|------------------------------------|--|--|
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | |
| Passed through Ohio Department of Education | | | |
| Title I | 84.010 | 048389-C1-S1-98 048389-C1-S1-99 | \$ 459,493 468,550 |
| Total Title I | | | |
| Title VI-B Education of the Handicapped Act | 84.027 | 048389-6B-SF-98 048389-6B-SF-99 | \$ 115,200 132,108 |
| Total Title-VI-B | | | |
| Title VI | 84.298 | 048389-C2-S1-99 | \$ 9,704 |
| Drug Free Schools Grant | 84.186 | 048389-DR-S1-98 048389-DR-S1-99 | \$ 13,873 13,384 |
| Total Drug Free Schools Grant | | | |
| School-to-Work Grant | 17.249 | 048389-STW-99 | 15,000 |
| Total U.S. Department of Education | | | |

| <u>Balance</u> <u>7/1/98</u> | <u>Federal</u> <u>Receipts</u> | <u>Federal</u> <u>Disbursements</u> | <u>Balance</u> <u>6/30/99</u> |
|---------------------------------|-----------------------------------|--|----------------------------------|
| \$ 19,737 | \$ 130,260 | \$ 149,997 | \$ - |
| - | 408,575 | 356,129 | 52,446 |
| <u>19,737</u> | <u>538,835</u> | <u>506,126</u> | <u>52,446</u> |
| 9,891 | - | 9,891 | - |
| - | 132,108 | 132,108 | - |
| <u>9,891</u> | <u>132,108</u> | <u>141,999</u> | <u>-</u> |
| - | 9,704 | 8,223 | 1,481 |
| 2,548 | - | 2,548 | - |
| - | 13,384 | 7,598 | 5,786 |
| <u>2,548</u> | <u>13,384</u> | <u>10,146</u> | <u>5,786</u> |
| - | 15,000 | 8,056 | 6,944 |
| <u>32,176</u> | <u>709,031</u> | <u>674,550</u> | <u>66,657</u> |

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

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

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

(A) Total Federal Financial Assistance

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

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

| <u>Balance</u> <u>7/1/98</u> | <u>Federal</u> <u>Receipts</u> | <u>Federal</u> <u>Disbursements</u> | <u>Balance</u> <u>6/30/99</u> |
|---------------------------------|-----------------------------------|--|----------------------------------|
| - | 132,521 | 132,521 | - |
| - | 2,673 | 2,673 | - |
| <u>15,335</u> | <u>78,815</u> | <u>88,266</u> | <u>5,884</u> |
| <u>15,335</u> | <u>214,009</u> | <u>223,460</u> | <u>5,884</u> |
| <u>\$ 47,511</u> | <u>\$ 923,040</u> | <u>\$ 898,010</u> | <u>\$ 72,541</u> |

Guillan & Company

CERTIFIED PUBLIC ACCOUNTANT
Wales Office Building
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Telephone (330) 837-0046
FAX (330) 837-1563

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the West Branch Local School District as of and for the year ended June 30, 1999, and have issued our report thereon date December 29, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

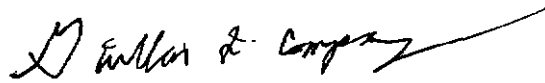
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more in the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**West Branch Local School District
Mahoning County**

This report is intended for the information and use of management, Auditor of State, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

December 29, 1999

A handwritten signature in black ink, appearing to read "D. Fuller & Company", with a long, sweeping horizontal line extending to the right.

Guillan & Company

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

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

Compliance

We have audited the compliance of the West Branch Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the West Branch Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

**West Branch Local School District
Mahoning County**

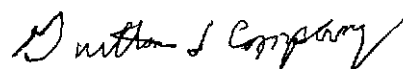
Internal Control Over Compliance

The management of the West Branch Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more in the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, Auditor of State, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

December 29, 1999



WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 1999

A. SUMMARY OF AUDIT RESULTS

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

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

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

None

WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY

GENERAL COMMENTS

The report, including the citations and recommendations, was reviewed with and acknowledged by the following officials on December 29, 1999:

| | |
|--------------|--------------|
| Karen Elsner | Treasurer |
| Keith Marig | Board Member |

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

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



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

88 East Broad Street
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800-282-0370
Facsimile 614-466-4490

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.

By: Susan Babbitt

Date: FEBRUARY 15, 2000