



Mary Taylor, CPA  
Auditor of State

**Youngstown City School District  
Mahoning County, Ohio**

**Report on Accounting Methods**

**Local Government Services Section**



**Youngstown City School District, Mahoning County  
Report on Accounting Methods**

**Table of Contents**

Certification .....	2
Purpose .....	3
Governance Overview .....	4
Analysis of School District’s Methods:	
Budgetary Process.....	6
Revenue Activity .....	11
Purchasing Process.....	20
Cash Disbursements.....	27
Payroll Processing.....	31
Debt Administration.....	40
Capital Assets and Supplies Inventory .....	42
Cash Management and Investing .....	46
Financial Reporting.....	50
Recording Official Proceedings.....	52
Conclusion .....	53

**This Page is Intentionally Left Blank.**



Mary Taylor, CPA  
Auditor of State

**CERTIFICATION**

On November 16, 2006, the Youngstown City School District was declared to be in fiscal emergency. Section 3316.10(A), Revised Code, requires that after the declaration of the existence of a fiscal emergency, the Auditor of State shall issue a report assessing the methods, accuracy and legality of the accounts, records, files, and reports. This report shall indicate whether the School District is in compliance with Section 117.43, Revised Code and the requirements of the Auditor of State.

Therefore, pursuant to Section 3316.10(A) of the Revised Code, a "Financial Accounting Report" is hereby submitted and certified to the Financial Planning and Supervision Commission and the Board of Education of the Youngstown City School District.

Section 3316.10(A), Revised Code requires that the Board of Education of the Youngstown City School District comply with the orders of the Financial Planning and Supervision Commission relating to the development of an effective financial accounting and reporting system by promptly bringing its existing system of financial accounting and reporting into compliance with Section 117.43 of the Ohio Revised Code.

*Mary Taylor*

MARY TAYLOR, CPA  
Auditor of State

April 15, 2009

Local Government Services Section  
88 E. Broad St. / Sixth Floor / Columbus, OH 43215-3506  
Telephone: (614) 466-4717 (800) 345-2519 Fax: (614) 728-8027  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

**This Page is Intentionally Left Blank.**

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Purpose

As required by Section 3316.10(A), Revised Code, the Auditor of State "...shall issue a preliminary report with respect to the methods, accuracy and legality of the accounts, records, files and reports of the school district. This report shall state whether section 117.43 of the Revised Code and the requirements of the Auditor of State have been complied with..."

Accordingly, this report addresses the following: (1) whether the current accounting system fulfills the needs of the Youngstown City School District, and (2) whether the current accounting system is in compliance with Section 117.43 of the Revised Code and the requirements of the Auditor of State.

This report presents in narrative form the major transaction cycles of the School District and certain other key activities that affect the accounting and reporting functions. Each section of the report identifies the key elements necessary for an effective system, the related requirements from the Ohio Revised Code and the Ohio Administrative Code, the School District's process, and the Auditor of State's comments for correction or improvement. Information for this report was obtained by interviewing School District personnel, observing operations, and reviewing pertinent accounting, financial and budgetary records.

This report is intended solely for the use of the Financial Planning and Supervision Commission of the Youngstown City School District. We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the adequacy of the accounting system. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Governance Overview

Youngstown City School District (the School 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. Prior to the School District being declared in a state of fiscal emergency, it was operated under a locally-elected five-member Board of Education (the Board) and provided educational services mandated by the State and Federal agencies.

On November 16, 2006, the School District was declared in a state of fiscal emergency by the Auditor of State. A Financial Planning and Supervision Commission (the Commission) was established under Ohio Revised Code Section 3316.05. Commission membership is as follows:

1. The director of budget and management or a designee;
2. The superintendent of public instruction or a designee;
3. A resident of the School District with knowledge and experience in financial matters and whose principal place of professional or business activity is situated within the School District, appointed by the Mayor;
4. A resident of the School District with knowledge and experience in financial matters and whose principal place of professional or business activity is situated within the School District, appointed by the Governor; and
5. A parent with a child enrolled in the School District appointed by the State superintendent of public instruction.

The Financial Planning and Supervision Commission, under Ohio Revised Code Sections 3316.06 and 3316.07, is given the authority to assume complete managerial control of the Youngstown City School District. Under Section 3316.06(A)(2) of the Ohio Revised Code, the Commission is to specify the level of fiscal and management control that the Commission will exercise within the School District during the period of fiscal emergency and enumerate respectively, the powers and duties of the Commission and the duties of the School Board during that period.

The powers, duties and functions of the Commission may include:

1. Reviewing or assuming responsibility for the development of all tax budgets, tax levies and bond and note resolutions, appropriation measures, and certificates of estimated resources, to ensure they are consistent with the financial recovery plan;
2. Inspecting and securing pertinent documents;
3. Reviewing, revising and approving determinations and certifications affecting the School District made by the county budget commission or the county fiscal officer;
4. Bringing civil actions to enforce fiscal emergency provisions;
5. Implementing steps necessary to bring accounting records, accounting systems and financial procedures and reports into compliance with the Auditor of State's rules;
6. Assuming responsibility for all debt issues;
7. Making and entering into all contracts necessary or incidental to the performance of its duties;
8. Implementing cost reductions and revenue increases; and,
9. Developing a financial recovery plan.



# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Governance Overview

(continued)

The Commission has defined the level of fiscal management and control that the Commission will exercise within the School District during the period of fiscal emergency as required under Section 3316.06(A)(2) of the Ohio Revised Code. The complete role of the Commission has been addressed in the financial recovery plan initially adopted on March 15, 2007 and amended on March 13, 2008, and includes the power to approve contracts entered into by the Youngstown City School District for personal services and employment contracts for all positions other than temporary positions and all purchases in excess of \$10,000.

The Commission will continue in existence until the Auditor of State, or the Commission itself, determines that:

1. An effective financial accounting and reporting system is in the process of being implemented, and is expected to be completed within two years;
2. All of the fiscal emergency conditions have been corrected or eliminated, and no new emergency conditions have occurred;
3. The objectives of the financial recovery plan are being met; and,
4. The School District Board has prepared a financial forecast for a five-year period and such forecast is, in the Auditor of State's opinion, "nonadverse".

Once these requirements are satisfied and certified to the Commission, the Governor, the Director of Budget and Management, and the County Budget Commission, the activities of the Commission will be terminated. Upon termination of fiscal emergency and the Commission, all responsibility for the management of the School District will revert to the locally-elected School Board.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Budgetary Process

#### Description of an Effective Budgetary System

The legally adopted annual budget plays a unique and central role in determining the amount and type of financial resources that shall be raised, and how those financial resources shall be spent. Annually, a budget consisting of estimated revenues and expenditures for each fund for the next fiscal year should be presented to the governing body with sufficient time for review and public input. The budget should identify the major sources of revenues and the programs, activities and major objects of expenditures. The budget should encompass current operations and maintenance, capital acquisition and replacement, and debt retirement. The budget, once approved by the governing body, should be the basis for the appropriation measure. The appropriation measure should identify by fund the amount of resources authorized to be expended for the various governmental functions and programs. The amount appropriated for each fund should not exceed the estimated resources available in that fund for the year. The estimated revenues and appropriations should be integrated with the accounting system to ensure and demonstrate compliance with the budget and allow for ongoing and timely information on unrealized revenues and balances available for expenditure.

#### Statutory Requirements

The budgetary process is prescribed in Chapter 5705, 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.

Tax Budget: Prior to January 15, the Board is required to adopt an annual tax budget for the fiscal year commencing the following July 1. The budget should include proposed expenditures and the means of financing the expenditures for all funds other than agency funds. Public hearings should be publicized and conducted to obtain taxpayers' comments. The primary purpose of this budget document is to demonstrate the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the county budget commission for rate determination.

Estimated Resources: By April 1, the Board accepts, by formal resolution, the tax rates as determined by the county budget commission and receives the commission's official certificate of estimated resources which includes the estimated beginning unencumbered fund balance and the estimated revenue of each fund. Prior to June 30, the school district must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal 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; however, any reserve balance account and the principal of any nonexpendable trust fund is to be excluded. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Treasurer.

Appropriations: Upon receipt from the county auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certification stating no new certificate is necessary, the annual appropriation measure must be legally enacted by the Board. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriations established for each fund must be within the most recent certificate as certified by the county budget commission and the total of expenditures and encumbrances may not exceed the appropriations at the legal level of control. Any revisions that alter appropriations at the legal level of control must be approved by the Board. The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Budgetary Process

(Continued)

No appropriation measure shall become effective until the County Auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed the official estimate or amended official estimate. When the appropriation does not exceed the official estimate, the County Auditor shall give a certificate forthwith upon receiving from the appropriating authority a certified copy of the appropriation measure.

Encumbrances: As part of formal budget control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and/or maintain legal compliance with the adopted appropriations.

Legal Level of Control: The legal level of control is the level at which spending in excess of budgeted amounts would be in violation of law. This is established by the level at which the Board appropriates. For school districts, Section 117-6-02 of the Ohio Administrative Code sets the minimum legal level of control at the fund level and recommends that a board of education pass appropriations at a more detailed level. The legal level of control is a discretionary decision to be made by the Board based on the degree of control the board wishes to maintain over the financial activity of the School District.

Certification of Adequate Revenue: Certification of adequate revenues involves two types of certifications. Certification of routine items under Section 5705.41, Revised Code, is addressed in the Purchasing Process section of this report. Section 5705.412, Revised Code, requires the School District to certify, prior to entering into a qualifying contract, that payment of the obligation will not affect the School District's ability to maintain all personnel and programs for the term of the contract. The certificate is to be attached to the qualifying contract and signed by the Treasurer, Superintendent, and President of the Board. If the School District is in a state of fiscal emergency, the certificate shall be signed by a member of the School District's Financial Planning and Supervision Commission who is designated by the Commission for this purpose. The certificate is to be attached to any qualifying contract.

A qualifying contract means any agreement for the expenditure of money under which aggregate payments from the funds included in the school district's five-year forecast under Section 5705.391 of the Revised Code will exceed the lesser of five hundred thousand dollars or one percent of the total revenue to be credited in the current fiscal year to the School District's General Fund, as specified in the School District's most recent certificate of estimated resources.

A certificate of adequate revenues is also to be attached to each appropriation measure of the current year. The certification shall not consider the renewal or replacement of an existing levy in the current fiscal year unless the renewal or replacement levy has been approved by the electors and is available for appropriation in the current fiscal year. This certificate is not required to be attached to a temporary appropriation measure if (1) the amount appropriated does not exceed 25 percent of the total amount from all sources available for expenditure from any fund during the preceding fiscal year; (2) the measure will not be in effect on or after the thirtieth day following the earliest date on which the School District may pass an annual appropriation measure; and, (3) an amended official certificate of estimated resources for the current year, if required, has not been certified to the Board under division (B) of section 5705.36 of the Revised Code.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Budgetary Process

(Continued)

Five-year Financial Forecast: Section 5705.391, Revised Code, requires school districts to include five-year projections of operational revenues and expenditures in a five-year forecast. Under Section 3301-92-04 of the Ohio Administrative Code, school districts are to submit the projections to the Department of Education. The projection must contain the information and be in a format prescribed by the Department of Education and Auditor of State. The projection includes three years of historical revenues and expenditures and a projection of revenues and expenditures for the current fiscal year and the ensuing four fiscal years. The projection is filed upon the adoption of an annual appropriation measure, but no later than October 31. A school district is required to update its five-year projection between April 1 and May 31 and submit it to the Department of Education. Nothing precludes a school district from filing other updates to its five-year projection at any time in addition to the required filings.

The Ohio Administrative Code links the ability to certify under section 5705.412 of the Revised Code to the five-year forecast. Under Section 3301-92-05(E) of the Ohio Administrative Code, each school district shall maintain sufficient documentation to justify each certification made under section 5705.412 of the Revised Code, and must identify the actual date of certification. Each school district shall maintain a continuing record of the contracts that have been certified. This record includes, but is not limited to, vendor name, contract amount, contract amount allocated by year, purchase order number and date. All information, records and documentation used to estimate available resources or any change made to the five year projection including, but not limited to, the current annual estimate of State funding, property tax calculations, fee schedules and average daily membership calculations shall be retained by the School District and be made available to the Auditor of State or the independent public accountant at the time the School District is audited pursuant to Section 117.11 of the Revised Code.

The ability to certify under Section 5705.412 of the Revised Code is based on the current five-year projection. The assumptions underlying the decision to proceed with the obligation or contract to be certified must be the same assumptions supporting the amounts presented in the current five-year projection. If the revenue assumptions or the revenue estimates used to support the ability to certify under Section 5705.412 differ from the current five-year projection, the projection needs to be updated to reflect the new information. If the certificate is associated with a contract or obligation that results in additional costs or changes in the expenditure assumptions in the current five-year projection, the projection must be updated to reflect the new information. If adding the new expenditures created by an obligation or contract causes a fiscal year end deficit in the projection, then the obligation or contract may not be certified. Any change to the five-year projection must be approved by the Board. Each school district must maintain sufficient documentation to support these changes.

Responsibility for the preparation of the forecast, the accuracy of the presented figures and the reasonableness of the assumptions on which they are based rests with the School District Administration and the Board. The automatic retrieval of historical data by the School District's accounting system does not relieve the School District of the responsibility for insuring that those numbers are reasonable and accurate.

Administrative Code Requirements: All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Budgetary Process

(Continued)

#### School District's Budgetary Process

The School District's formal policies regarding the budgetary process provide that annual appropriations shall be adopted and approved by the Board. The Board places the responsibility of administering appropriations, once adopted, with the Superintendent. The Board adopts as part of its annual appropriation measure a spending plan setting forth a five year projection of revenue and expenditures of the general fund.

Section 5705.281, Revised Code, permits a county budget commission to waive the tax budget requirement for any taxing authority. However, the budget commission may require the taxing authority to provide information needed by the budget commission to perform its duties. The Mahoning County Budget Commission has waived the requirement that the School District adopt a tax budget. In place of the tax budget, the budget commission requires alternative tax budget information which includes: the estimated balance at December in each debt service fund, the amortization schedules for any new debt issues and an estimated schedule of all revenues to be collected in the next fiscal year. This information is filed with the budget commission no later than January 20. The budget commission determines the amount of millage and calculates the estimated revenue by levy.

Prior to April 1, the Board accepts, by resolution, the tax rates as determined by the budget commission and receives the budget commission's certificate of estimated resources. The resolution may be delayed until a later date if approved by the State Tax Commissioner.

After the close of the fiscal year, the Treasurer takes the fiscal year-end balances and generates an amended certificate using state software and submits it to the County Auditor for the next fiscal year. The state software automatically posts the estimated revenues to the system. The County Auditor will review the amended certificate and sign it. If there are any changes, the County Auditor will issue a new amended certificate. Adjustments to the amended certificate are entered into the system when received.

The Board of Education adopts a temporary appropriation measure, at the object level for the general fund and at the fund level for all other funds, prior to the start of the new fiscal year. The School District operates under the temporary appropriation measure until a permanent appropriation measure is adopted. A permanent appropriation measure is adopted by October 1. The Treasurer submits all appropriation measures to the budget commission and at the same time submits a request for an amended certificate of estimated resources for any new or additional estimated revenue available for appropriation. Within one to two weeks, the Treasurer receives a certificate from the County Auditor certifying that appropriations from each fund do not exceed the official estimate of resources. The Treasurer attaches this certificate to the appropriations and files both in a binder.

Appropriations for all student activities are set at the fund level in the appropriation measure. At the beginning of the year, the Board approves those student activity programs it wishes to be operational. The Student Activities Budget Forms are prepared by the activity advisor and approved by the building principal and Superintendent. The form identifies the activity, building, purpose, fund balance at the start of the fiscal year, total estimated revenues, total estimated expenditures and estimated fund balance at the end of the fiscal year.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Budgetary Process

(Continued)

All Board approved temporary and permanent appropriations are entered into the computer system after they are passed but before the School District has received the certificate from the County Auditor that appropriations from each fund do not exceed the official estimate of resources. If adjustments to the appropriations are passed, the new appropriation amounts are entered into the system by the Treasurer.

Each year the Treasurer prepares a five-year forecast, including assumptions, that is approved by the Board of Education and filed with the State Department of Education by October 31. The forecast is filed electronically through the School District's A-site. The forecast is updated and filed again by May 31. The Treasurer keeps the five-year forecast on file in his office with the documentation that was used to prepare the forecast.

### Auditor of State Comments

1. The School District should update its policy manual regarding its budgetary process. The manual should include policies that are designed to comply with Ohio Budgetary Law including the level at which the Board adopts appropriations and the nature of the control, approval and documentation for the initial allocation and subsequent re-allocations of appropriations of the Board. In addition, the policies should address the five-year forecast and the circumstances under which the Board wants the forecast updated and filed in addition to the dates it is to be filed with the Department of Education. The policies need not restate the statutory requirements. The policies should also require the Treasurer to report any occurrences of non-compliance with Ohio Budgetary Law and the corrective action needed or taken to prevent further occurrences as part of the Treasurer's monthly report to the Board.
2. The Board adopts appropriations and at the same time the Treasurer amends the certificate to support appropriations. The Treasurer should request an amended certificate based on reasonable estimates and/or actual receipts. Appropriations should be limited to the estimated resources reflected on the amended certificate at the time of adoption.
3. The Board adopts permanent appropriations prior to meeting the statutory criteria for the adoption of permanent appropriations. Section 5705.38, Revised Code, indicates that annual appropriations should be adopted by October 1 provided an amended certificate of estimated resources or a certification that no amended certificate need be issued has been received from the county budget commission (Refer to Auditor of State bulletin 98-012). The Board has been approving permanent appropriations prior to receiving an amended certificate or a certification that no amended certificate is needed from the county budget commission in violation of Ohio budgetary law.
4. The Treasurer does not compare appropriations to estimated resources. The Treasurer should document the comparison of appropriations to estimated resources. This comparison should be presented to the Board upon request for supplemental appropriations demonstrating the effect of the supplemental appropriations and compliance with budgetary requirements, if adopted.
5. Appropriations are posted in the system prior to receiving the certificate from the county auditor indicating that appropriations are within estimated resources. Appropriations should be posted in the system when they become effective which is upon receipt from the county auditor of the certificate indicating that appropriations are within estimated resources.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Budgetary Process

(Continued)

6. Expenditures plus encumbrances for fiscal year 2007 exceeded appropriations in the general fund contrary to section 5705.41(B), Revised Code.
7. The School District does not issue 412 certificates for qualifying contracts. Section 5705.412, Revised Code, requires the School District to certify, prior to entering into a qualifying contract, that payment of the obligation will not affect the School District's ability to maintain all personnel and programs for the term of the contract. The certificate is to be attached to the qualifying contract and signed by the Treasurer, Superintendent, and President of the Board. If the School District is in a state of fiscal emergency, the certificate shall be signed by a member of the School District's Financial Planning and Supervision Commission who is designated by the Commission for this purpose. The certificate is to be attached to any qualifying contract.
8. The School District presents supplemental appropriations to the Board in lump sum amounts. Supplemental appropriations presented to the Board for approval should identify changes in the appropriation amount rather than presenting the new appropriation as a lump sum.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Revenue Activity

#### Description of an Effective Method for Recording Receipts

The receipting process should allow for the consistent classification and identification of each receipt. All receipts should be promptly recorded, safeguarded and deposited at least daily. A pre-numbered, multi-part receipt form or a system generated receipt form should be issued for any payment received by departments. The receipt should bear the name of the entity and reflect the date received, the payer, the amount, the purpose/nature of the receipt and the signature or name of the person preparing the receipt. Departmental receipts should be summarized and remitted to the fiscal office daily. The fiscal office should issue pay-ins to those departments depositing daily collections to the fiscal office and for any payments received by the fiscal office. The pay-in forms should be a multi-part, pre-numbered form that bears the name of the entity, the date received, the payer, the amount, the purpose/nature of the receipt, the account code and the signature or name of the person preparing the pay-in. Supporting documents should be attached to a copy of the pay-in and filed numerically or by payer. All pay-ins should be recorded in the cash journal and receipts ledger in a timely manner.

#### Statutory Requirements

Section 9.38, Revised Code provides a person who is a public official, employee, or agent shall deposit all public moneys received by that person with the Treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such monies received exceeds one thousand dollars. If the total amount of the public monies received does not exceed one thousand dollars, the person shall deposit the monies on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the monies until such time as the monies are deposited. The policy shall include provisions and procedures to safeguard the public monies until they are deposited. If the public office of which the person is a public official is governed by a legislative authority, only the legislative authority may adopt such a policy.

Section 3313.642 (C), Revised Code states boards of education may adopt rules and regulations prescribing a schedule of fees for materials used in a course of instruction, and prescribing a schedule of charges which may be imposed upon pupils for the loss, damage, or destruction of school apparatus, equipment, musical instruments, library material, textbooks, or electronic textbooks required to be furnished without charge, and for damage to school buildings, and may enforce the payment of such fees and charges by withholding the grades and credits of the pupils concerned.

#### School District's Receipt Process

The School District's primary sources of revenues include property taxes collected and remitted by the county auditor and treasurer, State Foundation program revenues and Federal and State grants both which are remitted to the School District from the Ohio Department of Education. The School District also collects fees for student activities and athletic events at the various school buildings and charges for school lunches served in their cafeterias. All employees that handle money are bonded by a blanket policy. The Treasurer, Superintendent, Assistant Superintendent of School Business Affairs and the Board President are individually bonded.



# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Revenue Activity

(continued)

Monies directly received by the Treasurer's office are given to the Accounts Receivable/Student Activities Secretary who keeps the monies in a green zipper bag. The Accounts Receivable/Student Activities Secretary in Treasurer's office prepares a three part written pay-in order for the receipts which is used to enter information into the accounting system. All pay-in orders are pre-numbered and torn out of pay-in book. The pay-in order includes the date, pay-in number, dollar amount of receipt, description, fund number and account code for posting the receipt. The Accounts Receivable/Student Activities Secretary also prepares a two part deposit ticket once a day which is given to the Assistant Treasurer who takes the deposit to the bank. The white copy of the deposit ticket is retained by the bank and the yellow copy of the deposit ticket is attached to the bank receipt and filed in the Treasurer's office. The Head Accountant writes the corresponding pay-in number on the yellow copy of the deposit ticket when she does the monthly reconciliation.

For receipts outside the Treasurer's office, except those coming from the cafeterias, the employee serving as building treasurer prepares a three part written building receipt for each individual receipt collected. The white copy of the written building receipt is given to the individual, the yellow copy of the written building receipt will be sent to the Treasurer's office and the pink copy of the written building receipt is kept in the building treasurer's receipt book. The daily receipts are secured in a safe or locked drawer. Once a day, the building treasurer prepares a three part building summary receipt and a three part deposit ticket. The building treasurer then takes the deposit to the bank in an envelope or zipper bag. A few of the building treasurers use a locked bank bag for taking deposits to the bank. The white copy of the deposit ticket is retained by the bank, the yellow copy of the deposit ticket will be sent to the Treasurer's office and the pink copy of the deposit ticket is attached to the bank receipt and filed by date with the building treasurer. After the deposit has been made, the building treasurer sends the yellow copy of the written building receipt, the white and yellow copies of the building summary receipt and the yellow copy of the deposit ticket to the Accounts Receivable/Student Activities Secretary in the Treasurer's office. The Accounts Receivable/Student Activities Secretary compares the total on the building summary receipt to the amount on the deposit ticket to check that the amounts match. The Accounts Receivable/Student Activities Secretary then prepares a three part written pay-in order which is used to post the information into the accounting system. The white copy of the pay-in order is filed in the Treasurer's office, the yellow copy of the pay-in order is sent to the building treasurer along with the yellow copy of the building summary receipt, and the pink copy of the pay-in order is kept in the pay-in book.

Receipt of State Foundation: State Foundation monies are wire-transferred bi-monthly to the School District's general checking account from the Ohio Department of Education. The foundation settlement sheets and SF-3 forms which identify the various sources of State aid are printed from the Ohio Department of Education's web page by the Head Accountant. The Head Accountant also prints out a bank statement from the bank's website displaying recent account activity. The amount of the wire transfer is compared by the Head Accountant to the net amount listed on the foundation settlement sheet. Generally, foundation settlements include restricted and unrestricted receipts and tuition payments from other school districts. The Ohio Department of Education also deducts from each settlement pension contributions and tuition payments due to other school districts and community schools. The Head Accountant prepares a Foundation Summary Sheet which lists the proper accounts for posting. This worksheet details the revenue side of the foundation settlement and the deductions which are posted as memo expenditures. The Head Accountant gives the Foundation Summary Sheet to the Accounts Receivable/Student Activities Secretary. The Accounts Receivable/Student Activities Secretary uses this worksheet to post the transactions. The Accounts Receivable/Student Activities Secretary also prepares a written pay-in order for the total amount being posted to the system. The pay-in order, the monthly Foundation Summary Sheet, the foundation settlement sheets and the SF-3 forms are stapled together and filed by pay-in number in the Treasurer's office.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Revenue Activity

(continued)

Receipt of Property Taxes: The Treasurer identifies the proper account codes for gross property tax receipts and deductions and prepares a Property Tax Summary Sheet using information from the tax settlement sheet. The Treasurer verifies that the net property tax receipts calculated on the Property Tax Summary Sheet match the amount on the check received from the County. The Treasurer then gives the Property Tax Summary Sheet to the Accounts Receivable/Student Activities Secretary who uses the worksheet to post the transaction into the accounting system. The Accounts Receivable/Student Activities Secretary also prepares a written pay-in order for the total amount being posted to the system.

Receipt of Property Tax Allocations: Homestead and rollbacks are wire-transferred twice a year to the School District's general checking account. The Treasurer identifies the account codes for gross receipts and deductions and prepares a Homestead and Rollback Summary Sheet. The homestead and rollback amount found on the tax settlement minus the amount deducted for administrative fees is compared to the amount wire-transferred to the bank. The summary sheet is given to the Accounts Receivable/Student Activities Secretary.

Other property tax allocations, including tangible personal property exemption, utility deregulation and tangible personal property loss reimbursement are received by check from the County. The Treasurer identifies the proper account codes for gross receipts and deductions and prepares a Personal Property Tax Summary Sheet using information from the tax settlement sheet. The Treasurer verifies that the net property tax allocations calculated on the Personal Property Tax Summary Sheet match the amount on the check received from the County. The summary sheet is given to the Accounts Receivable/Student Activities Secretary.

Receipt of Grant Monies: The School District participates in various Federal and State grant programs. The Board authorizes the applications for all grants at the beginning of each fiscal year. For most grants, the Administrative Assistant to the Superintendent enters the budget for each grant into the Ohio Department of Education's (ODE) website under the Comprehensive Continuous Improvement Planning (CCIP) System. The CCIP System is a unified grants application and verification system provided by the Ohio Department of Education. Monthly, the Treasurer reviews the FINSUM report, which is a summary of all fund activity and ending balances, and when cash is needed from a particular grant the Treasurer completes an on-line CCIP Project Cash Request.

The Accounts Receivable/Student Activities Secretary checks the ODE website at least once a week to view the CCIP grant monies that were wire-transferred to the School District's bank account. The ODE website has a "Details" button that can be clicked for each payment that provides detailed receipt information for that specific ODE payment. By reviewing the detailed information, the Accounts Receivable/Student Activities Secretary can identify the grant proceeds. The Accounts Receivable/Student Activities Secretary uses this information to prepare a written pay-in order and post the grant monies to the system. The amount wire-transferred per the Ohio Department of Education's website is also matched to the bank statement by the Accounts Receivable/Student Activities Secretary.

Local grant monies are received in check form by the Secretary to the Treasurer. The Secretary to the Treasurer records all checks received in a daily log and then gives the checks and any attached paperwork to the Accounts Receivable/Student Activities Secretary for use in preparing a written pay-in order and posting the receipt to the system.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Revenue Activity

(continued)

Athletic Event Receipts: The School District requires payment for admittance at several athletic events. The ticket sellers are adults only. No student ticket sellers are used. The Faculty Manager for the school building where the athletic event is being held is in charge of receipt collection for that event. The School District has six Faculty Managers, one at each of the four junior highs and one at each of the two high schools. A Ticket Report form is used to reconcile the cash received to the tickets sold. When a ticket is sold, a ticket is given to the buyer. The ticket must then be presented at the gate/door to gain entrance to the event. The ticket is given to the ticket-taker at the entrance. After all sales are completed, the ticket sellers are responsible for counting the money and filling out the Ticket Report form. This form includes the type of event, ticket seller's name, date, ticket type (student or adult), ticket starting number, ticket ending number, number of tickets sold, price of ticket, and total cash received for tickets. The Ticket Report is signed by the ticket seller. The unsold tickets, the money and the Ticket Report form are given to the Faculty Manager immediately following the game. The Faculty Manager recounts the money and compares the total to the amount on the Ticket Report. If any discrepancies occur, the amount of the discrepancy is noted on the form. The Faculty Manager uses the Ticket Report to prepare an Official Game Report. This form lists total receipts and expenditures such as the cost of referees for the event and calculates net receipts. Information found on this form includes the type of event, the names of ticket takers and ticket sellers, the names of referees and all those working at the event, date, ticket type, number of tickets sold, price of ticket, and total cash received from tickets. The Official Game Report is signed by the Faculty Manager. The Faculty Manager sends a copy of the Ticket Report and the Official Game Report to the Athletic/Physical Development Supervisor who files the forms in the Athletics office. The unsold tickets are kept in a locked file cabinet in the Faculty Manager's office.

The athletic event monies are taken to the bank in a locked bank bag, a zipper bank bag or an envelope which varies by building. The Faculty Manager will usually place the money in a locked safe at the school building and have the employee serving as building treasurer take the deposit to the bank the following day. In rare instances, the Faculty Manager may choose to make a night deposit the same day of the event. If the Faculty Manager makes a night deposit, he or she will fill out the three part deposit ticket. If the Faculty Manager does not take the deposit to the bank, the deposit ticket will be filled out by the building treasurer. The white copy of the deposit ticket is retained by the bank, the yellow copy is sent to the Treasurer's office and the pink copy is attached to the bank receipt and filed with the building treasurer.

Student Activity Receipts: The student activity advisors must complete and submit a yellow Student Activity Sales Project Report form for each fundraiser which details the proposed project, quantity of goods to be ordered and projected sales of the fundraiser. The project information portion of this form must first be signed and approved by the teacher serving as the student activity advisor and the building principal. The form is then submitted to the Treasurer's office for signature approval by the Treasurer. Upon the collection of all three signature approvals, the fundraiser may commence.

The School District holds various fundraisers. In all fundraisers, except for candy sales, goods are only ordered after customer orders and money has been collected. In a candy sale fundraiser, the student activity advisor picks up the boxes of candy from the vendor without making a payment to the vendor. If any boxes are unsold at the end of the fundraiser, the boxes are simply returned to the vendor. The student activity advisor writes in the goods returned on the Student Activity Sales Project Report.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Revenue Activity

(continued)

The teacher/student activity advisor in charge of the fundraiser will usually wait until the end of the fundraiser to turn in any money received to the building treasurer. When the student activity advisor turns the receipts over to the building treasurer, the building treasurer recounts the money and fills out a three part written building receipt. The white copy of the written building receipt is given to the student activity advisor. The building treasurer then prepares a three part building summary receipt and a three part deposit ticket. The building treasurer takes the deposit to the bank in a locked bank bag, a zipper bag or an envelope. The Accounts Receivable/Student Activities Secretary uses the building summary receipt to prepare a written pay-in order. The Accounts Receivable/Student Activities Secretary uses the pay-in order to post the student activity receipts to the system. The Accounts Receivable/Student Activities Secretary sends the yellow copy of the pay-in order along with the yellow copy of the building summary receipt to the building treasurer for their records.

Once the fundraiser is completed and all monies have been deposited, the student activity advisor completes the reconciliation part of the Student Activity Sales Project Report which details the amount of total sales, any goods not sold, and the amount deposited with the Treasurer. The student activity advisor must sign the bottom of the Sales Project Potential Report and submit it to the principal and then the Treasurer. Before the Treasurer will sign the Sales Project Potential Report, the Accounts Receivable/Student Activities Secretary generates a FINDET report from the accounting system which shows detailed transactions for the student activity's account. The Accounts Receivable/Student Activities Secretary checks to see that the total amount recorded as deposited on the Student Activity Sales Project Report matches the amount that was posted to the system. The Accounts Receivable/Student Activities Secretary informs the Treasurer that the amounts match and after reviewing the form, the Treasurer signs it. Once the form has been approved, it is submitted to the Accounts Receivable/Student Activities Secretary for filing.

Receipt of Cafeteria Monies: The School District offers a universal free breakfast for all students. The State reimburses the School District for the cost of providing breakfast to students. The cafeteria staff uses hand-held counters to count the number of elementary, middle and high school students that receive a breakfast. The number of students that receive a breakfast is submitted to the State.

Many of the School District's students qualify for free or reduced lunches. For those students that must pay for all or a portion of the cost of lunch, they may choose to pay with cash daily or they may prepay.

At the elementary schools, the students give cafeteria monies to their teacher. A Check Off Roster listing student names and the days they are scheduled to receive a lunch is filled out by the classroom teacher or in some instances by a cafeteria worker that goes around to each classroom. The teacher sends the Check Off Roster along with the lunch monies in an envelope to the cafeteria. The cafeteria worker counts the lunch monies and verifies that the amount received is correct for the lunch tickets ordered. The cafeteria worker makes a copy of the Check Off Roster for their records and then sends the original Check Off Roster back to the teacher along with the lunch tickets. The teacher gives the lunch tickets to the students.

The tickets are also used for students who receive free or reduced lunches. The lunch tickets are small paper tickets that come off of a ticket roll. The tickets are ripped up at the end of each day. The School District uses a hole punch system to differentiate between free, reduced and fully paid lunches. The hole punch system may vary by school building but the usual system is zero hole punches for free lunches, one hole punch for reduced lunches and two hole punches for fully paid lunches.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Revenue Activity

(continued)

A cafeteria worker collects all the tickets as the students go through the lunch line. After student lunch ends, the cafeteria worker fills out a daily Lunch Breakdown Report form. This form totals the number of free, reduced and fully paid lunch tickets collected and the total lunch monies collected. The Lunch Breakdown Report forms are sent to the Assistant Director of Food Service. Each month, the Assistant Director of Food Service uses these forms to prepare a Lunchroom Monthly Activity Report for each elementary school building.

The cafeteria worker counts the money and seals it in the top pocket of a seal proof plastic bank bag. The cafeteria worker fills out a three part deposit ticket and places it into the bottom pocket of the plastic bank bag without sealing the pocket. The bank bag is picked up by the School District's truck driver, who also picks up the racks and trays used to transport the food to the individual school buildings. The driver brings the bank bag with the deposit ticket to the central kitchen where all meals are originally prepared. The Central Kitchen Manager pulls out the yellow and pink copies of the deposit ticket and uses these to record the amount being deposited in a formatted notebook. The white copy of the deposit ticket is then sealed in the plastic bank bag and the yellow and pink copies are sent to the Food Service department. The Food Service department will send the yellow copies to the Treasurer's office and retain the pink copies for their records. Once all the bank bags have been received from the seven elementary school buildings, the Central Kitchen Manager calls BRINKS for pick up. The Central Kitchen Manager gives the employee from BRINKS a copy of daily deposits recorded in her formatted notebook. BRINKS picks up the bank bags on a daily basis and delivers them to the bank.

At the middle and high schools, students may prepay for lunch by giving their money to the Cafeteria Manager during breakfast or lunch time. All middle and high school students are given a pin number which differentiates between free, reduced and fully paid lunches. The students enter their pin number into a pin pad and the cashier enters the transaction into the system. If the student has prepaid their lunch, the money is taken directly out of their account. If the student has not prepaid and is not eligible for a free lunch, the student gives their lunch money to the cashier.

The system generates a detailed Cashier Report which totals meals served and monies collected. The Cafeteria Manager counts the money and compares it to the amount on the Cashier Report. The Cafeteria Manager prepares a three part deposit ticket and takes the deposit to the bank in a seal proof plastic bank bag at the end of the day. The bank teller counts the cash and gives the cafeteria manager the yellow copy of the deposit ticket and the pink copy of the deposit ticket with the bank receipt attached. The yellow and pink copies will be sent to the Food Service department. The Food Service department will send the yellow copy of the deposit ticket to the Treasurer's office and retain the pink copy to be filed.

At the end of each month, the Food Service department sends the Lunchroom Monthly Activity Report prepared by the Assistant Director of Food Service for each elementary school and the Cashier Report for each middle and high school along with the yellow copies of the deposit tickets to the Head Accountant in the Treasurer's office. The Head Accountant uses these reports to create a monthly Cafeteria Monies Reconciliation for cafeteria receipts at the various school buildings. The total deposits from the reports are compared to the monthly bank statement to ensure all deposits are identified. The Head Accountant then uses the Cafeteria Monies Reconciliation to prepare a Food Service Monthly Deposit worksheet which includes the proper receipt account codes. This worksheet is given to the Accounts Receivable/Student Activities Secretary who prepares a written pay-in order and posts the cafeteria monies to the system.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Revenue Activity

(continued)

The Director of Food Service uses the Lunchroom Monthly Activity Reports and the Cashier Reports to complete Site Claim Form reports on the computer and submit them to the Ohio Department of Education for Federal and State meal subsidies.

Miscellaneous Receipts: Miscellaneous receipts include, but are not limited to, various school fees, damaged book and property fines, facility rentals and sale of capital assets. Each student's consumable fees, book fines and other fines are determined by the student's teacher. The teacher informs the building secretary of any fees/fines owed by each student. The building secretary keeps a written record of each student's outstanding balance. The building secretary sends a letter to the student's home requesting payment of the fee/fine. The student may pay the fee/fine by giving their money directly to the building secretary. In the elementary schools, the student may sometimes give fee/fine money to their teacher who turns it in to the building secretary. In some cases, parents will come in and pay the fee/fine directly to the building secretary. The building secretary, upon receiving the fee and/or fine money, gives a copy of the written building receipt to the student or parent. The building secretary will also update their written record of outstanding fees and fines by crossing off the student's name and fee/fine amount that was paid.

The School District rents their school facilities to various community groups. An individual from the community group must fill out a rental form with the Central Office Receptionist in the Business office. The rental form includes the name of the community group, the date and hours of the event, the building to be rented, the rental fee and the signature of the applicant. These groups usually pay the rental fee in advance and send a check to the Treasurer's office. The Accounts Receivable/Student Activities Secretary receives the check, prepares a written pay-in order and posts the receipt to the system. The Accounts Receivable/Student Activities Secretary gives the yellow copy of the pay-in order to the Central Office Receptionist who matches it to the corresponding rental form. The Central Office Receptionist then attaches the yellow copy of the pay-in order to the rental form and files them.

Monies from the sale of capital assets are usually received by the Secretary to the Assistant Superintendent of School Business Affairs, typically in a check form. The Secretary to the Assistant Superintendent gives the check and asset tag number to the Secretary to the Treasurer who records in the check in a daily log. The Secretary to the Treasurer then gives the check and asset tag number to the Accounts Receivable/Student Activities Secretary. The Accounts Receivable/Student Activities Secretary prepares a deposit ticket and a written pay-in order and then posts the receipts to the system. The Inventory Control Officer removes the asset from the capital assets system. This is further discussed in the capital assets section.

### Auditor of State Comments

1. The School District does not have written procedures for the receipt and recording of revenues. Documented procedures for the receipt and recording of revenues should be prepared and given to all departments involved in the receipt and processing of revenues.
2. Cafeteria receipts are posted in a monthly lump sum amount one month in arrears. Cafeteria receipts should be posted on a timelier basis.
3. Some deposits are taken to the bank in an envelope. All deposits should be taken to the bank in a sealed bank bag to reduce the likelihood of loss or theft.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Revenue Activity

(continued)

4. During most student activity fundraisers, the money collected is only turned in to the building treasurer at the end of the fundraiser. The School District should require money collected from fundraisers to be turned in on a daily basis.
5. The School District should adopt a policy regarding the deposit of monies. The policy should also address procedures for deposits less than \$1,000 that complies with Section 9.38 of the Ohio Revised Code.
6. Each school building's cafeteria receipts are deposited separately from all other receipts of the building. There should only be one person making daily deposits for each building.
7. Monies received by the Treasurer's office are not secured in a safe or locked drawer. Currently, the monies are kept in a green zipper bag on the Accounts Receivable/Student Activities Secretary's desk until the daily deposit is made. The daily monies received by the Treasurer's office should be locked and secured.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Purchasing Process

The process of purchasing goods or services should ensure that each transaction is properly authorized, documented, and recorded. The process should be integrated with the budget to ensure compliance with Board adopted appropriations. The process should include selection of the vendor with the best price as well as authorization to proceed with the purchase by an appropriate individual. In addition, authorization must include the fiscal officer's certification of the availability of funds stating that the amount has been appropriated and is free from previously encumbered obligations. Purchase orders should be used for all non-payroll transactions, and should be in written form clearly indicating the items, quantities, and unit cost. Authorized purchase commitments should be recorded against a budget line item in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

### Statutory Requirements

Several State laws govern the purchasing process. The requirements are as follows:

Certification of the Fiscal Officer: Each contract or order for the expenditure of money must be accompanied by a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation or, in the case of a continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the portion of the obligation to be performed in the fiscal year in which the contract is made, has been lawfully appropriated for such purpose and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrance. This certificate need be signed only by the subdivision's fiscal officer. Additionally, the subdivision may utilize blanket purchase orders for authorizing obligations for a particular purpose that do not extend beyond fiscal year end in an amount established by the board of education. A general certification of this type may be established for any appropriation line item and need not identify a specific vendor. This type of purchase order is used for routine recurring items or for unanticipated emergencies.

“Super” Blanket Certification of the Availability of Funds: The super blanket certification permits the fiscal officer to certify any amount from a specific line-item appropriation. The certification is authorized to be outstanding for any period up to the end of the fiscal year and more than one certificate is permitted to be outstanding at one time. The certification must identify a specific line item appropriation in a specific fund. The certification may be limited to a specific vendor, if desired. A list of obligations incurred and expenditures made under each certification must be maintained by the fiscal officer.

Purchases that may be made through the use of a super blanket certificate are the services of an accountant, architect, attorney at law, physician, professional engineer, construction project manager, consultant, surveyor, or appraiser by or on behalf of the subdivision; fuel oil, gasoline, food items, and utilities; and any purchase exempt from competitive bidding under Ohio Revised Code Section 125.04 and any other specific expenditure that is a recurring and reasonably predictable operating expense.

Then and Now Certification: It is intended that the treasurer's certification be secured at the time a purchase order is issued or a contract is executed. If timely certification was not obtained, contracts or purchase orders may be certified at the time of payment but the certification must indicate that both at the time the order was placed (then) and at the current time (now) a sufficient sum was appropriated for the purpose of such a contract and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances. Payments greater than \$3,000 are to be approved by resolution of the board.



# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Purchasing Process

(continued)

Major Contracts: Section 5705.412, Revised Code, provides definitions for qualifying contracts and states that no school district shall make any qualifying contract or increase any wage or salary schedule unless there is a signed certificate attached thereto that the school district has sufficient revenue to enable the school district to both pay the contract and maintain all personnel and programs for a specified number of days. A certificate attached to any qualifying contract shall cover the term of the contract; a certificate attached to a wage or salary schedule shall cover the term of the schedule. The certificate shall be signed by the treasurer, and president of the board of education and the superintendent of the school district, unless the school district is in a state of fiscal emergency, in which case the certificate shall be signed by a member of the district's financial planning and supervision commission.

Obligations that do not have a certificate of adequate revenues as required are considered void and no payments may be made on void obligations.

The following certification requirements also regulate purchases by school districts; however, determination must be made whether the contract is subject to Section 5705.412, Revised Code.

Per Unit Contracts: Where contracts are entered into on a per unit basis, only the amount estimated to become due in the current fiscal year needs to be certified (1987 Op. Atty. Gen. 87-069).

Contract or Lease Running Beyond the Termination of the Fiscal year Made: Pursuant to Section 5705.44, Revised Code, where a contract or lease runs beyond the termination of the fiscal year in which it is made, only the amount of the obligation maturing in the current fiscal year needs to be certified. The remaining amount is a fixed charge required to be provided for in the subsequent fiscal year's appropriations.

Bidding: School District contracts to build, repair, enlarge or demolish any school building in excess of \$25,000 are to follow the competitive bidding requirements in Section 3313.46, Revised Code. Items not requiring competitive bidding include:

1. Educational materials used in teaching;
2. Computer hardware and software used for instructional purposes;
3. Any item that is available and can be acquired only from a single source (this exception requires the board to adopt a resolution by a 2/3 vote that this is the case); and,
4. Energy conservation measures (with certain restrictions provided by statute).

Section 2909.33(C), Revised Code, provides that prior to entering into a contract to conduct business or receive funding, any person, company, affiliated group, or organization, and any person who holds, owns, or otherwise has a controlling interest in a company, affiliated group, or organization that conducts any business with or receives funding in an aggregate amount greater than one hundred thousand dollars annually from the State, any instrumentality of the State, and any political subdivision of the State, excluding the amount of any personal benefit, shall certify that it does not provide material assistance to any organization on the United States department of state terrorist exclusion list. The certification shall be made by completing the declaration of material assistance/nonassistance described in division (A) of this section.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Purchasing Process

(continued)

Section 9.231(A)(1), Revised Code, provides that a governmental entity shall not disburse money totaling twenty-five thousand dollars or more to any person for the provision of services for the primary benefit of individuals or the public and not for the primary benefit of a governmental entity or the employees of a governmental entity, unless the contracting authority of the governmental entity first enters into a written contract with the person that is signed by the person or by an officer or agent of the person authorized to legally bind the person and that embodies all of the requirements and conditions set forth in Sections 9.23 to 9.236 of the Revised Code. If the disbursement of money occurs over the course of a governmental entity's fiscal year, rather than in a lump sum, the contracting authority of the governmental entity shall enter into the written contract with the person at the point during the governmental entity's fiscal year that at least seventy-five thousand dollars has been disbursed by the governmental entity to the person. Thereafter, the contracting authority of the governmental entity shall enter into the written contract with the person at the beginning of the governmental entity's fiscal year, if, during the immediately preceding fiscal year, the governmental entity disbursed to that person an aggregate amount totaling at least seventy-five thousand dollars.

Findings for Recovery Database: Effective January 1, 2004, Ohio Law (ORC section 9.24) prohibits any state agency or political subdivision from awarding a contract for goods, services or construction, paid for in whole or in part with State funds, to any person against whom a finding for recovery has been issued by the Auditor, if that finding is unresolved.

The Auditor of State has established a database pursuant to Section 9.24, Revised Code, in order to list all persons who have unresolved findings for recovery, dating back to January 1, 2001. To comply with Section 9.24, Revised Code, the Auditor of State's office recommends that before entering into a public contract as described above, a state agency or political subdivision verify that the person does not appear in this database.

Delinquent Personal Property Taxes - Section 5719.042, Revised Code, provides that after the award by a taxing district of any contract let by competitive bid and prior to the time the contract is entered into, the person making a bid shall submit to the district's fiscal officer a statement affirmed under oath that the person with whom the contract is to be made was not charged at the time the bid was submitted with any delinquent personal property taxes on the general tax list of personal property of any county in which the taxing district has territory or that such person was charged with delinquent personal property taxes on any such tax list, in which case the statement shall also set forth the amount of such due and unpaid delinquent taxes and any due and unpaid penalties and interest thereon. If the statement indicates that the taxpayer was charged with any such taxes, a copy of the statement shall be transmitted by the fiscal officer to the county treasurer within thirty days of the date it is submitted. The proposed contract cannot be entered into if there are unpaid taxes.

Section 3313.18, Revised Code, states that "...the board of a city, exempted village, or local school district or governing board of an educational service center by a majority vote of its members has adopted an annual appropriation resolution, then such board may, by general resolution, dispense with the adoption of resolutions authorizing the purchase or sale of property, except real estate, the employment, appointment, or confirmation of officers and employees, except as otherwise provided by law, the payment of debts or claims, the salaries for superintendents, teachers or other employees, if provision therefore is made in such annual appropriation resolution, or approving warrants for the payment of any claim from school funds, if the expenditure for such warrant is issued, is provided for in such annual appropriation resolution."

Financial Planning and Supervision Commission - Under Section 3316 Revised Code, the Commission assumes the power to approve personal service, employment and collective bargaining contracts, approve all contracts above \$10,000, and have all purchase orders reviewed by the fiscal monitor.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Purchasing Process

(continued)

Campaign Financing (HB 694) - Section 3517.13 of the Revised Code states any bid or unbid contract, purchase order, or collective bargaining agreement with a value of more than \$10,000 requires the vendor to certify to the contracting authority that the vendor has not made a contribution to the contracting authority in an amount that exceeds the limits provided by law.

Administrative Code Requirements: Section 117-2-02(C)(2) of the Ohio Administrative Code states, “purchase orders should be used to approve purchase commitments and to encumber funds against the applicable appropriation account(s), as required by Section 5705.41(D) of the Revised Code. Purchase orders are not effective unless the fiscal officer’s certificate is attached. The certificate should be attached at the time a commitment to purchase goods or services are made.”

### School District’s Purchasing Process

Contracts which exceed \$25,000 are given to the Assistant Superintendent of School Business Affairs to make the necessary arrangements for public bidding. All bids are received by the Treasurer’s office prior to the official bid opening. At the bid opening, the Treasurer or Assistant Treasurer will open all bids and the Assistant Superintendent of Business Affairs will record all bids except for food service bids which are recorded by the Director of Food Services. For all construction contracts, the School District’s construction management firm, Heery International, Inc., reviews the bids and discusses the information with the Assistant Superintendent of School Business Affairs and they both make a recommendation to the Board. For food service contracts, the Director of Food Services makes the recommendation to the Board. The Board, by resolution, awards the contract. When feasible, purchases or contracts of \$10,000 but under \$25,000 that are purchased through the Business office are based on price quotations submitted by at least three vendors.

The School District has certain items purchased every year such as pencils, chalk and copy paper that are used by all school buildings. The School District requests quotes from various companies on an annual basis. The Purchasing department keeps thirteen individual files for categories such as art, automotive, custodial, electrical, lumber and plumbing. Each individual file has a list of vendors that returned quotes in the prior year stapled on the inner side of the folder. Every year in March or April, the Accounts Payable Secretary in the Business office sends a master list for each category to the warehouse or the various departments. The warehouse employee or department head writes in the number of each item needed for the next year on the master list. The Assistant Superintendent of School Business Affairs reviews this list with the warehouse employee or department head and approves it with his signature. The master list is then sent back to the Accounts Payable Secretary in the Business office where she prepares an Annual Proposal Form for the items requested by the departments and warehouse. The Accounts Payable Secretary in the Business office sends the Annual Proposal Form to the vendors that submitted a quote in the prior year. When the quotes are received back from the vendors, the Accounts Payable Secretary in the Business office enters the information into thirteen spreadsheets, one for each category. The spreadsheets detail by vendor the quote price submitted for each item on the list. These spreadsheets are then given to the Assistant Superintendent of School Business Affairs and the warehouse employee or department head for use in selecting vendors. All purchases over \$10,000 must be approved by the Commission. All contracts over \$25,000 must also be approved by the Board as well as the Commission.

Purchase order numbers are assigned in batches, according to a purchase order register, to the Purchasing Secretary and various other employees. The Purchasing Secretary and the various employees track purchase order numbers used and assign the next available purchase order to a requisition. The purchase order number is handwritten on the requisition.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Purchasing Process

(continued)

When goods or services are required at a school building an employee completes a two part manual requisition form. The manual requisition includes the originator, vendor, date of request, type and quantity of items requested, price, and account to be paid from. If the employee preparing the requisition has been assigned purchase order numbers, the employee will also write the purchase order number on the requisition. If the employee has not been assigned purchase order numbers, the requisition will be assigned a purchase order number by the Purchasing Secretary when she receives the requisition. The two part requisition form is submitted to the building principal or supervisor who approves the requisition by signing it. The form is then sent to the Assistant Superintendent of School Business Affairs who reviews the requisition and approves it with his signature. Once all signatures are collected, the white copy is sent to the Purchasing Secretary in the Business office and the yellow copy is kept by the employee that originated the requisition. Most employees in the School District's administration building do not use a manual requisition form because they have been trained to complete a requisition form using the School District's computer system. The system requisition is printed out and also approved by the employee's supervisor as well as the Assistant Superintendent of School Business Affairs. In the future, all employees will be trained to use the system requisition and the manual requisition will no longer be used.

New vendors are requested by School District employees when necessary. The employee notifies the Accounts Payable Secretary in the Treasurer's office of a new vendor's name and contact information via a phone call, fax, email or written note. The Accounts Payable Secretary in the Treasurer's office will then send an IRS Form W-9 to the vendor, requesting the vendor's taxpayer identification number. The vendor fills out the IRS Form W-9 and sends it back to the Treasurer's office. The Accounts Payable Secretary in the Treasurer's office assigns the vendor a vendor number and enters the new vendor's information into the computer system. The School District does not perform a search of the Auditor of State's web site to verify that new vendors have no outstanding, unpaid findings for recovery.

All approved requisitions, with the exception of food service requisitions, are given to the Purchasing Secretary. The approved food service requisitions are returned to the Food Service Department where the Director of Food Services creates a purchase order.

The Purchasing Secretary assigns the approved requisition a purchase order number if the requisition was prepared by an employee who was not assigned any purchase order numbers. The Purchasing Secretary then records the purchase order in a handwritten log book which serves as a quick reference if questions arise. When a manual requisition is received, the Purchasing Secretary enters all the information from the manual requisition, including the assigned purchase order number, to create the purchase order in the system. The accounting system will not allow the same purchase order number to be used more than once. If an employee accidentally enters a previously used purchase order number, the system will display an error message such as "purchase order already on file". When a system requisition is received, the Purchasing Secretary pulls up the requisition in the computer system, enters the assigned purchase order number and simply converts the requisition into a purchase order. The posting of the purchase order automatically records an encumbrance in the system. The purchase order is printed out with the electronic signatures of both the Treasurer and the Assistant Superintendent of School Business Affairs. The purchase order is then sent to the Treasurer who initials and dates it. Next, the purchase order must be signed by the Secretary of the Fiscal Oversight Commission who visits the School District once a week. If the purchase order is over \$10,000 it must be presented at a Commission meeting and approved by the Commission before being signed by the Secretary of the Fiscal Oversight Commission. If the contract is over \$25,000 it must also be approved by the Board through resolution. Purchase orders are used for all purchases and contracts of the School District.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Purchasing Process

(continued)

The computer system will not allow a purchase order for an amount which exceeds appropriations. An error message such as “negative balance” or “no appropriation set up for budget” is displayed. The Purchasing Secretary takes the purchase order to the Treasurer, Assistant Treasurer or Head Accountant depending on which fund the purchase is made against. The Treasurer, Assistant Treasurer or Head Accountant will review the budget and appropriations to determine whether the fund has sufficient cash. If there is cash available in the fund, these individuals make a transfer between the various appropriation accounts to cover the deficiency in the accounts. They then give the purchase order back to the Purchasing Secretary for her to enter into the system.

The purchase order is a four-part form and is distributed by the Purchasing Secretary in the following manner:

1. The white (original) copy of the purchase order is either mailed, faxed or hand delivered to the vendor.
2. The green copy of the purchase order is filed numerically in the Business office.
3. The blue copy of the purchase order is sent to the building where the requisition originated.
4. The white copy of the purchase order is sent to the building where the requisition originated and is kept on file for their records.

The School District purchases goods and services with blanket purchase orders as needed. For the School District, blanket purchase orders are used in areas such as food service, shop, custodial and transportation. The Treasurer issues blanket certificates under the old statutory restriction of 90 days or \$5,000.

“Then and Now” purchase orders are prepared for purchases without prior approval. “Then and Now” purchase orders must be approved by the Board President if greater than \$1,000. If they are less than \$1,000, the Treasurer has the authority to approve such purchase orders. However, the Treasurer only approves the use of “Then and Now” purchase orders if the purchase was necessary and appropriations are available. If not, the amount is not approved and the employee who initiated the purchase is responsible for the payment.

Every few months, the Treasurer and the Accounts Payable Secretary in the Treasurer’s office review the open purchase orders to determine whether a purchase order should be closed or whether invoices still exist against the purchase order. At fiscal year end, if invoices still exist against an existing purchase order, that purchase order will be carried over to the following fiscal year. Any unneeded purchase orders are cancelled along with the corresponding encumbrances.

### Auditor of State Comments

1. The School District does not perform a search of the Auditor of State’s Findings for Recovery website. The School District should perform a search of the Auditor of State’s Findings for Recovery website and keep a printed copy of the results of the search on file as proof of verification of vendors.
2. The School District does not perform a search of the United States Department of State’s terrorist exclusion list website. The School District should perform a search of the United States Department of State’s terrorist exclusion list website and keep a printed copy of the results of the search on file as proof of verification of vendors.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Purchasing Process

(continued)

3. Section 5705.41(D)(3), Revised Code, allows the fiscal officer to certify expenditures in an amount not in excess of an amount established by resolution adopted by a majority of the members of the board of education. This type of certification, referred to as a blanket certification (blanket purchase orders), has not been authorized by the board of education. The Treasurer continues to issue blanket certificates under the old statutory restriction of 90 days and \$5,000. The board of education should adopt a resolution that identifies the maximum dollar amount for blanket certifications/purchase orders.
4. The Board President approves “Then and Now” certifications/purchase orders in excess of \$1,000. The School District should have “Then and Now” purchase orders in excess of \$3,000 approved by resolution of the Board. Section 5705.41(D), Revised Code, allows the fiscal officer to certify and pay obligations of less than \$3,000 and the Board, by resolution, to authorize payment for amounts greater than \$3,000. While the Board may require approval by the Board President of amounts over \$1,000, amounts greater than the statutory amount must be approved by Board resolution.
5. The School District does not issue 412 certificates for qualifying contracts. Section 5705.412, Revised Code, requires the School District to certify, prior to entering into a qualifying contract, that payment of the obligation will not affect the School District’s ability to maintain all personnel and programs for the term of the contract. The certificate is to be attached to the qualifying contract and signed by the Treasurer, Superintendent, and President of the Board. If the School District is in a state of fiscal emergency, the certificate shall be signed by a member of the School District’s Financial Planning and Supervision Commission who is designated by the Commission for this purpose. The certificate is to be attached to any qualifying contract.
6. Purchase order numbers are assigned based on a purchase order register and must be entered manually by the Purchasing Secretary. The purchase order numbers should be assigned automatically by the accounting system.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Cash Disbursements

#### Description of an Effective Method for Accounts Payable and Cash Disbursements

The processing of invoices should ensure that each payment represents goods or services that were properly authorized and received by the school district. The processing should include a comparison of the invoiced items and quantities to the purchase order and billing slips, a comparison of the prices on the invoice to the purchase order, and the signature of the individual who received the goods and made the comparisons. All invoices should be recomputed ensuring accurate extensions and totals. A voucher should be prepared reflecting the proper payee, invoice amount and accounts codes, and should include a copy of the purchase order, invoice, and receiving report or a signed billing slip. A check should be prepared based on the completed voucher, the existence of appropriate vendor information (I.R.S. Form 1099 data) and a properly executed certification by the Treasurer. All checks should be promptly signed by the Treasurer, posted in the appropriate accounting records, and mailed to the vendor in sufficient time to avoid penalties and receive discounts. Vouchers should be filed numerically or by vendor. No invoices for payments should be processed that were not properly certified unless the Treasurer is able to execute a then and now certificate. Sufficient safeguards should be in place to ensure that one individual does not have total control over the receipt of goods, processing of invoices for payment, issuance of checks and the reconciliation of bank accounts.

#### Statutory Requirements

State law places the following requirements on the disbursement of funds:

Restrictions - Money is drawn from the school district treasury only on appropriations enacted by the board of education. Appropriations from each fund may be used only for the purposes of such fund. Under Section 3313.51, Revised Code, no monies of a school district shall be paid out except on a check signed by the Treasurer. The Treasurer shall preserve all vouchers for payment for a period of ten years (Section 3313.29, Revised Code) unless copied or reproduced according to the procedure prescribed in Section 9.01 of the Ohio Revised Code.

No Certification - If no certificate of available funds was furnished as required, upon receipt by the Board of a certificate of the Treasurer stating that there was at the time of the making of such contract or order and at the time of the execution of such certificate a sufficient sum appropriated for the purpose of such contract and in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances, the Board may authorize the drawing of a warrant in payment of amounts due upon such contract, but such resolution shall be passed within thirty days from the receipt of such certificate; provided that, if the amount involved is less than three thousand dollars, the Treasurer may authorize it to be paid without such affirmation of the Board if such expenditure is otherwise valid.

Section 3313.18, Revised Code, states that “...whenever a board of a city, exempted village, or local school district or governing board of an educational service center by a majority vote of its members has adopted an annual appropriation resolution, then such board may, by general resolution, dispense with the adoption of resolutions authorizing the purchase or sale of property, except real estate, the employment, appointment, or confirmation of officers and employees, except as otherwise provided by law, the payment of debts or claims, the salaries for superintendents, teachers or other employees, if provision therefore is made in such annual appropriation resolution, or approving warrants for the payment of any claim from school funds, if the expenditure for which such warrant is issued, is provided for in such annual appropriation resolution.”

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Cash Disbursements

(continued)

#### Administrative Code Requirements

Section 117-2-02 (C)(3) of the Ohio Administrative Code states “vouchers may be used as a written order authorizing the drawing of a check in payment of a lawful obligation of the public office. Each voucher shall contain the date, purchase order number, the account code, amount, approval, and any other required information.”

#### School District’s Cash Disbursement Process

The employee who initiated the purchase requisition form and the Accounts Payable Secretary in the Business office have the responsibility to ensure that goods and services are received prior to payment. When the goods or services have been received, the employee at the building who receives the shipment of goods verifies the contents to the packing slip and the blue copy of the purchase order. If not all goods are received or incorrect items are received, the employee will contact the vendor and resolve the error accordingly. Once the goods or services have been verified as received, the blue copy of the purchase order is signed by the employee. The blue copy of the purchase order is then sent to the Accounts Payable Secretary in the Business office and the building employee will usually keep the packing slip for their records. If the building employee chooses not to keep the packing slip, it is sent with the blue copy of the purchase order to the Accounts Payable Secretary in the Business office.

The majority of invoices are received directly by the Accounts Payable Secretary in the Business office; however, some invoices will arrive at the Treasurer’s office or the various school buildings. When this happens, the invoice will be sent over to the Accounts Payable Secretary in the Business office. When the Accounts Payable Secretary in the Business office receives the invoice, she will match it to the blue copy of the purchase order signed by the employee to make sure that everything invoiced was actually received and compares the items, quantities, and unit price on the purchase order to the invoice. If an invoice is wrong, the Accounts Payable Secretary in the Business office investigates why there is a difference and contacts the vendor to notify the vendor of the error. The error is then resolved accordingly. If no purchase order exists for an invoice, the employee responsible for the order is notified and requested to process a requisition. After the requisition is approved, a “Then and Now” certificate stamp requiring the Treasurer’s signature is stamped on the invoice. The Board President’s signature is also required if the amount is over \$1,000.

If the invoice amount exceeds the purchase order by less than 3 percent, the purchase order is marked complete and the invoice is paid in full. However, if the invoice amount exceeds the purchase order amount by 3 percent or more, the Accounts Payable Secretary in the Business office will call the vendor to determine why the amount on the invoice is higher. The price difference is usually due to shipping costs that were not included in the purchase order. If the discrepancy resulted from an error by the School District and the dollar amount of the 3 percent or more increase is \$100 or less, the Accounts Payable Secretary in the Business office will cross out the original total amount on the purchase order, write in the new total and mark the purchase order “OK to Pay”. If the dollar amount of the 3 percent or more increase is higher than \$100 the Accounts Payable Secretary will present the purchase order to the Assistant Superintendent of School Business Affairs for his signature and approval. Once the increase has been approved, the corrected amount is written on the purchase order and it is marked as complete.



# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Cash Disbursements

(continued)

The Accounts Payable Secretary in the Business office staples the requisition, blue copy of the purchase order and the invoice together and sends it to the Accounts Payable Secretary in the Treasurer's office. The Accounts Payable Secretary in the Treasurer's office enters the data that creates a voucher into the School District's computer system by entering the vendor, account code, invoice number, purchase order number, and amount of the invoice which creates a check in the system.

In the majority of instances, payment is not made on an order until all goods have been received. Once the remainder of the order is received, the blue copy of the purchase order is sent to the Accounts Payable Secretary in the Business office who compares it to the invoice. The Accounts Payable Secretary in the Business office then sends the invoice, blue copy of the purchase order and the requisition to the Treasurer's office where the payment is processed.

In rare instances, a partial payment will be made if all the goods are not received at the same time. This occurs if a particular vendor contacts the Business office insisting to receive partial payment for the goods that were delivered. In this case, the Accounts Payable Secretary in the Business office sends a copy of the invoice for the partial order to the building employee to verify that they have received the items on the invoice. The building employee checks off that they received the goods and sends the copy of the invoice back to the Accounts Payable Secretary in the Business office. The Accounts Payable Secretary in the Business office writes the amount of the partial payment on the green copy of the purchase order. The Accounts Payable Secretary in the Business office makes a copy of the green purchase order and sends this along with the invoice to the Treasurer's office where the partial payment is processed.

Checks are printed every week on Thursday in the Treasurer's office. The blank check stock paper is kept in a drawer in the Assistant Treasurer's office. The check stock paper is completely blank, not pre-numbered and not containing school name, account number or any other information. This provides security if the check stock paper were to be stolen. All information only appears on the checks after they are printed. The Accounts Payable Secretary in the Treasurer's office inserts a small floppy disk into her computer that loads the check printing program. The electronic check signer is accessed by entering a security code into the check printing program. The Accounts Payable Secretary in the Treasurer's office prints the checks from the system, mails the check along with the remittance form, and attaches a copy of the check to the voucher packet sent from the Business office. The Treasurer, Assistant Treasurer, Accounts Payable Secretary and the Accounts Receivable/Student Activities Secretary have access to the security code. The Treasurer does not review the printed checks before they are mailed.

All checks have two copies and are distributed in the following manner:

1. The original copy of the check is sent to the vendor along with the remittance form for payment.
2. The white copy of the check is attached to the voucher packet and filed in the Treasurer's Office.

The voucher packet includes the white copy of the check, the invoice, the blue copy of the purchase order and the requisition form. All voucher packets are kept in a filing cabinet in the Treasurer's office and filed numerically by check number.

The School District's accounting system displays the last check number recorded. The employee must enter the starting check number before checks can be run. The Accounts Payable Secretary in the Treasurer's office maintains a check register which tracks the check numbers used. This check register is used to ensure that a check is not reused or skipped.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Cash Disbursements

(continued)

If a check is voided, the check is stamped “VOID”. The voided checks are filed in numerical order in a filing cabinet with the Head Accountant in the Treasurer’s Office. The Accounts Payable Secretary in the Treasurer’s office will also mark that a check was voided on the voucher packet. The voided checks are entered into the accounting system. A voided check report is run by the Head Accountant for use in preparing the monthly cash reconciliation.

### Auditor of State Comments

1. The School District should document the procedures for cash disbursements including the staff positions and their functions. The document should also include procedures for when only partial orders are received, when an invoice exceeds the purchase order/fiscal officer certification of funds, and the use of “Then and Now” certifications. The document should be kept on file in the Treasurers’ office.
2. The Accounts Payable Secretary in the Business office does not usually receive the packing slip from the employee that received the goods. After verification of the goods received, the employee should send the packing slip to the Business office.
3. The Treasurer does not review any checks after they are printed and electronically signed. The Treasurer should compare the printed checks to the voucher to ensure that the checks are payable to the same vendor, the amount agrees to the invoice, and proper approvals have been obtained.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Payroll Processing

#### Description of an Effective Method of Payroll Processing

The processing of payroll should ensure that all employees are compensated on a regular basis for work performed and at the rate approved by the appointing authority. All compensation should be recorded in a permanent record reflecting the hourly rate and hours worked or salary, deductions, and the gross and net compensation for the pay period and the year. Standard deductions such as pension, Medicare, and Federal and State taxes should be computed at the applicable rates established by the regulatory agencies. Other deductions permitted by the employer should be authorized by the employee and the authorization should be maintained in a file. Payment of the net compensation should be by a check signed by the appropriate official or by direct deposit to a bank account of the employee. Payment of deductions and the related employer obligations should be made timely and reported in the format prescribed by the regulatory agency. The Personnel office files should contain current contracts, information of the benefits that the employee has selected, withholding forms and any other information required by Federal and/or State laws. Safeguards should be in place to ensure that the same individual does not hire personnel, authorize pay rates, process payroll, generate and distribute pay checks, and reconcile the bank accounts.

**Statutory Requirements:** The following State statutes apply:

Section 5747.06, Revised Code, requires collection of Ohio income tax by employers.

Sections 3307.01, 3307.381, 3307.51, 3307.53, and 3307.56, Revised Code, for the State Teachers Retirement System (STRS) and Sections 3309.23, 3309.341, 3309.47, and 3309.49, Revised Code, for the School Employees Retirement System (SERS), require school districts to enroll most of their employees in the appropriate retirement system, withhold from the employees' wages, or pay on behalf of the employees, a certain percentage of earned wages as defined and to pay over to the appropriate retirement system the amounts withheld, matched with an appropriate percentage for employer contributions.

Section 3317.12, Revised Code, for nonteaching school employees and Section 3317.14, Revised Code, for teachers, require school districts participating in the school foundation program to annually adopt a salary schedule for nonteaching school employees and a salary schedule for teachers.

Section 3319.141, Revised Code, for certified school employees and Section 3319.084, Revised Code, for classified employees, provide for minimum vacation and sick leave to be granted to affected employees, and indicates the procedures for paying the employees for leave balances credited to them upon separation from service. However, bargaining agreements may grant more leave time.

Section 3319.12, Revised Code, requires each board of education to give notice annually, not later than the first day of July, to each teacher who holds a contract valid for the succeeding school year, of the salary to be paid during that year. The salary shall not be lower than the salary paid during the preceding school year unless such reduction is part of a uniform plan affecting the entire district.

Section 4117.03(A)(1), Revised Code, gives public employees the right to form, join, assist, or participate in, or refrain from forming, joining, assisting, or participating in, except as otherwise provided in Chapter 4117 of the Revised Code, any employee organization of their own choosing. The classified employees of the Youngstown City School District are represented by Local Union #1143, Local Union #1143-A and Local Union #1143-B of Ohio Council #8 of the American Federation of State, County and Municipal Employees and Local Unions #476, #396, #64, #179 and #171.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Payroll Processing

(continued)

Civil service jurisdiction extends to the initial employment of bus drivers, clerical, custodial, maintenance, and cafeteria workers. After the commencement of employment, the terms and conditions of employment for these employees are governed by the terms of the negotiated agreement with the employees and the content of the contract may vary with civil service requirements.

The following additional code sections provide authority for appointment and compensation of officials and employees of a school district. Section 3311.19 and 3313.12, Revised Code, for school board member compensation and mileage; Section 3313.24, Revised Code, for compensation of school treasurers; Section 3319.01, Revised Code, for appointment and duties of the superintendent (including compensation); Section 3319.02, Revised Code, for appointment, evaluation, renewal, and vacation leave of other school administrators; and Section 3319.08, Revised Code, for teacher employment and reemployment contracts; Section 3319.10, Revised Code, for employment and status of substitute teachers.

### School District's Payroll Processing Procedures

The School District's pay period for all employees begins on Sunday and ends on Saturday, fourteen days later. Employees are paid on Friday, six days after the pay period ending date. Payroll is processed on a bi-weekly basis for approximately 1,600 full and part-time employees.

In addition to their bi-weekly pay, employees may receive additional amounts along with their regular compensation for supplemental contracts, extra pays, stipends or longevity. Employees receiving an actual check, as well as those with direct deposit, receive a pay stub which includes an earnings statement portion that indicates gross and net earnings, withholdings (year-to-date and for the pay period), leave usage during the pay period, and leave balances as of the end of the pay period. For those employees with direct deposit, the check portion of the pay stub is voided and marked "direct deposit".

All certified and non-certified employment applications are received and kept on file by the Personnel office. Recommendations for employment are made to the Board of Education by the Assistant Superintendent of Personnel and are recorded in the minutes by the Treasurer. Copies of all employee records, transcripts, licenses, and evaluations, are kept in the Personnel office.

Time reports are prepared each pay period for all certified and classified employees. The time reports are prepared by the building secretaries and department supervisors. Each department supervisor prepares a single time report listing all employees in the department, the hours that each employee worked each day in a two week pay period and any leave taken. Each building secretary prepares a single time report listing all teachers in the school building, the days that each teacher worked in a two week pay period and any leave taken. The time reports are signed by the building principal or department supervisor and then forwarded to the Treasurer's office. Any time marked as leave on the time reports must be matched to an approved absence report form when received by the Treasurer's office.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Payroll Processing

(continued)

The Classified Payroll Secretary in the Treasurer's Office receives all the time reports for the School District and crosses the various buildings and departments off a list to confirm they received their time reports. The Classified Payroll Secretary retains the classified employee time reports and gives the certified employee time reports to the Certified Payroll Secretary. The Payroll Secretaries review the time reports and verify their mathematical accuracy as well as match any time marked as leave to a completed and approved absence report form. If an approved absence report form cannot be matched to the time report, the Payroll Secretary will send a letter through inter-office mail to the employee at their building. In the letter, the employee is told an approved absence report form was not received for a specific time period and that they have one pay period to turn in their form or their next paycheck will be held. If the employee receives their paycheck through direct deposit, the deposit is stopped and a check is held at the Treasurer's office for them. Typically the reason the form was not received by the Treasurer's office is because the employee turned the form into their supervisor but the supervisor didn't get the form signed and turned in on time.

Regular pay for hourly employees is entered into the payroll system based on the hours recorded on the time reports. Regular pay for salaried employees is based on the employee's salary divided by 26 annual pays. The time reports for salaried employees are not used to enter hours worked into the payroll system. The time reports for salaried employees are maintained only to track leave usage.

Overtime is tracked and approved on individual employee overtime reports prepared by the department supervisors. The approved overtime reports are submitted to the Classified Payroll Secretary in the Treasurer's office. Overtime pay is entered into the payroll system from the approved overtime reports.

Access to the payroll system is password protected. The Treasurer has given authority to ACCESS, the School District's A-site, to grant access and supply a password. The Treasurer, Assistant Treasurer, Payroll Secretaries, General Secretary and the Secretary to the Treasurer are the only ones with full access to the payroll system. Various other employees have limited access to the payroll system including, but not limited to, the personnel office staff to view salary and attendance information and the Administrative Assistant to the Superintendent to look at salary information for grant planning.

Payroll checks are printed on the Thursday of every pay week in the Treasurer's office. The blank check stock paper is kept in a drawer in the Assistant Treasurer's office. The check stock paper is completely blank, not pre-numbered and not containing school name, account number or any other information. All information only appears on the checks after they are printed. All payroll checks are signed electronically through the printer. The Assistant Treasurer inserts a small floppy disk into her computer that loads the check printing program. The electronic check signer is accessed by entering a password into the check printing program.

The Treasurer's office also keeps a small number of pre-numbered payroll account checks in a safe located in a locked room within the Treasurer's office. These pre-numbered checks are only used in the event that an employee's direct deposit is rejected. This may occur if an employee closed a previous checking account and opened a new account without notifying the Treasurer's office. In this case, the Treasurer's office will issue a pre-numbered payroll check to the employee. The Classified Payroll Secretary is responsible for the key to the locked room. The room is opened in the morning and then closed in the evening before she leaves. The safe is opened by combination. The combination is located within a cabinet located in the Treasurer's Office. The Assistant Treasurer, Payroll Secretaries and the Secretary to the Treasurer have access to the combination for the safe.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Payroll Processing

(continued)

Payroll deductions for STRS and SERS are processed through the payroll system and filed timely. The Board share of retirement is deducted from the State Foundation. Therefore, the Treasurer's office creates a non-negotiable check for the Board share and mails the employee share to STRS.

Bi-weekly, the Secretary to the Treasurer completes the STRS Employer Cash Receipt Remittance Form and mails it to STRS along with payment for that pay period. SERS employee contributions are paid monthly. Each month, the Secretary to the Treasurer completes the SERS Cash Deposit Report and mails it to SERS along with payment.

Administrators: Individual administrative contracts are prepared by the Certified/Administrators Secretary in the Personnel office based upon contract provisions approved by the Board of Education. The contract provisions establish the annual rate of pay, annual vacation days to be credited, and job duties and expectations for each employee. In addition, the contract provisions state that the Board will provide the employee with a life insurance policy equal to their salary and all other benefits at least equal to those provided for certified staff. The contracts are reviewed and approved by the Board of Education. Contracts for the Superintendent and Principals typically run from August through July of the subsequent year or years. The Treasurer's current contract runs from January 1, 2008 through July 31, 2009. Contracts are paid over twenty-six pays. The signed contracts are kept on file with the Personnel office.

Certified: Teachers' salaries and benefits are governed by a negotiated agreement between the Youngstown City School District and the Youngstown Education Association. The present negotiated agreement covers the period July 1, 2007 through June 30, 2010. The negotiated agreement established salary schedules that reflect annual rates of pay based upon years of experience and education. In addition, the negotiated agreement identifies the annual amount of personal leave to be credited and sick leave accrual amount for certified employees. Certified employees do not earn vacation.

All certified employees are given the choice to have their annual contract amount paid over twenty-six or twenty-one bi-weekly pay periods. All certified employees fill out a payroll plan authorization card when they are hired confirming their payment option. Certified employees can change their payment option prior to the beginning of the following school year. This decision cannot be altered during the school year. Only a small percentage of certified employees actually select twenty-one biweekly pay periods instead of twenty-six pay periods.

Individual teacher contracts are prepared by the Assistant Treasurer. Prior to the preparation of the contracts, the Personnel office verifies that the teacher has a valid teaching license. The licenses are kept on file in the Personnel office. For fiscal year 2009, the preparation of certified teaching staff contracts will be completed by the Personnel office. Per the negotiated agreement, certified employees are given a limited one-year contract every year until they have the education and experience required to receive a continuing contract from the School District. Upon meeting the educational and experience requirements, certified employees are given a continuing contract which is in effect until the School District or employee terminates the employment. After an employee has entered into a continuing contract, only a salary notification letter is mailed to the employee in the following years.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Payroll Processing

(continued)

The teachers' contracts are normally mailed in April prior to the end of the school year. The employee receives two copies of the contract, one copy is to be signed by the employee and returned to the Personnel office and the other copy is for the employee's records. The contract states that the employee will receive pay according to the salary in the negotiated agreement. The contracts are effective for the school year or years stated in the contract. Before any contracts are mailed out, they are approved by the Board and signed by both the Treasurer and the Board President. When a teacher's education has changed, they are required to contact the Personnel office so contract changes can be processed. The Personnel office requires the teacher to provide a copy of their transcript to support the change.

From the individual teacher contracts, the Assistant Treasurer prepares a spreadsheet listing each employee and their contract amounts. The Assistant Treasurer uses this spreadsheet to enter the contract amounts into the payroll system. The contract amounts are uploaded directly from the spreadsheet in Microsoft Excel to the payroll system. The payroll system calculates the amount to be paid to each individual over twenty-six or twenty-one pays depending on the employee's preference. The contracts are kept on file with the Personnel office.

The Substitutes/Supplemental Secretary in the Personnel office is responsible for preparing supplemental contracts. These contracts are issued as the Personnel office receives the assignments for each supplemental position. The Board of Education approves the supplemental contracts before they are mailed to employees. All supplemental contracts for non-sports programs are paid in two or three lump-sum payments throughout the school year. Any supplemental contracts for sports activities are paid in one lump sum after the contracted duties are completed typically at the end of the sports season.

Classified Employees: Salaries and benefits for custodians, custodian's helpers, utility firemen, laborers, truck drivers, automotive mechanics, storeroom personnel, bus drivers, bus attendants, ground crew foremen, cafeteria workers and licensed practical nurses, excluding all supervisors are governed by a contract negotiated between the Youngstown City School District and Local Union #1143 of Ohio Council #8 of the American Federation of State, County and Municipal Employees. The present contract covers the period from February 1, 2007 through January 31, 2010.

Salaries and benefits for full-time educational assistants and educational support assistants who have served for more than ninety calendar days following their official appointment by the Board are governed by a contract negotiated between the Youngstown City School District and the Local Union #1143-A of Ohio Council #8 of the American Federation of State, County and Municipal Employees. The present contract covers the period from February 1, 2007 through January 31, 2010.

Salaries and benefits for all secretarial employees except exempt positions specified in the agreement are governed by a contract negotiated between the Youngstown City School District and the Local Union #1143-B of Ohio Council #8 of the American Federation of State, County and Municipal Employees. The present contract covers the period from February 1, 2007 through January 31, 2010.

Salaries and benefits for tradesmen, such as painters, plumbers, electrical workers, plasters and carpenters are governed by a contract negotiated between the Youngstown City School District and Local Unions #476, #396, #64, #179 and #171. The present contract covers the period from February 1, 2007 through January 31, 2010.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Payroll Processing

(continued)

The four contracts mentioned above set forth annual or hourly rates for classified positions. The contracts set forth the sick leave accrual amount, and the amount of vacation and personal leave to be credited annually. In addition, the contract defines overtime at one and a half times the employee's regular rate and longevity rate. Employees are considered full time if they work twenty-five or more hours per week. Classified employees do not receive individual contracts.

Classified employees receive notification of their annual or hourly rate of pay from the Personnel office when they are first hired by the School District through a mailed job offer letter. The Personnel department prepares an Advice form for the Treasurer's office to establish the hourly or annual rate of pay for each employee. A new Advice form is prepared when an employee's position changes to establish the new pay rate for the Treasurer's office. In addition, a new Advice form is prepared when the employee's pay rate changes because of a step increase according to salary schedules in the negotiated agreement. The pay amounts are taken from the salary schedules per the negotiated contract. Advice forms are approved by the Board, the Assistant Superintendent of Personnel and the employee's immediate supervisor for new employees and employees accepting a new position.

From the individual Advice forms, the Assistant Treasurer prepares a spreadsheet listing each salaried employee and their annual contract amount. This spreadsheet is updated when required according to the employee's negotiated agreement. This spreadsheet is given to the Classified Payroll Secretary who enters the pay amount into the payroll system. The payroll system calculates the amount to be paid to each salaried employee over twenty-six pays. The Advice forms are kept on file with the Personnel office.

The regular pay for hourly classified employees is entered into the payroll system every pay period based on the hours recorded on the time reports. The Classified Payroll Secretary enters this information into the payroll system.

Overtime earned by classified employees is paid in the pay period following the pay period in which it was earned. Overtime is paid at a rate of one and a half times the employee's regular rate and longevity rate. The overtime is not recorded on the same time reports used to record regular hours worked by classified employees but on a separate form. All overtime has to be approved by the employee's supervisor each pay period. The Classified Payroll Secretary verifies the mathematical accuracy of the overtime reports and enters the overtime amount for each employee into the payroll system.

Leave: Vacation is credited to each employee monthly while personal leave is credited annually as indicated in the respective certified and classified negotiated agreements or in each administrator's contract. Although established by negotiated agreements, all employees currently receive the same amount of sick leave which is accrued monthly at the rate of 1.25 days for each calendar month. Classified Employees can donate unused sick leave for the use of another employee by filing out a sick leave donation form. Certified Employees can also donate their unused sick leave to a sick leave bank for the use of other Certified Employees. Vacation, personal, and sick leave usage is posted in the payroll system by the Certified Payroll Secretary and the Classified Payroll Secretary according to the amount of time on leave forms and time reports. The system updates the balances automatically.



# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Payroll Processing

(continued)

Employee leave forms must be completed for an employee to use vacation, professional, sick or personal leave. Other forms of leave available to employees are jury duty, military leave, maternity/parental leave, and assault leave. The type of leave desired, the hours to be used and the date is completed on the required request for leave form which is submitted to the employee's immediate supervisor. The supervisor, department head or principal approves leave requests prior to the employee taking the leave, or if the leave is unplanned, the supervisor or principal will approve the leave upon the employee's return. There is a separate form for sick leave requests and all other requests for paid absence. All sick leave forms are required to be submitted to the Treasurer's office along with the corresponding time report. The request form for paid absences, once approved by the employee's supervisor, is submitted to either the Personnel office for certified employees or directly to the Treasurer's office for classified employees.

Certified employees contact the building principal and classified employees contact the department supervisor to report off sick. The Substitutes/Supplemental Secretary in the Personnel office has a call off phone line for supervisors and principals to request a substitute. A list of substitutes is approved by the Board of Education through resolution at the beginning of each school year and the list is adjusted as needed.

The Substitutes/Supplemental Secretary in the Personnel office is assigned the job of calling substitute teachers when they are needed. Each pay period, three separate forms are used to inform the Treasurer's office about the use of substitutes. The pink sheet is for substitute teachers and lists the name of the substitute, the building, the days worked, and the name of the absent teacher. The green sheet is for substitute secretaries and lists the name of the substitute secretary, the school/department, name of absent secretary, and days worked. The white sheet is for substitute educational assistants and lists the same type of information as the green sheet mentioned above. All three forms must be signed by either the principal or supervisor of the substitute. The substitute forms are submitted to the Treasurer's office. The Certified Payroll Secretary and the Classified Payroll Secretary receive the substitute forms, calculate the substitutes pay and enter this information into the payroll system. Substitute teachers are paid a daily rate and are used as needed. The building secretaries write the name of the substitute and the amount of time worked on a pink substitute sheet. The pink substitute sheet is approved by the building principal and sent to the Payroll Clerk for processing.

When possible, other teachers will cover the class instead of using a substitute. There are two different class coverage forms that may be filled out depending on whether the teacher covering the class is a specialist. A teacher is a specialist if they teach art, music or gym. The class coverage form lists the absent teacher's name, school, building number, date of absence, pay period, class size and the teacher(s) that covered the absent teacher's class. The second class coverage form is used if the teacher that covered a class was a specialist. The specialist form is attached to the class coverage form. All class coverage forms are submitted to the General Secretary in the Treasurer's office. The General Secretary creates a class coverage spreadsheet that lists each employee that covered a class, how long they covered the class and calculates the compensation amount. This spreadsheet is used by the General Secretary to enter each employee's compensation into the payroll system.

The Payroll Secretaries are responsible for keeping vacation, sick, personal and other leave records for both certified and classified employees. A benefit balance report called a BENACC is run once a month usually following the first pay of the month and lists the outstanding balances for all leave types by employee. The approved leave sheets are kept and used to verify balances in the event that an employee questions leave information as reflected on the employee's earnings statement.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Payroll Processing

(continued)

Leave without pay is used if no other type of leave is available or able to be used and an absence report form is completed. The leave form is signed by the employee's supervisor and is sent to the personnel office. Any long-term leave requests must also be approved by the Board. The appropriate Payroll Secretary calculates the amount to be adjusted on the employee's original contract and it is then entered into the payroll system.

Other Employees: Board members are paid at a maximum rate of \$125 per meeting. The Secretary to the Treasurer fills out a Board Members Time Report for all Board members to verify his or her attendance at the board meeting. The Secretary to the Treasurer then gives the Board Member Time Report to the Payroll Secretary who uses them to enter payroll for the board members. The time report is usually filled out by the Secretary to the Treasurer after every board meeting. The Board Members are paid the first payday of the month for the Board meetings from the prior month.

Withholdings: A new employee packet is given to new employees to be completed, signed, and returned to the Personnel office. This packet includes various forms including an employment application, drug testing form, background investigation release, various tax forms and retirement forms. The employee packet is passed on to the Treasurer's office and the information is entered into the computer. If employees need to change any of the information on these forms they can obtain the appropriate form from either the Personnel office or the Treasurer's office. Withholding and various deduction forms are maintained in the Treasurer's office.

Other Employee Benefits: The School District's self-insured health care program provides medical, prescription, vision and dental benefits to all full time employees administered through Medical Mutual of Ohio, Anthem, AFSCME Care and Caremark. All certified and classified staff are required to pay 0.65 percent of his/her annual salary per month, not to exceed \$400 per year for single coverage and 1.225 percent of his/her annual salary per month, not to exceed \$750 per year for family coverage. Administrative staff is required to pay 10.0 percent of the Board paid amount per month for single and family coverage. Life insurance benefits are provided through MetLife. The Board provides each full-time employee with life insurance equal to one year's salary.

Payroll deductions for medical, prescription, dental and life insurance benefits are processed through the payroll system and then used as part of the payment. The Head Accountant and the Benefits Secretary are responsible for the preparation of the documentation for the payments of medical, prescription, dental and life insurance benefits. All payroll deduction reports and insurance invoices are maintained by the Benefits Secretary and the Head Accountant.

Payroll Preparation: The Assistant Treasurer has a checklist for running the payroll program. The checklist names the reports that need to be run and lists the steps to be taken to process payroll. All payroll information must be received by Friday at the end of the pay period. Any changes to this information is faxed or called in from the various buildings in the School District. Once all payroll information is entered into the system by the Payroll Secretaries on Friday, Monday and Tuesday, the Assistant Treasurer begins processing payroll.

According to the payroll checklist the first report run is the bi-weekly report called INICAL. The INICAL lists the total regular employee bi-weekly payroll prior to exceptions (stipends, certain supplementals, miscellaneous pays, etc.) The next payroll report generated is a distribution proof listing called PAYSUM which details out the gross payroll by individual employee. The Payroll Secretaries and the Assistant Treasurer will review this report page by page and check for any unusual entries and make any necessary corrections.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Payroll Processing

(continued)

The next step according to the check list is the CALCPAY program which generates three reports, the DEDTOT, the CALCERR, and the BUDPRO. The DEDTOT lists all payroll deductions including STRS and SERS deductions. The CALCERR lists items that are unusual and may need further attention. This report is reviewed by the Assistant Treasurer for any errors. The BUDPRO details the gross payroll by individual employee and budget account. The Assistant Treasurer reviews this report to verify there are no errors in the payroll coding.

The Assistant Treasurer looks at the FUTPAY report before and after each payroll. This report is used to verify that payroll dates were entered correctly.

The Payroll Clerk prints the payroll checks and direct deposits the data using the CHKPRP program. Direct deposits are submitted electronically to the bank by Wednesday. Once the bank receives the direct deposit, the bank emails the payroll date and total payroll amount to the Assistant Treasurer. The Assistant Treasurer verifies that the direct deposit amount matches the total on the PAYDIR report. The Assistant Treasurer has a number to call to confirm the direct deposit information and receives a confirmation number. Money is transferred from the general checking account into the payroll account by the Head Accountant.

Direct deposit is mandatory for all new certified employees. Classified employees have a choice between direct deposit and paper checks. Classified employees are encouraged to use direct deposit by the Personnel department and the Treasurer's office. Paper checks are signed at the time of printing with an electronic check signer on the printer. Employees can choose how they receive their paper check. It can be mailed to their home, sent to the building or department where they work, or they can pick them up in the Treasurer's office. The Treasurer's office prefers that employees choose direct deposit because of the high volume of employees the School District processes payroll for. If an employee's paycheck is lost in the mail, the employee is required to sign up for direct deposit or they must pay a \$25 fee to have the bank stop payment on the check.

Employees receive a pay stub on the day the pay is direct deposited. The pay stubs are sent to either the department or building where the employee works, mailed to the employee's home, or the employee can pick them up in the Treasurer's office.

Payroll checks and direct deposits are posted to the payroll system and general ledger system by running the CHKUPD program. Appropriate deduction checks are printed and posted to the payroll system and general ledger system by running the DEDRPT and PAYDED.

The AUTOPOST program automatically posts the payroll information to the accounts from which the employees are charged within the payroll system and the budgetary system.

Internal Revenue Service W-2 forms are processed before the first payroll for the new calendar year. W-2 forms are distributed to all employees usually by the middle of January. All W-2 information is submitted electronically to the IRS through the School District's A-site, ACCESS.

### Auditor of State Comments

None.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

### Debt Administration

#### Description of an Effective Method of Debt Administration

The issuance of debt is strictly controlled by State statute. Before debt is issued, a resolution authorizing the issuance of debt should be passed by the School Board. The statute authorizing the issuance should be identified in the resolution as well as the purpose of the debt, the principal amount, the maturity, interest rate, and the source of revenue to be used for repayment. Debt instruments should be signed by the president or vice president of the Board of Education and the Treasurer. Debt proceeds should be receipted into a separate fund when appropriate and used only for the purpose specified in the authorizing resolution. Money to be used for debt payment may be receipted in a separate fund created specifically for debt retirement. Care should be taken to insure the timely payment of both principal and interest.

#### Statutory Requirements

General statutory guidelines regarding the issuance of debt are found in Chapters 133 and 5705 of the Revised Code. Specific statutes relating to school districts are found in Title 33 of the Ohio Revised Code. The statutory requirements vary depending on the nature of the debt being issued.

#### School District's Debt

The amount of the School District's outstanding debt at June 30, 2008 was \$56,020,775 and consists of the following:

	<u>Interest Rate</u>	<u>Principal Outstanding 6/30/2008</u>
<u>General Obligation Bonds:</u>		
Classroom Facilities Bonds	3 - 5.00%	\$32,120,000
Unamortized Premium		803,404
<i>Total General Obligation Bonds</i>		<u>32,923,404</u>
<u>Loan:</u>		
2007 State of Ohio Solvency Assistance Advance	0.00%	7,512,500
2008 State of Ohio Solvency Assistance Advance	0.00%	10,380,000
<i>Total State of Ohio Solvency Assistance</i>		<u>17,892,500</u>
<u>Capital Leases:</u>		
Phone System Lease		154,871
Building Lease		5,050,000
<i>Total Capital Leases</i>		<u>5,204,871</u>
<i>Total Debt</i>		<u><u>\$56,020,775</u></u>

All debt documents and amortization schedules are kept on file in the Treasurer's office.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Debt Administration

(continued)

In 2005, the School District issued \$35,625,000 in general obligation bonds for the construction of new schools. The bonds were issued for a twenty-two year period with a final maturity in December 2028 and are paid using tax revenue from the debt service fund. The bonds were issued at a premium of \$932,964.

During fiscal year 2007 and 2008, the School District received a Solvency Assistance Fund advance from the State of Ohio in the amount of \$15,025,000 and \$10,380,000, respectively. The Solvency Assistance Fund advances money to school districts that are in fiscal emergency or that meet one or more of the nine reasons identified in Section 3301-92-03 of the Ohio Administrative Code. The fiscal year 2007 advance will be repaid over two fiscal years, beginning in fiscal year 2008 with State foundation revenues. The fiscal year 2008 advance will be repaid over two fiscal years, beginning in fiscal year 2009, with State foundation revenues.

In 2005, the School District entered into a \$662,192 lease for a telephone system. The lease continues until 2010 and is paid from the general fund.

In 2006, the School District entered into a \$5,050,000 lease for the improvement of several buildings in the School District. The School District is making annual interest payments to the lessor and annual sinking fund payments over a ten year period, from fiscal year 2007 through fiscal year 2016, to JP Morgan Chase Bank, its escrow agent, who will invest the sinking fund dollars at an interest rate that will generate at least \$1,228,924 over the loan period, the difference between the sinking payments and the lease principal. It is the assumption of the School District that the money in the sinking fund will be invested and earn enough interest to allow the lease to be paid in full in December 2020. Per the lease agreement, if the sinking fund does not earn enough interest to pay the lease in full the School District is not liable for the difference. The lease will be paid out of the classroom facilities capital projects fund.

### Auditor of State Comments

None.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Capital Assets and Supplies Inventory

#### Description of an Effective Inventory of Capital Assets and Supplies

Capital assets of the School District should be accounted for and reported in accordance with generally accepted accounting principles (GAAP). Capital assets of the School District should be adequately safeguarded against loss or theft. The School District should have a policy that defines capital assets, capitalization thresholds, determination of cost, useful lives, method of depreciation, assignment of assets and depreciation expense to an expense function, tracking of capital and non-capital assets, and determination of salvage value. An inventory should be maintained that includes a description of each item, its cost, serial and/or model numbers, date of purchase, location, useful life, salvage value, depreciation information, fund and account used to purchase asset, tag number, whether the item is leased, and current purchases and disposals. The purchase and disposal of an asset should be authorized by the governing board, reported to and promptly recorded by the Treasurer or Business Manager, and insurance records adjusted. The transfer or reassignment of assets should be approved by an appropriate official and promptly recorded. Verification of the listed assets should be performed periodically.

Consumable materials and supplies lose their original shape or appearance with use. Examples include office supplies, gasoline, cafeteria supplies and food, and donated commodities. Inventories, where appropriate, should be monitored, controlled, and a physical inventory of materials and supplies should be performed periodically to ensure that items purchased are on hand or have been used. A physical inventory of all material items should be conducted at or near fiscal year-end.

#### Statutory Requirements

Section 3313.41(A), Revised Code, requires that, except as provided in divisions (C),(D),(F), and (G) of this section, when a board of education decides to dispose of real or personal property that it owns in its corporate capacity, and that exceeds in value ten thousand dollars, it shall sell the property at public auction, after giving at least thirty days' notice of the auction by publication in a newspaper of general circulation or by posting notices in five of the most public places in the School District in which the property, if it is real property, is situated, or, if it is personal property, in the School District of the Board of Education that owns the property. The Board may offer real property for the sale as an entire tract or in parcels. Under division (B), when the Board of Education has offered real or personal property for sale at public auction at least once pursuant to division (A) of this section, and the property has not been sold, the Board may sell it at a private sale. Regardless of how it was offered at public auction, at a private sale, the Board shall, as it considers best, sell real property as an entire tract or in parcels, and personal property in a single lot or in several lots.

Administrative Code Requirements: Section 117-2-02 (D)(4)(c) of the Ohio Administrative Code requires that the school district maintain capital asset records including such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location and tag number.

Local governments preparing financial statements using generally accepted accounting principles will want to maintain additional data. Capital assets are tangible assets that normally do not change form with use and should be distinguished from repair parts and supply items.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Capital Assets and Supplies Inventory

(continued)

#### School District's Method of Accounting for Capital Assets

The Board of Education has adopted formal policies regarding capital assets and inventory. The Board policy defines capital assets as those tangible assets of the School District with a useful life in excess of one year and a certain dollar limitation. The policy requires the capitalization of capital assets valued over \$5,000 for the School District's financial statements. Assets for which accountability is desired that have a value less than \$5,000 may, at the School District's discretion, be entered into the capital asset system for control purposes only but are not reported on the financial statements. Purchases made for a group of assets, such as computers or chairs, where the total cost is over the amount needed for capitalization, but the unit cost is less than that needed for capitalization, will not be capitalized. Capital assets are to be recorded at historical cost or estimated historical cost. Land improvements and building improvements which increase the capacity or the operating efficiency of an asset, will be capitalized when costs equal or exceed \$25,000. Donated capital assets shall be valued at their estimated fair value at the time of donation.

The policy further requires the School District to maintain a capital assets accounting system. The capital assets accounting system is to provide sufficient information to permit the preparation of year-end financial statements in accordance with generally accepted accounting principles, determine adequate insurance coverage and provide control and accountability. Board policy states that the Treasurer's office is responsible for the development and maintenance of the capital assets accounting system. The Treasurer's office uses the Inventory Control Officer to monitor capital assets.

The School District's capital asset policy sets the capitalization threshold at \$5,000. However, in practice, the School District capitalizes assets with costs of or exceeding \$1,000. The Inventory Control Officer runs a pending items report which includes all 600 and 700 expenditure object codes from the School District's system to identify items to be capitalized (assets at and above \$1,000). Any items the School District simply wants to keep track of (assets under \$1,000) are identified by various departments when the items are received. The Inventory Control Officer is notified of the items so they can be recorded. The purchasing department occasionally will find items that they think should be capitalized and/or kept track of but were under \$1,000 or purchased using the wrong object code. In this situation, the purchasing department will inform the Inventory Control Officer so the item can be recorded if needed. An inventory tag number is assigned to all assets over \$1,000 and all additional items that the School District has identified as needing to be tracked. The Inventory Control Officer will also physically tag assets such as computers, large televisions, projectors and audio/visual equipment with a numbered tag. The assets are entered in the School District's State software system including, but not limited to, the inventory tag number, purchase order number, invoice number, serial number, location of asset, type of asset and the fund and function from which the asset was purchased. All items under the \$1,000 threshold are omitted from reports summarizing capital assets for financial reporting. Items under \$1,000 are only on reports used to track inventory. Once an item has been added to the software system, the item is then removed from the pending item report.

The School District has specific class codes established to enter into the system to identify the useful life and depreciation method to be used to calculate annual depreciation. The computer system calculates depreciation for the School District for all assets except buildings. The values in the system for buildings are not reliable therefore a separate spreadsheet is maintained by the Head Accountant. The building spreadsheet and several reports from the software system are used at the end of the fiscal year to calculate capital assets for the yearly financial statements. The amount for capitalized textbooks is not maintained in the capital asset system but is tracked separately by the Head Accountant.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Capital Assets and Supplies Inventory

(continued)

When a school building wishes to dispose of an asset, the Inventory Control Officer will be contacted with the individual tag number of the asset. The Inventory Control Officer makes the final decision as to whether or not the item is disposed of and removes the item from the master inventory listing.

The Inventory Control Officer receives notices from various departments within the School District reporting individual assets being transferred between different locations. The notice includes the tag number assigned to the asset and the new location so it can be updated in the School District's system.

During the month of April each school year, the Inventory Control Officer sends each building an inventory listing of all items that should be at each location. This inventory listing report is generated from the School District's State software system. The teacher or head of each room compares the items on their list to what items are actually present in the room and notes any necessary changes on the list. This identifies any transfers or disposals of assets that were made without notifying the Inventory Control Officer. Once the inventory listings are returned to the Inventory Control Officer, all necessary changes are made on the School District's system.

The School District's Inventory Control Officer performs a complete physical inventory of all School District owned equipment in September. The Inventory Control Officer uses an inventory location worksheet that is generated from the School District's State software system to verify inventory around the School District.

### School District's Methods for Assets for Supplies

The Board of Education has adopted formal policies for consumable inventory. The Board shall prepare an inventory of all supplies annually. When defining supplies for inventory purposes, no items at the warehouse will be included whose total value is less than \$1,000. The Assistant Superintendent of School Business Affairs is responsible to ensure that inventories are recorded systematically and accurately.

The School District orders all supplies through a central warehouse. Each school building receives allotments of various supplies throughout the year. If a building needs more supplies in addition to the allotment, the building must contact the Assistant Superintendent of School Business Affairs and provide an explanation for the need for additional supplies. The Assistant Superintendent of School Business Affairs gives verbal approval and contacts the warehouse to send additional supplies to the building.

The Store Room Keeper at the central warehouse takes a year-end physical inventory of all supplies in June. In some years, depending on the warehouse budget, the Store Room Keeper takes a physical inventory count twice during the year, once in January and once in June. The Store Room Keeper hasn't taken a second physical inventory the last two years.

Physical Inventory is taken by the Store Room Keeper using a spreadsheet with each item that should be in the store room including the number on hand in the prior year. The new amount is written on the spreadsheet next to the old amount. The inventory spreadsheet is sent to the Data Department who creates a Year-to-Date report listing each item in the warehouse, the average cost of the item, year-to-date shipped and the year-to-date cost for the item. This report is then forwarded to the Head Accountant in the Treasurer's office who prepares an inventory summary by categories, such as art, custodial and general office for use in the preparation of the year-end financial statements.



# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Capital Assets and Supplies Inventory

(continued)

The Cafeteria Manager at each building takes a monthly physical inventory and sends the inventory sheets to the Director of Food Service. The Director of Food Service then forwards the inventory sheets onto the Data Department who enters the quantities on hand for each inventory item into a formula spreadsheet that calculates the dollar amount of the inventory based on the cost per unit. Once the spreadsheets are completed they are sent back to the food service department. The spreadsheet is reviewed for formula errors and any necessary adjustments are made. Then the Director of Food Service creates a CN-2 report which summarizes the spreadsheets by building and in total. The Director of Food Service uses the dollar totals from the CN-2 inventory spreadsheet to complete the State Child Nutrition reports online which are submitted to the State Department of Education.

### Auditor of State Comments

1. The Board policies on the capitalization and inventory control threshold are not being followed. The current policies state that an asset must have a minimum value of \$5,000 to be capitalized; however, the School District is capitalizing assets with a value of only \$1,000 or greater. The School District should update its policies to reflect what assets it capitalizes.
2. The School District's consumable inventory procedures should be updated to include the items to be inventoried, method to be used, and the individuals responsible for verifying the count. The procedures should include a standard form for counting fiscal year inventory.
3. The School District's capital asset system does not contain reliable values for buildings and therefore a separate spreadsheet must be maintained to track buildings. The School District should correct the values in the capital asset system for buildings.
4. The School District's capital assets policy does not provide guidance regarding the disposal of capital assets. The capital asset policy should provide guidance on how to dispose of capital assets.
5. The School District's capital assets policy does not identify which individual assets under the capitalization threshold should be tracked for insurance purposes only. The various departments currently decide which assets should be tracked. The School District's capital asset policy should identify which individual assets should be tracked for insurance purposes only to allow for uniform implementation among departments.
6. The Food Service CN-2 Inventory Reports do not include year-to-date shipped amounts. The Food Service Department should include year-to-date shipped amounts on the CN-2 Inventory Reports.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Cash Management and Investing

#### Description of an Effective Method of Cash Management

Cash received by a school district should be deposited in a central bank account. Monies for all funds should be maintained in the account or temporarily used to purchase investments. Reconciliations should be completed for all accounts on a monthly basis. The books should be closed at the end of the last business day of the month and processing of transactions for the new month should commence the following business day. The reconciliations should be completed immediately upon receipt of the bank statement. Reconciling items should be specifically identified and listed with supporting documentation attached. Reconciling items such as unrecorded deposits and bank charges should be posted upon completion of the bank reconciliation.

#### Statutory Requirements

Interim cash should be invested according to Section 135.14 of the Revised Code. The deposits of public money should be insured and/or collateralized to insure repayment of public monies deposited with a financial institution. Interest allocation should be in accordance with the Ohio Constitution and State statutes. Cash management and investment activities of a school district are additionally governed by Sections 135.01 to 135.22, and 3313.31 and 3315.01 of the Ohio Revised Code.

Section 135.14(O)(1), Revised Code, states, “Except as otherwise provided in divisions (O)(2) and (3) of this section, no treasurer or governing board shall make an investment or deposit under this section, unless there is on file with the auditor of state a written investment policy approved by the treasurer or governing board. The policy shall require that all entities conducting investment business with the treasurer or governing board shall sign the investment policy of that subdivision.”

Section 135.14(O)(2), Revised Code, states, “If a written investment policy described in division (O)(1) of this section is not filed on behalf of the subdivision with the Auditor of State, the treasurer or governing board of that subdivision shall invest the subdivision's interim moneys only in interim deposits pursuant to division (B)(3) of this section, no-load money market mutual funds pursuant to division (B)(5) of this section, or the Ohio subdivision's fund pursuant to division (B)(6) of this section.”

Section 135.14(O)(3), Revised Code, states, “Divisions (O)(1) and (2) of this section do not apply to a treasurer or governing board of a subdivision whose average annual portfolio of investments held pursuant to this section is one hundred thousand dollars or less, provided that the treasurer or governing board certifies, on a form prescribed by the auditor of state, that the treasurer or governing board will comply and is in compliance with the provisions of sections 135.01 to 135.21 of the Revised Code.”

Section 135.22, Revised Code, requires the treasurer to attend annual training programs of continuing education for treasurers provided by the treasurer of State.

Section 135.12, Revised Code, requires that the designation period for depositories be five years.

Section 3315.01, Revised Code, allows the board of education of any school district to adopt a resolution requiring the treasurer of the district to credit the earnings made on the investment of the principal of the moneys specified in the resolution to the fund from which the earnings arose or any other fund of the district as the board specifies in its resolution, except for earnings made on the investment of the bond retirement fund, the sinking fund, a bond fund or the school facilities project fund.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Cash Management and Investing

(continued)

#### Federal Requirements

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) requires that, in order for a depositor to have a valid claim to assets of a failed financial institution, there must be a security agreement. This agreement must have been:

1. in writing;
2. executed by the financial institution and the depositor making the claim;
3. approved by the board of directors or loan committee of the institution; and
4. an official record of the financial institution continuously from the time of its execution.

If these requirements are not fulfilled, the Federal Deposit Insurance Cooperation (FDIC) may be able to void a security interest and leave the School District with only the right to share with other creditors in the pro rata distribution of the assets of a failed institution.

#### The School District's Methods of Cash Management and Investing

The School District's treasury activities are the responsibility of the Head Accountant and the Treasurer. The Head Accountant reconciles the treasury with the accounting records and transfers cash among the various bank accounts as needed. The Treasurer approves all proposed investments made by the Head Accountant. The School District maintains a general checking account, an operating account, a student activities checking account, a payroll checking account, a food service account, five STAROhio accounts, four security investment accounts, two money market accounts and two Huntington Bank Savings accounts.

The Treasurer's Office is responsible for reconciling all accounts. These accounts are as follows:

#### Bank and Account Description

JPMorgan Chase	This general checking account is used for the general operations of the School District.
JPMorgan Chase	This operating checking account is used for the accumulations and distributions of funds for general operations.
JPMorgan Chase	This account is used for the accumulations and distributions of funds for student activities.
JPMorgan Chase	This account is used for the accumulations and distributions of funds related to payroll activities.
JPMorgan Chase	This account is used for the accumulations and distributions of funds for food service.
Fifth Third Securities	This is used as an investment account of the School District for the general fund and the classroom facilities capital projects fund.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Cash Management and Investing

(continued)

Fifth Third Bank	This is a money market account used as an investment of the School District for the classroom facilities capital projects fund.
Huntington Bank	These are savings accounts used as an investment of the School District.
JPMorgan Chase	These are used as investment accounts of the School District.
STAROhio	These are used as investment accounts of the School District.

STAROhio receives wire transfers for the Youngstown City School District. The JPMorgan Chase Bank general checking account receives daily deposits from the School District. Transfers are made, when necessary from the STAROhio and other investment accounts into the JPMorgan Chase general checking account. Checks are written against the JPMorgan Chase operating checking account for the daily operations of the School District. The bank transfers funds into the operating checking account from the general checking account daily as checks clear this account.

At the beginning of each month, the Head Accountant closes out the previous month. The Head Accountant will then reconcile the bank accounts for the previous month. Any discrepancies are noted on the monthly cash reconciliations. The cash reconciliation is included with the Financial Report the Treasurer presents to the Board of Education. The cancelled check images for the operating account and the payroll account are stored on disk and kept in the Head Accountant's Office.

Voided general operations and payroll checks have void written on them by the account payable clerk or payroll department. These checks are then given to the Head Accountant to be used for the monthly bank reconciliation. The voided checks are filed with the monthly bank reconciliation within the Head Accountant's office.

The Youngstown City School Board of Education authorizes the Treasurer to make investments with available monies from the funds of the School District in securities authorized by State Law. The School District's investments include five STAROhio accounts, four security investment accounts, two money market accounts and two Huntington Bank Savings accounts. In fiscal year 2007 and prior years, the only funds that received interest were the general fund and the classroom facilities fund as required by the classroom facilities grant provisions. Starting in fiscal year 2008, the auxiliary service fund received interest as required by the auxiliary service grant provisions as well as the general fund and the classroom facilities fund.

The School District maintains several different petty cash funds. The Board sets the maximum amount of petty cash available to each individual school, the Treasurer's office, and the Superintendent's office. Each building principal must send a written request to the Treasurer's office requesting a petty cash fund be established at his or her building. A staff member at the building must agree in writing to assume custodial responsibilities for the petty cash fund and agree to follow guidelines established by the Treasurer. The Accounts Receivable/Student Activities Secretary processes all petty cash requests, reviews receipts and processes reimbursements. Each individual petty cash fund is adjusted as requested up to the maximum amount authorized. The current maximum amounts authorized by resolution are as follows:

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Cash Management and Investing

(continued)

Elementary Schools	\$200
Middle Schools/Junior High Schools	\$350
High Schools	\$500
Treasurer's Office	\$500
Superintendent's Office	\$250

### Auditor of State Comments

1. The Treasurer does not review monthly bank reconciliations. He should review the monthly bank reconciliations as well as initial and date them to indicate when they were reviewed for accuracy and completeness.
2. The School District does not have an agreement securing deposits that meets the FIRREA requirements.
3. The School District has an investment policy which is not signed and dated by the Board, Treasurer or entities conducting investment business with the Treasurer or the Board. The investment policy should be signed and dated by the Board, the Treasurer and entities conducting investment business with the Treasurer or the Board as prescribed in Section 135.14 (O)(1), Revised Code.
4. The School District does not have a policy for distribution of interest income. The School District should adopt a policy for the distribution of interest income.
5. The School District currently has one checking account that receives daily deposits and another checking account that writes operating checks. The School District should consider combining these accounts.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Financial Reporting

#### Description of Effective Method of Financial Reporting

The Treasurer should periodically provide the Board with reports setting forth year-to-date receipts, disbursements, outstanding encumbrances, and available fund balances for each fund of the school district. In addition, information concerning estimated and actual receipts, appropriations and disbursements plus encumbrances should be presented for the Board's review. On an annual basis, the Treasurer should prepare and publish within 150 days of fiscal year end financial statements prepared in accordance with generally accepted accounting principles (GAAP).

#### Statutory Requirements

Section 117.38, Revised Code, requires an annual financial report to be certified by the Treasurer and filed with the Auditor of State within one hundred and fifty days after the close of the fiscal year-end. At the time the report is filed with the Auditor of State, the Treasurer should publish notice in a newspaper published within the school district. The notice should state that the financial report has been completed and is available for public inspection at the office of the Treasurer.

Section 3313.29, Revised Code, requires the Treasurer to render a statement to the Board and to the Superintendent of the School District, monthly, or more often if required, showing the revenues and receipts from whatever sources derived, the various appropriations made by the Board, the expenditures and disbursements therefrom, the purposes thereof, the balances remaining in each appropriation, and the assets and liabilities of the school district. At the end of the fiscal year such statement shall be a complete exhibit of the financial affairs of the school district which may be published and distributed with the approval of the Board.

#### The School District's Method of Financial Reporting

The School District uses software provided by the Area Cooperative Computerized Educational Service System (ACCESS) which allows for standard and customized month and year-to-date reports. The School District prepares month and year-to-date reports which are kept on file with the Head Accountant. The 4502, the cash basis annual financial report, is completed by the Head Accountant, printed, and a copy is given to the School District's auditors to use in their audit of the fiscal period. The School District uses portions of the 4502 for the preparation of the annual financial report in accordance with generally accepted accounting principals.

The 4502 is usually completed during the month of July and is submitted by the Treasurer to the Ohio Department of Education electronically through the School District's A-site, ACCESS.

During the second monthly Board meeting, the Board members receive a letter from the Treasurer discussing the current financial position as of the end of the prior month, the monthly financial summary report (receipts, expenditures and current fund balance for each fund), the SM-2 Annual Spending Plan (Current Operation – General Fund Only) report and account and investment reconciliation with a written summary discussing the reconciling adjustments needed to balance the School District's books to the bank balance. The reconciliation for all accounts and investments and the written summary of both items are prepared by the Head Accountant. The financial summary report and the SM-2 Annual Spending Plan report are prepared by the Treasurer. Other financial reports are given according to requests of the Board members.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Financial Reporting

(continued)

The School District prepares its annual financial report in accordance with generally accepted accounting principles (GAAP). The unaudited financial statements are filed with the Auditor of State within 150 days of the end of the fiscal year end or, if unable to meet the deadline, an extension is requested. As soon as the financial audit is released by the Auditor of State, the audit is distributed to all Board members.

In prior fiscal years, the School District has not published a notice of the availability of the financial statements in the local newspaper. The School District does plan on placing a public notice in the local newspaper announcing the availability of their financial statements in the near future and will do so once the Auditor of State releases the audit and copies are made available. Copies of the audited financial statements are kept at the School District for the public and distributed when requested. All requests of financial information from the public are prepared and distributed by the Head Accountant.

### Auditor of State Comments

1. In accordance with Section 117.38, Revised Code, the School District should publish in a local newspaper that the financial report is available for public inspection at the office of the Treasurer. The public notice may read as follows:

The (name of the annual financial report) of the Youngstown City School District for the year ended (date) has been completed and is available for public inspection in the office of the Treasurer at (address) between (office hours). A copy of the report can be provided upon request.

# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Recording Official Proceedings

#### Description of an Effective Method of Recording Official Proceedings

The School District's minutes should reflect full and accurate information to permit the public's understanding and appreciation of the rationale behind the Board's decisions. Minutes of proceedings should be approved at the subsequent meeting. A resolution should be limited to one subject, which should be clearly expressed in its title. Proposed legislation is to be drafted and available for all Board members to review prior to the Board meeting at which they will vote upon it. In the adoption or passage of a resolution, the yeas and nays should be entered into the minutes and the resolution should be signed by the presiding officer and the Treasurer. All Board minutes and resolutions should be maintained as a permanent record of the Board.

#### Statutory Requirements

Section 3313.26, Revised Code, requires the Treasurer to record the proceedings of each meeting in a book to be provided by the Board for that purpose, which shall be a public record. The record of proceedings for each meeting of the Board shall be read at its next succeeding meeting, corrected, and approved, which approval shall be noted in the proceedings. After such approval, the president shall sign the record and the Treasurer shall attest it.

By resolution, a Board may waive the reading of the record of any of its proceedings, provided that such record has been distributed to the members of the Board at least two days prior to the date of the next succeeding meeting and that copies of such record are made available to the public and news media. Such regulation shall be in full force and effect until such time as amended or rescinded by the Board.

Section 121.22, Revised Code, requires the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and be open to public inspection. The Ohio Supreme Court has held that the minutes must be "full and accurate," which means that they must contain sufficient facts and information to permit the public to understand and appreciate the rationale behind the relevant decision. The public not only has a right to know a government body's final decision on a matter, but also the means by which those decisions were reached. The minutes need only reflect the general subject matter of discussions in executive sessions.

#### The School District's Method of Recording Official Proceedings

The Board of Education holds their regular meetings on the second and fourth Tuesdays of each month. The Treasurer takes notes during the Board of Education meetings. From those notes, as well as an audiotape recording of the meeting, the Secretary to the Treasurer prepares the minutes of the meeting. The minutes include who is in attendance, a summary of topics discussed, resolution numbers and a description of the resolution, votes on each resolution and any reports or materials handed out to support the resolutions. The minutes are approved by the Board at the first meeting in the following month and then the minutes are signed by the President of the Board and the Treasurer. Typed minutes, resolutions and supporting exhibits are kept in binders in the Treasurer's office.

#### Auditor of State Comments

None.



# Youngstown City School District – Mahoning County

## Financial Accounting Report

---

### Conclusion

The methods described and included in this report are based on our inquiries and discussions with School District personnel and the related procedures documented from the School District's Policy Manual, resolutions, Ohio Administrative Code and the Ohio Revised Code.

It is the opinion of the office of the Auditor of State that the current methods of the accounting and financial reporting of the Springfield Local School District are not completely in compliance with Chapter 117 of the Ohio Revised Code and the requirements of the Auditor of State as disclosed throughout this report.

**Youngstown City School District – Mahoning County**

**Financial Accounting Report**

---

This Page Intentionally Left Blank.



**Mary Taylor, CPA**  
Auditor of State

**YOUNGSTOWN CITY SCHOOL DISTRICT**  
**MAHONING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**APRIL 15, 2009**