

CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO

SINGLE AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2019**

OHIO AUDITOR OF STATE
KEITH FABER



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City Council
City of Youngstown
26 S. Phelps St
Youngstown, OH 44503

We have reviewed the *Independent Auditor's Report* of the City of Youngstown, Mahoning County, prepared by Julian & Grube, Inc., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 17, 2021

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**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

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MAHONING COUNTY, OHIO**

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Independent Auditor's Report

City of Youngstown
Mahoning County
26 S. Phelps Street
Youngstown, Ohio 44503

To the Members of City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Youngstown, Mahoning County, Ohio, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Youngstown's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City of Youngstown's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City of Youngstown's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
Business-Type Activities	Qualified
Discretely Presented Component Unit	Unmodified
General Fund	Qualified
Fire Levy Fund	Unmodified
Police Levy Fund	Unmodified
V&M Public Improvement TIF	Unmodified
Sewer Fund	Qualified
Water Fund	Qualified
Environmental Sanitation Fund	Qualified
Aggregate Remaining Fund Information	Qualified

Basis for Qualified Opinions on Governmental Activities, Business-Type Activities, General Fund, Sewer Fund, Water Fund, Environmental Sanitation Fund, and the Aggregate Remaining Fund Information

Ohio Revised Code §743.04 and §729.52 delineate the allowable usage of funds received from the collection of water and sewer charges, respectively. Ohio Revised Code §5705.10(I) provides that money paid into any fund shall be used only for the purposes for which such fund was established.

During prior audits, the City granted various businesses a total of \$3,871,537: \$2,118,962 from the Water fund, \$1,602,575 from the Sewer fund, and \$150,000 from the Environmental Sanitation fund. Also, during prior audits, the City expensed a total of \$19,176: \$9,588 from the Water fund and \$9,588 from the Sewer fund, for purposes not allowable from those funds. All of these monies should have been expended from the General fund. Therefore, the Water fund, Sewer fund, and Environmental Sanitation fund cash and beginning/ending net position are understated by \$2,128,550, \$1,612,163, and \$150,000, respectively. The General fund cash and beginning/ending fund balance is overstated by \$3,890,713; these adjustments also affect the beginning/ending unencumbered fund balance reported on the budgetary comparison for the General fund. The Business-Type Activities cash and beginning/ending net position are understated by \$3,890,713 and the Governmental Activities cash and beginning/ending net position are overstated by \$3,890,713.

Additionally, the City used Water fund resources to acquire assets of \$524,619 in the Water fund and Business-Type Activities. However, these assets should belong to the Parks and Recreation fund (a nonmajor governmental fund). Therefore, Water fund and Business-Type Activity capital assets are overstated and cash is understated, Governmental Activities capital assets are understated, Governmental Activities cash and beginning/ending net position are overstated, and the other governmental funds cash and beginning/ending fund balance is overstated by \$524,619.

These adjustments would increase beginning net position in the Water fund by 11%, increase beginning net position in the Sewer fund by 4%, increase beginning net position in the Environmental Sanitation fund by 12%, decrease beginning fund balance in the General fund by 103%, and decrease beginning fund balance in the other governmental funds by 46%. Also, these adjustments would decrease beginning net position in Governmental Activities by 340% and would increase beginning net position in Business-Type Activities by 6%. Management has declined to record these adjustments from prior audits in their accounting records and the accompanying financial statements do not reflect them.

Furthermore, management was unable to provide records to support the allocation of cost of various General fund departments, including: Computer Services, Board of Control, Law Department, Public Works, Finance Department, Mayor's Office, Civil Service Office, City Council, and Housing Inspection, to the utility funds (Water, Sewer, and Environmental Sanitation). For the financial statements, these expenditures were moved from the general government and security of persons and property functions within the General fund, to the personal services and contract services expense line items within the respective utility fund. We cannot reasonably determine whether the amounts reclassified as part of this allocation are reasonable.

Qualified Opinions

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinions on Governmental Activities, Business-Type Activities, General Fund, Sewer Fund, Water Fund, Environmental Sanitation Fund, and the Aggregate Remaining Fund Information* paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, Business-Type Activities, and the General, Sewer, Water, and Environmental Sanitation funds, and the Aggregate Remaining Fund information of the City of Youngstown, Mahoning County, Ohio, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the discretely presented component unit, and the Fire Levy, Police Levy and V&M Public Improvement TIF funds of the City of Youngstown, Mahoning County, Ohio, as of December 31, 2019, and the respective changes in its financial position thereof and the respective budgetary comparisons for the Fire Levy, and Police Levy funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 24 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City of Youngstown. As discussed in Note 3 to the financial statements, during 2019, the City of Youngstown adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Additionally, as discussed in Note 3 to the financial statements, a prior period adjustment was posted to the Business-Type Activities and the Environmental Sanitation fund to accurately reflect special assessment activity. We did not modify our opinions regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis* and schedules of net pension and other post-employment benefit assets and liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary Information

Our audit was conducted to opine on the City of Youngstown's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2020, on our consideration of the City of Youngstown's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Youngstown's internal control over financial reporting and compliance.



Julian & Grube, Inc.
November 19, 2020

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

The management's discussion and analysis of the City of Youngstown's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- The total net position of the City increased \$31,831,504. Net position of governmental activities increased \$35,393,444 from 2018's restated net position. Net position of business-type activities decreased \$3,561,940 or 5.44% from 2018's restated net position. See Note 3.B for detail on the restatement of net position at the beginning of year.
- Consistent with the provisions of Ohio Revised Code Section 3709.36, the City of Youngstown's health district was reorganized as a legally separate organization (Youngstown City Health District) rather than continuing to operate as a department of the City. The change was effective January 1, 2019 and is being accounted for by the City as a transfer of operations, which is reported as a special item. The Youngstown City Health District is reported as a discretely presented component unit of the City (see Notes 2.A and 25 for detail).
- General revenues accounted for \$56,342,879 or 72.74% of total governmental activities revenue. Program specific revenues accounted for \$21,117,901 or 27.26% of total governmental activities revenue.
- The City had \$43,421,803 in expenses related to governmental activities; \$21,117,901 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$22,303,902 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$56,342,879.
- The general fund had revenues, other financing sources and a special item of \$30,799,282 in 2019. This represents an increase of \$2,359,883 from 2018. The expenditures and other financing uses of the general fund, which totaled \$30,210,785 in 2019, decreased \$2,542,319 from 2018. The increase in fund balance to the basic financial statements was \$588,497 in the general fund at December 31, 2019.
- The fire levy fund had revenues and other financing sources of \$13,264,360 in 2019. This represents a decrease of \$158,112 from 2018. The expenditures of the fire levy fund, which totaled \$13,302,382, in 2019, increased \$174,132 from 2018. The decrease in fund balance was \$212,154 in the fire levy fund at December 31, 2019.
- The police levy fund had revenues and other financing sources of \$16,543,327 in 2019. This represents a decrease of \$1,176,407 from 2018. The expenditures of the police levy fund, which totaled \$16,882,884 in 2019, decreased \$580,854 from 2018. The decrease in fund balance was \$339,557 in the police levy fund at December 31, 2019.
- The V&M public improvement TIF capital projects fund received and expended \$7,676,886 in TIF revenue accordance with the City's compensation agreement with V&M.
- Net position for the business-type activities, which are made up of the sewer, water and environmental sanitation enterprise funds decreased in 2019 by \$3,561,940. The enterprise funds did not have adequate charges for services revenue to cover operating expenses.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Using this Annual Financial Report

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

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

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" The statement of net position and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. The accrual basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the City is divided into three distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, fire, street maintenance, parks and recreation, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's sewer, water and environmental sanitation operations are reported here.

Component unit - The City's financial statements include financial data of the Youngstown City Health District. The component unit is described in the notes to the financial statements.

The City's statement of net position and statement of activities can be found on pages 20-23 of this report.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 13.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, fire levy, police levy, and V&M public improvement TIF funds. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 24-33 of this report.

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water and environmental sanitation operations. The sewer, water and environmental sanitation funds are considered major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City's internal service fund accounts for worker's compensation insurance. The basic proprietary fund financial statements can be found on pages 34-43 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Custodial funds are the City's only fiduciary fund type. The basic fiduciary fund financial statements can be found on page 44-45 of this report.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Notes to the Basic Financial Statements and Required Supplementary Information

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 46-119 of this report. This report also presents certain required supplementary information concerning the net pension liability/asset and net OPEB liability. The required supplementary information can be found on pages 122-136 of this report.

Government-Wide Financial Analysis

The table below provides a summary of the City's net position for 2019 and 2018. Net position at December 31, 2018 has been restated as described in Note 3.B in the notes to the basic financial statements.

	Governmental Activities		Business-Type Activities		Total	
	2019	(Restated) 2018	2019	(Restated) 2018	2019	(Restated) 2018
<u>Assets</u>						
Current and other assets	\$ 51,045,842	\$ 48,227,556	\$ 27,002,340	\$ 35,879,246	\$ 78,048,182	\$ 84,106,802
Capital assets, net	<u>110,387,225</u>	<u>110,329,305</u>	<u>141,104,231</u>	<u>112,238,381</u>	<u>251,491,456</u>	<u>222,567,686</u>
Total assets	<u>161,433,067</u>	<u>158,556,861</u>	<u>168,106,571</u>	<u>148,117,627</u>	<u>329,539,638</u>	<u>306,674,488</u>
<u>Deferred outflows of resources</u>						
Unamortized deferred charges	470,063	513,513	-	-	470,063	513,513
Pension	21,534,884	9,764,895	7,326,997	3,904,283	28,861,881	13,669,178
OPEB	<u>4,632,525</u>	<u>5,135,456</u>	<u>1,105,422</u>	<u>1,071,595</u>	<u>5,737,947</u>	<u>6,207,051</u>
Total deferred outflows of resources	<u>26,637,472</u>	<u>15,413,864</u>	<u>8,432,419</u>	<u>4,975,878</u>	<u>35,069,891</u>	<u>20,389,742</u>
<u>Liabilities</u>						
Current liabilities	17,048,595	17,723,919	3,677,338	5,390,936	20,725,933	23,114,855
Long-term liabilities:						
Due within one year	2,899,853	3,343,958	2,863,795	2,505,300	5,763,648	5,849,258
Net pension liability	82,072,106	62,013,045	23,938,762	13,786,279	106,010,868	75,799,324
Net OPEB liability	16,072,697	53,806,980	10,898,228	9,149,292	26,970,925	62,956,272
Other amounts	<u>20,732,240</u>	<u>22,261,508</u>	<u>72,564,860</u>	<u>52,716,987</u>	<u>93,297,100</u>	<u>74,978,495</u>
Total liabilities	<u>138,825,491</u>	<u>159,149,410</u>	<u>113,942,983</u>	<u>83,548,794</u>	<u>252,768,474</u>	<u>242,698,204</u>
<u>Deferred inflows of resources</u>						
Property taxes	1,494,025	1,452,901	-	-	1,494,025	1,452,901
Payment in lieu of taxes	3,975,000	3,825,000	-	-	3,975,000	3,825,000
Pension	5,000,446	8,506,538	508,158	3,339,671	5,508,604	11,846,209
OPEB	<u>4,680,893</u>	<u>2,335,636</u>	<u>126,310</u>	<u>681,561</u>	<u>4,807,203</u>	<u>3,017,197</u>
Total deferred inflows of resources	<u>15,150,364</u>	<u>16,120,075</u>	<u>634,468</u>	<u>4,021,232</u>	<u>15,784,832</u>	<u>20,141,307</u>
<u>Net position</u>						
Net investment in capital assets	88,756,850	86,281,770	65,860,948	57,718,088	154,617,798	143,999,858
Restricted	19,926,163	15,806,049	-	-	19,926,163	15,806,049
Unrestricted (deficit)	<u>(74,588,329)</u>	<u>(103,386,579)</u>	<u>(3,899,409)</u>	<u>7,805,391</u>	<u>(78,487,738)</u>	<u>(95,581,188)</u>
Total net position (deficit) restated	<u>\$ 34,094,684</u>	<u>\$ (1,298,760)</u>	<u>\$ 61,961,539</u>	<u>\$ 65,523,479</u>	<u>\$ 96,056,223</u>	<u>\$ 64,224,719</u>

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net pension asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with accounting principles generally accepted in the United States of America. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/asset or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" - that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability/asset are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability/asset and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2019, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$96,056,223. At year-end, net position was \$34,094,684 and \$61,961,539 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets represented 76.32% of total assets. Capital assets include land, buildings, improvements other than buildings, machinery and equipment, computer software, vehicles, infrastructure and construction in progress. Capital assets, net of related debt to acquire the assets at December 31, 2019, were \$88,756,850 and \$65,860,948 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$19,926,163, at December 31, 2019, represents resources that are subject to external restriction on how they may be used.

The table that follows shows the changes in net position for 2019 and 2018. Net position at December 31, 2018 has been restated as described in Note 3.B in the notes to the basic financial statements.

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**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Change in Net Position					
	Governmental		Business-type		Total	
	Activities		Activities		Total	
	(Restated)		(Restated)		(Restated)	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 6,390,762	\$ 9,837,959	\$ 64,082,790	\$ 65,132,522	\$ 70,473,552	\$ 74,970,481
Operating grants and contributions	11,516,308	13,273,752	-	-	11,516,308	13,273,752
Capital grants and contributions	3,210,831	4,508,961	500,000	-	3,710,831	4,508,961
Total program revenues	<u>21,117,901</u>	<u>27,620,672</u>	<u>64,582,790</u>	<u>65,132,522</u>	<u>85,700,691</u>	<u>92,753,194</u>
General revenues:						
Property taxes	1,792,332	1,458,895	-	-	1,792,332	1,458,895
Income taxes	42,012,940	44,844,233	-	-	42,012,940	44,844,233
Unrestricted grants and entitlements	3,926,193	3,497,344	-	-	3,926,193	3,497,344
Payments in lieu of taxes	7,886,205	2,749,295	-	-	7,886,205	2,749,295
Investment earnings	422,006	329,593	-	-	422,006	329,593
Miscellaneous	303,203	425,946	966,097	972,384	1,269,300	1,398,330
Total general revenues	<u>56,342,879</u>	<u>53,305,306</u>	<u>966,097</u>	<u>972,384</u>	<u>57,308,976</u>	<u>54,277,690</u>
Total revenues	<u>77,460,780</u>	<u>80,925,978</u>	<u>65,548,887</u>	<u>66,104,906</u>	<u>143,009,667</u>	<u>147,030,884</u>
Expenses:						
General government	10,455,533	13,290,043	-	-	10,455,533	13,290,043
Security of persons and property	3,132,006	40,862,664	-	-	3,132,006	40,862,664
Public health and welfare	826,308	2,046,193	-	-	826,308	2,046,193
Transportation	10,319,750	9,816,850	-	-	10,319,750	9,816,850
Community environment	14,502,805	9,213,815	-	-	14,502,805	9,213,815
Leisure time activity	3,347,076	3,165,275	-	-	3,347,076	3,165,275
Interest and fiscal charges	838,325	779,411	-	-	838,325	779,411
Sewer	-	-	28,510,643	26,110,526	28,510,643	26,110,526
Water	-	-	33,712,680	35,828,912	33,712,680	35,828,912
Environmental sanitation	-	-	6,887,504	6,531,351	6,887,504	6,531,351
Total expenses	<u>43,421,803</u>	<u>79,174,251</u>	<u>69,110,827</u>	<u>68,470,789</u>	<u>112,532,630</u>	<u>147,645,040</u>
Change in net position before transfers and special item	34,038,977	1,751,727	(3,561,940)	(2,365,883)	30,477,037	(614,156)
Special item- transfer of health	1,354,467	-	-	-	1,354,467	-
Transfers	-	(100,000)	-	100,000	-	-
Change in net position	35,393,444	1,651,727	(3,561,940)	(2,265,883)	31,831,504	(614,156)
Net position (deficit) at beginning of year (restated)	<u>(1,298,760)</u>	<u>(2,950,487)</u>	<u>65,523,479</u>	<u>67,789,362</u>	<u>64,224,719</u>	<u>64,838,875</u>
Net position (deficit) at end of year	<u>\$ 34,094,684</u>	<u>\$ (1,298,760)</u>	<u>\$ 61,961,539</u>	<u>\$ 65,523,479</u>	<u>\$ 96,056,223</u>	<u>\$ 64,224,719</u>

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Governmental Activities

Governmental activities net position increased by \$35,393,444 in 2019. This increase is a result of the City's overall revenues exceeding its expenses.

Charges for services program revenues decreased during 2019 as a result of decreased services and fees associated with community environment and public health and welfare programs and the elimination of reimbursements for administrative fees reported during 2019 that are not reflected in 2018 revenues. Operating grants and contributions program revenues related to police programs decreased during 2019 due to less revenues from state and federal subsidies and other local sources.

Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$3,132,006 of the total expenses of the City during 2019. These expenses decreased \$37,730,658 or 92.34% in 2019. This decrease is primarily the result of a significant decrease in the OP&F portion of the net OPEB liability. This decrease is the result of a new stipend-based health care model implemented by OP&F, rather than a self-funded plan. Retirees are now provided with a stipend for the employee to purchase their own insurance resulting in the net OPEB liability decrease. These expenses were partially funded by \$3,313,954 in direct charges to users of the services and \$1,551,049 in grants and contributions.

General government expenses totaled \$10,455,533. General government expenses were partially funded by \$1,448,086 in direct charges to users of the services, \$11,157 in operating grants and contributions and \$932,066 in capital grants and contributions.

During 2019, the state and federal government and other local sources contributed to the City a total of \$11,516,308 in operating grants and contributions and \$3,210,831 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$4,801,969 subsidized community environment programs, \$4,912,363 subsidized transportation programs, \$511 subsidized public health and welfare, \$1,551,049 subsidized security of persons and property programs, and \$239,259 subsidized leisure time activities. Of the total capital grants and contributions, \$103,765 subsidized community environment programs, \$2,175,000 subsidized leisure time activities and \$932,066 subsidized general government programs.

General revenues totaled \$56,342,879 and amounted to 72.74% of total governmental revenues during 2019. These revenues primarily consist of income tax revenue of \$42,012,940. The other primary source of general revenues is payments in lieu of taxes and grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$7,886,205 and \$3,926,193, respectively.

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

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services (Restated)	Net Cost of Services (Restated)
	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>
Program Expenses:				
General government	\$ 10,455,533	\$ 8,064,224	\$ 13,290,043	\$ 5,058,294
Security of persons and property	3,132,006	(1,732,997)	40,862,664	35,728,470
Public health and welfare	826,308	825,797	2,046,193	1,239,900
Transportation	10,319,750	5,407,387	9,816,850	4,864,968
Community environment	14,502,805	8,064,429	9,213,815	1,152,190
Leisure time activity	3,347,076	836,737	3,165,275	2,730,346
Interest and fiscal charges	<u>838,325</u>	<u>838,325</u>	<u>779,411</u>	<u>779,411</u>
Total	<u>\$ 43,421,803</u>	<u>\$ 22,303,902</u>	<u>\$ 79,174,251</u>	<u>\$ 51,553,579</u>

The dependence upon general revenues for governmental activities is apparent, with 51.37% and 65.11% of expenses supported through taxes and other general revenues during 2019 and 2018, respectively.

Business-Type Activities

Business-type activities include the sewer, water and environmental sanitation enterprise funds. These programs had program revenues of \$64,582,790, and general revenues of \$966,097 and expenses of \$69,110,827 for 2019. See Note 3.B.iv in the notes to the basic financial statements for detail on the prior period adjustment made to the environmental sanitation fund at January 1, 2019, which resulted in a restatement of net position to adjust the allowance for uncollectible for special assessments receivable.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at year end.

The City's governmental funds (as presented on the balance sheet on pages 24-25) reported a combined fund balance of \$8,761,922 which is \$4,920,984 higher than last year's restated fund balance total of \$3,840,938. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2019 for all major and nonmajor governmental funds.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Fund Balances 12/31/19	(Restated) Fund Balances 12/31/18	Increase (Decrease)
Major funds:			
General	\$ 4,380,187	\$ 3,791,690	\$ 588,497
Fire levy	129,809	341,963	(212,154)
Police levy	509,081	848,638	(339,557)
Nonmajor governmental funds	<u>3,742,845</u>	<u>(1,141,353)</u>	<u>4,884,198</u>
Total	<u>\$ 8,761,922</u>	<u>\$ 3,840,938</u>	<u>\$ 4,920,984</u>

General Fund

The City's general fund balance increased \$588,497 throughout the year. The table that follows assists in illustrating the revenues of the general fund.

	2019 Amount	(Restated) 2018 Amount	Percentage Change
Revenues			
Income taxes	\$ 24,118,325	\$ 23,098,935	4.41 %
Charges for services	314,878	4,182,837	(92.47) %
Licenses and permits	274,233	438,091	(37.40) %
Fines and forfeitures	547,394	490,177	11.67 %
Intergovernmental	3,701,171	3,275,874	12.98 %
Investment income	425,845	329,528	29.23 %
Rental income	346,000	199,136	73.75 %
Contributions and donations	10	2,415	100.00 %
Other	<u>1,047,171</u>	<u>1,222,185</u>	(14.32) %
Total	<u>\$ 30,775,027</u>	<u>\$ 33,239,178</u>	(7.41) %

Income tax revenue represents 78.37% of all general fund revenue and increased by 4.41% in 2019. Charges for services revenue decreased 92.47% due to the elimination of administrative fees for interfund reimbursements that was not reported in 2018. Fines and forfeitures related to court costs and parking fines increased by 11.67% during 2019 and licenses and permits revenues decreased by 37.40%. Intergovernmental revenue increased by 12.98% during 2019 and rental income increased 73.75%. Lastly, other revenues decreased by 14.32% in 2019 from miscellaneous rebates, refunds and reimbursements.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

The table that follows assists in illustrating the expenditures of the general fund.

	2019 Amount	(Restated) 2018 Amount	Percentage Change
<u>Expenditures</u>			
General government	\$ 8,160,420	\$ 11,510,691	(29.11) %
Security of persons and property	2,529,178	2,592,243	(2.43) %
Public health and welfare	826,308	1,315,929	(37.21) %
Community environment	932,776	745,925	25.05 %
Leisure time activity	<u>114,703</u>	<u>193,403</u>	(40.69) %
Total	<u>\$ 12,563,385</u>	<u>\$ 16,358,191</u>	(23.20) %

General government and security of persons and property expenditures decreased during 2019 primarily due to the elimination of interfund reimbursement expenditures, which were made in 2018. Public health and welfare expenditures decreased as a result of the Youngstown City Health District no longer being reported as a department of the City. Effective January 1, 2019 the entity is being reported as a discretely presented component unit of the City. 2019 public health expenditures in the general fund represent the amount of City contributions made to the Youngstown City Health District to subsidize operations. Community environment expenditures increased due to expenditures related to community planning and economic development projects. Leisure time activities increased from fewer activities as the Federal Plaza.

Fire Levy Fund

The fire levy fund had revenues and other financing sources of \$13,264,360 in 2019. This represents a decrease of \$158,112 from 2018. The expenditures of the fire levy fund, which totaled \$13,476,514, in 2019, increased \$174,132 from 2018. The decrease in fund balance was \$212,154 in the fire levy fund at December 31, 2019.

Police Levy Fund

The police levy fund had revenues and other financing sources of \$16,543,327 in 2019. This represents a decrease of \$1,176,407 from 2018. The expenditures of the police levy fund, which totaled \$16,882,884 in 2019, decreased \$580,854 from 2018. The decrease in fund balance was \$339,557 in the police levy fund at December 31, 2019.

V&M Public Improvement TIF

The V&M public improvement TIF capital projects fund received and expended \$7,676,886 in TIF revenue accordance with the City's compensation agreement with V&M.

Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Budgetary information is presented for the general fund, the fire levy and the police levy fund. In the general fund, actual expenditures and other financing uses of \$33,610,313 came in \$922,564 lower than final budgeted expenditures and other financing uses of \$34,532,877. Original budgeted revenues and other financing sources of \$33,429,071 were increased by \$1,649,461 to \$35,078,532 in the final budgeted revenues. Actual revenues and other financing sources were \$34,991,767 which were \$86,765 lower than final budgeted revenues.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities. The only interfund activity reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances and transfers) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements.

Capital Assets and Debt Administration

Capital Assets

At the end of 2019, the City had \$251,491,456 (net of accumulated depreciation) invested in land, buildings, improvements other than buildings (I.O.T.B.), machinery and equipment, computer software, vehicles, infrastructure and construction in progress (CIP). Of this total, \$110,387,225 was reported in governmental activities and \$141,104,231 was reported in business-type activities. The following table shows 2019 balances compared to 2018:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2019	2018	2019	2018	2019	2018
Land	\$ 14,516,203	\$ 14,516,203	\$ 1,268,120	\$ 1,259,130	\$ 15,784,323	\$ 15,775,333
Construction in progress	816,181	5,174,297	42,540,165	34,773,107	43,356,346	39,947,404
Buildings	43,842,019	39,503,688	45,246,228	34,690,628	89,088,247	74,194,316
I.O.T.B.	3,790,176	3,272,604	1,590,494	1,269,141	5,380,670	4,541,745
Machinery and equipment	3,518,137	3,415,232	5,421,592	5,784,787	8,939,729	9,200,019
Computer software	420,993	21,134	132,721	169,874	553,714	191,008
Vehicles	2,327,443	2,000,360	3,685,972	4,523,356	6,013,415	6,523,716
Infrastructure	41,156,073	42,425,787	41,218,939	29,768,358	82,375,012	72,194,145
Totals	<u>\$ 110,387,225</u>	<u>\$ 110,329,305</u>	<u>\$ 141,104,231</u>	<u>\$ 112,238,381</u>	<u>\$ 251,491,456</u>	<u>\$ 222,567,686</u>

The City's largest governmental activities capital asset categories are buildings and infrastructure. The net book value of the City's buildings and infrastructure (cost less accumulated depreciation) represents approximately 39.72% and 37.28% of the City's total governmental capital assets at December 31, 2019, respectively.

The City's largest business-type capital asset category are buildings, construction in progress and infrastructure. The net book value (cost less accumulated depreciation) of the City's buildings represents approximately 32.07% of the City's total business-type activities capital assets. The City's second largest business-type capital asset category is construction in progress, which represents approximately 30.15% of the City's total business-type activities capital assets. Infrastructure represents approximately 29.21% of the City's total business-type capital assets. See Note 10 to the basic financial statements for further detail on capital assets.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

Debt Administration

The City had the following short-term and long-term debt obligations outstanding at December 31, 2019 and 2018:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ 9,518,000	\$ 10,631,000	\$ -	\$ -
Short-term notes payable	13,060,000	13,960,000	-	500,000
OWDA loans	-	-	66,639,779	47,117,034
HUD 108 loan	3,859,000	4,100,000	-	-
OPWC loan	128,573	150,002	4,396,089	2,976,828
Capital lease obligation	1,852,317	2,121,899	2,456,742	2,847,742
ODOT State infrastructure bank loan	-	-	-	280,448
Total long-term obligations	<u>\$ 28,417,890</u>	<u>\$ 30,962,901</u>	<u>\$ 73,492,610</u>	<u>\$ 53,722,052</u>

See Note 12 to the basic financial statements for further detail on the City's long-term obligations outstanding at year end and Note 13 to the basic financial statements for the City's short-term note obligations outstanding at year end.

Economic Conditions and Outlook

The City's administration considered the impact of various economic factors when establishing the 2019 budget. The economy in Youngstown was decimated during the last quarter century due to the collapse of its principal industry, iron and steel production. The City is working hard to build on the success of the last few years and leave its big industry past behind by continuing to aggressively pursue small light industrial and commercial development. So far, more than 11,000 new jobs have been created, with additional job opportunities anticipated as various development agreements are secured. A working example is the Youngstown Business Incubator's \$5.5 million take over and renovation of the 60,000 square foot Vindicator office building completed in the Fall of 2018 with estimated workforce increase of 110 full-time employees.

Over the past several years, the City has twice received SBA leadership awards for small business development and is continuing its efforts to locate and grow new industry in Youngstown. Nevertheless, the City continues to lose population and unemployment remains above the national average for 2019. The primary objectives of the City include aggressive investments in new development, a commitment to job creation, a continued emphasis on fiscal stability, as well as improving the quality of life for its citizens.

At the end of 2019 the City of Youngstown had a total net position of \$96,056,223. The City's fortunate financial position is largely due to three factors: aggressive cost containment, steady income tax collections, and employee reductions through buyouts and attrition.

Due to the COVID-19 pandemic, the City is looking at a reduction in revenues for the remainder of 2020. The City is reviewing the budget and will continue to closely monitor this situation.

Under the leadership of Mayor Jamael Tito Brown, the City has begun to develop a new comprehensive plan that builds upon the 2010 blueprint started by the prior Administration. Youngstown has come through its dependence on just one industry and is moving forward. Furthermore, the City continues to revitalize its economy, improve its quality of life and strengthen its future.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

The City's current financial position is at risk but remains tentatively balanced. Let there be no doubt, the City's core mission is straightforward: to continue with conservative budgeting practices, to stimulate economic growth, to create new and better jobs, and to ensure that Youngstown continues to embark on the path of steady growth. The City will continue to right itself relative to revenues and expenditures. For these reasons, as we slowly exit the most troubling period the economy has experienced since the 1930s, the City expects the actions undertaken by management will be successful in maintaining balanced operations through the end of 2020.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Mr. Kyle Miasek, Finance Director, City of Youngstown, and 26 S. Phelps Street, Youngstown, Ohio 44503.

**BASIC
FINANCIAL STATEMENTS**

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Youngstown City Health District
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 23,522,139	\$ 12,325,596	\$ 35,847,735	\$ 188,514
Cash in segregated accounts	1,000	-	1,000	-
Receivables:				
Income taxes	11,287,729	-	11,287,729	-
Real and other local taxes	2,434,214	-	2,434,214	-
Payment in lieu of taxes	3,975,000	-	3,975,000	-
Accounts	731,556	10,980,101	11,711,657	-
Special assessments	492,480	572,292	1,064,772	-
Loans receivable	-	700,000	700,000	-
Due from other governments	8,143,873	-	8,143,873	73,128
Materials and supplies inventory	507,426	2,293,205	2,800,631	-
Internal balance	(87,590)	87,590	-	-
Loan to component unit	1,400	-	1,400	-
Net pension asset	36,615	43,556	80,171	3,091
Capital assets:				
Nondepreciable capital assets	15,332,384	43,808,285	59,140,669	-
Depreciable capital assets, net	95,054,841	97,295,946	192,350,787	27,046
Total capital assets, net	110,387,225	141,104,231	251,491,456	27,046
Total assets	161,433,067	168,106,571	329,539,638	291,779
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding .	470,063	-	470,063	-
Pension	21,534,884	7,326,997	28,861,881	546,341
OPEB	4,632,525	1,105,422	5,737,947	94,703
Total deferred outflows of resources	26,637,472	8,432,419	35,069,891	641,044
Liabilities:				
Accounts payable	583,431	645,658	1,229,089	22,294
Contracts payable	169,535	1,038,252	1,207,787	-
Accrued wages payable	895,031	302,326	1,197,357	22,887
Due to other governments	204,248	1,233,048	1,437,296	3,770
Loan from primary government	-	-	-	1,400
Accrued interest payable	197,754	458,054	655,808	-
Deposits payable	1,354,896	-	1,354,896	-
Payroll withholding payable	583,700	-	583,700	-
Notes payable	13,060,000	-	13,060,000	-
Long-term liabilities:				
Due within one year	2,899,853	2,863,795	5,763,648	20,186
Due greater than one year:				
Net pension liability	82,072,106	23,938,762	106,010,868	1,698,963
Net OPEB liability	16,072,697	10,898,228	26,970,925	773,460
Other amounts due in more than one year .	20,732,240	72,564,860	93,297,100	89,310
Total liabilities	138,825,491	113,942,983	252,768,474	2,632,270
Deferred inflows of resources:				
Property taxes levied for the next year	1,494,025	-	1,494,025	-
Payment in lieu of taxes levied for the next year.	3,975,000	-	3,975,000	-
Pension	5,000,446	508,158	5,508,604	23,553
OPEB	4,680,893	126,310	4,807,203	2,099
Total deferred inflows of resources	15,150,364	634,468	15,784,832	25,652

- (Continued)

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

STATEMENT OF NET POSITION - (Continued)
DECEMBER 31, 2019

	Primary Government			Component Unit Youngstown City Health District
	Governmental Activities	Business-type Activities	Total	
Net position:				
Net investment in capital assets.	\$ 88,756,850	\$ 65,860,948	\$ 154,617,798	\$ 27,046
Restricted for:				
Debt service	4,506,972	-	4,506,972	-
Capital projects	4,934,279	-	4,934,279	-
Community development	4,940,232	-	4,940,232	-
Street maintenance and repair	2,114,177	-	2,114,177	-
Law enforcement	3,388,848	-	3,388,848	-
Unclaimed monies	39,969	-	39,969	-
Public health	1,686	-	1,686	189,032
Unrestricted (deficit)	<u>(74,588,329)</u>	<u>(3,899,409)</u>	<u>(78,487,738)</u>	<u>(1,941,177)</u>
Total net position	<u>\$ 34,094,684</u>	<u>\$ 61,961,539</u>	<u>\$ 96,056,223</u>	<u>\$ (1,725,099)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Current:				
General government	\$ 10,455,533	\$ 1,448,086	\$ 11,157	\$ 932,066
Security of persons and property	3,132,006	3,313,954	1,551,049	-
Public health and welfare	826,308	-	511	-
Transportation	10,319,750	-	4,912,363	-
Community environment	14,502,805	1,532,642	4,801,969	103,765
Leisure time activity	3,347,076	96,080	239,259	2,175,000
Interest and fiscal charges	838,325	-	-	-
Total governmental activities	<u>43,421,803</u>	<u>6,390,762</u>	<u>11,516,308</u>	<u>3,210,831</u>
Business-type activities:				
Sewer	28,510,643	26,425,183	-	500,000
Water	33,712,680	30,416,999	-	-
Environmental sanitation	6,887,504	7,240,608	-	-
Total business-type activities	<u>69,110,827</u>	<u>64,082,790</u>	<u>-</u>	<u>500,000</u>
Total primary government	<u>\$ 112,532,630</u>	<u>\$ 70,473,552</u>	<u>\$ 11,516,308</u>	<u>\$ 3,710,831</u>
Component Unit:				
Youngstown City Health District	<u>\$ 1,994,081</u>	<u>\$ 576,009</u>	<u>\$ 1,036,877</u>	<u>\$ -</u>

General revenues:	
Property taxes levied for:	
Debt service	
Special revenue	
Income taxes levied for:	
General purposes	
Fire levy	
Police levy	
Capital projects	
Payment in lieu of taxes	
Grants and entitlements not restricted to specific programs	
Investment earnings	
Miscellaneous	
Total general revenues	
Special item - transfer of health district operations	
Change in net position	
Net position (deficit) at beginning of year (restated)	
Net position (deficit) at end of year.	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Youngstown City Health District
\$ (8,064,224)	\$ -	\$ (8,064,224)	\$ -
1,732,997	-	1,732,997	-
(825,797)	-	(825,797)	-
(5,407,387)	-	(5,407,387)	-
(8,064,429)	-	(8,064,429)	-
(836,737)	-	(836,737)	-
(838,325)	-	(838,325)	-
<u>(22,303,902)</u>	<u>-</u>	<u>(22,303,902)</u>	<u>-</u>
-	(1,585,460)	(1,585,460)	-
-	(3,295,681)	(3,295,681)	-
-	353,104	353,104	-
<u>-</u>	<u>(4,528,037)</u>	<u>(4,528,037)</u>	<u>-</u>
<u>(22,303,902)</u>	<u>(4,528,037)</u>	<u>(26,831,939)</u>	<u>-</u>
-	-	-	(381,195)
1,484,935	-	1,484,935	-
307,397	-	307,397	-
22,470,117	-	22,470,117	-
6,448,014	-	6,448,014	-
8,603,408	-	8,603,408	-
4,491,401	-	4,491,401	-
7,886,205	-	7,886,205	-
3,926,193	-	3,926,193	-
422,006	-	422,006	-
303,203	966,097	1,269,300	10,563
<u>56,342,879</u>	<u>966,097</u>	<u>57,308,976</u>	<u>10,563</u>
<u>1,354,467</u>	<u>-</u>	<u>1,354,467</u>	<u>-</u>
35,393,444	(3,561,940)	31,831,504	(370,632)
<u>(1,298,760)</u>	<u>65,523,479</u>	<u>64,224,719</u>	<u>(1,354,467)</u>
<u>\$ 34,094,684</u>	<u>\$ 61,961,539</u>	<u>\$ 96,056,223</u>	<u>\$ (1,725,099)</u>

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General	Fire Levy	Police Levy	V&M Public Improvement TIF
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 3,409,070	\$ 76,929	\$ 109,930	\$ -
Cash in segregated accounts	1,000	-	-	-
Receivables:				
Income taxes	6,052,536	1,727,296	2,304,709	-
Real and other local taxes	-	-	-	-
Payment in lieu of taxes	-	-	-	3,975,000
Accounts	669,882	-	-	-
Special assessments	1,874	-	-	-
Due from other funds	-	-	107,067	-
Due from other governments	844,586	7,697	162,863	-
Interfund loans	250,000	-	-	-
Loan to component unit	1,400	-	-	-
Advances to other funds	780,000	-	-	-
Materials and supplies inventory	1,748	-	29,380	-
Total assets	\$ 12,012,096	\$ 1,811,922	\$ 2,713,949	\$ 3,975,000
Liabilities:				
Accounts payable	\$ 114,128	\$ 22,961	\$ 67,294	\$ -
Contracts payable	-	-	-	-
Accrued wages payable	168,199	303,023	341,378	-
Compensated absences payable	-	43,224	17,113	-
Due to other governments	41,760	77,120	72,633	-
Due to other funds	-	-	-	-
Interfund loans payable	-	-	-	-
Advances from other funds	-	-	-	-
Accrued interest payable	-	-	-	-
Deposits payable	1,322,942	-	-	-
Payroll withholding payable	583,700	-	-	-
Notes payable	-	-	-	-
Total liabilities	2,230,729	446,328	498,418	-
Deferred inflows of resources:				
Property taxes levied for the next year	-	-	-	-
Payment in lieu of taxes levied for the next year	-	-	-	3,975,000
Delinquent property tax revenue not available	-	-	-	-
Special assessments revenue not available	1,874	-	-	-
Miscellaneous revenue not available	582,834	-	-	-
Income tax revenue not available	4,303,290	1,228,088	1,638,620	-
Intergovernmental nonexchange transactions	513,182	7,697	67,830	-
Total deferred inflows of resources	5,401,180	1,235,785	1,706,450	3,975,000
Fund balances:				
Nonspendable	810,462	-	29,380	-
Restricted	-	129,809	479,701	-
Committed	-	-	-	-
Assigned	1,195,866	-	-	-
Unassigned (deficit)	2,373,859	-	-	-
Total fund balances	4,380,187	129,809	509,081	-
Total liabilities, deferred inflows of resources and fund balances	\$ 12,012,096	\$ 1,811,922	\$ 2,713,949	\$ 3,975,000

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 16,574,823	\$ 20,170,752
-	1,000
1,203,188	11,287,729
2,434,214	2,434,214
-	3,975,000
61,674	731,556
490,606	492,480
-	107,067
7,124,775	8,139,921
-	250,000
-	1,400
-	780,000
476,298	507,426
<u>\$ 28,365,578</u>	<u>\$ 48,878,545</u>
\$ 379,048	\$ 583,431
169,535	169,535
82,431	895,031
-	60,337
12,735	204,248
107,067	107,067
250,000	250,000
780,000	780,000
174,203	174,203
31,954	1,354,896
-	583,700
13,060,000	13,060,000
<u>15,046,973</u>	<u>18,222,448</u>
1,494,025	1,494,025
-	3,975,000
890,814	890,814
490,606	492,480
-	582,834
855,452	8,025,450
5,844,863	6,433,572
<u>9,575,760</u>	<u>21,894,175</u>
476,298	1,316,140
15,528,090	16,137,600
80,690	80,690
-	1,195,866
(12,342,233)	(9,968,374)
<u>3,742,845</u>	<u>8,761,922</u>
<u>\$ 28,365,578</u>	<u>\$ 48,878,545</u>

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**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

Total governmental fund balances		\$ 8,761,922
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		110,387,225
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	\$ 8,025,450	
Real and other taxes receivable	890,814	
Accounts receivable	582,834	
Intergovernmental receivable	6,433,572	
Special assessments receivable	492,480	
Total	16,425,150	16,425,150
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(23,551)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		470,063
The net pension asset is not available to pay for current period expenditures and the net pension liability does not require the use of current period net resources; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.		
Net pension asset	36,615	
Deferred outflows of resources	21,534,884	
Deferred inflows of resources	(5,000,446)	
Net pension liability	(82,072,106)	
Total	(65,501,053)	(65,501,053)
The net OPEB liability does not require the use of current period net resources; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	4,632,525	
Deferred inflows of resources	(4,680,893)	
Net OPEB liability	(16,072,697)	
Total	(16,121,065)	(16,121,065)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(6,178,762)	
General obligation refunding bonds	(9,518,000)	
HUD Section 108 loans	(3,859,000)	
OPWC loan	(128,573)	
Capital lease obligation	(1,852,317)	
Total	(21,536,652)	(21,536,652)
Internal service funds are used by management to charge the costs of workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the statement of net position.		1,320,235
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		(87,590)
Net position of governmental activities		\$ 34,094,684

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General	Fire Levy	Police Levy	V&M Public Improvement TIF
Revenues:				
Income taxes	\$ 24,118,325	\$ 6,892,002	\$ 9,195,886	\$ -
Real and other local taxes	-	-	-	-
Charges for services	314,878	-	-	-
Licenses and permits	274,233	-	-	-
Fines and forfeitures	547,394	-	1,857	-
Intergovernmental	3,701,171	479,318	728,670	-
Special assessments	222,380	-	-	-
Investment income	425,845	-	-	-
Rental income	346,000	-	41,654	-
Contributions and donations	10	-	-	-
Franchise fees	576,410	-	-	-
Payment in lieu of taxes	-	-	-	7,676,886
Other	248,381	252,855	230,776	-
Total revenues	<u>30,775,027</u>	<u>7,624,175</u>	<u>10,198,843</u>	<u>7,676,886</u>
Expenditures:				
Current:				
General government	8,160,420	-	-	-
Security of persons and property	2,529,178	13,390,017	16,682,664	-
Public health and welfare	826,308	-	-	-
Transportation	-	-	-	-
Community environment	932,776	-	-	7,676,886
Leisure time activity	114,703	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	74,819	145,763	-
Interest and fiscal charges	-	11,678	54,457	-
Total expenditures	<u>12,563,385</u>	<u>13,476,514</u>	<u>16,882,884</u>	<u>7,676,886</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,211,642</u>	<u>(5,852,339)</u>	<u>(6,684,041)</u>	<u>-</u>
Other financing sources (uses):				
Sale of capital assets	125	185	8,084	-
Transfers in	-	5,640,000	6,336,400	-
Transfers (out)	(17,647,400)	-	-	-
Total other financing sources (uses)	<u>(17,647,275)</u>	<u>5,640,185</u>	<u>6,344,484</u>	<u>-</u>
Special item:				
Transfer of health district operations	24,130	-	-	-
Net change in fund balances	588,497	(212,154)	(339,557)	-
Fund balances (deficit) at beginning of year (restated)	<u>3,791,690</u>	<u>341,963</u>	<u>848,638</u>	<u>-</u>
Fund balances at end of year	<u>\$ 4,380,187</u>	<u>\$ 129,809</u>	<u>\$ 509,081</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 4,800,754	\$ 45,006,967
1,731,826	1,731,826
194,694	509,572
25	274,258
2,494,599	3,043,850
11,901,465	16,810,624
-	222,380
-	425,845
1,168,628	1,556,282
1,500	1,510
-	576,410
209,319	7,886,205
886,886	1,618,898
<u>23,389,696</u>	<u>79,664,627</u>
129,838	8,290,258
1,383,275	33,985,134
-	826,308
7,277,665	7,277,665
4,486,700	13,096,362
2,580,503	2,695,206
6,019,438	6,019,438
1,424,429	1,645,011
729,425	795,560
<u>24,031,273</u>	<u>74,630,942</u>
<u>(641,577)</u>	<u>5,033,685</u>
42,159	50,553
10,715,112	22,691,512
(5,044,112)	(22,691,512)
<u>5,713,159</u>	<u>50,553</u>
<u>(187,384)</u>	<u>(163,254)</u>
4,884,198	4,920,984
(1,141,353)	3,840,938
<u>\$ 3,742,845</u>	<u>\$ 8,761,922</u>

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balances - total governmental funds		\$ 4,920,984
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:		
Capital asset additions	\$ 5,440,783	
Current year depreciation	(5,336,107)	
Total		104,676
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(10,566)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	(2,994,027)	
Real and other taxes	60,506	
Intergovernmental revenues	540,225	
Special assessments	218,944	
Investment income	(3,839)	
Charges for services	118,766	
Franchise fees	(143,222)	
Rental income	(1,200)	
Total		(2,203,847)
Payment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:		
General obligation refunding bond principal payments	1,113,000	
HUD Section 108 loan principal payments	241,000	
OPWC loan principal payments	21,429	
Capital lease obligation principal payments	269,582	
Total		1,645,011
In the statement of activities, accrued interest on outstanding bonds and the deferred charges on debt refundings are amortized over the term of the bonds, whereas in governmental funds, other financing sources (uses) are reported when bonds are issued:		
Accrued interest payable	685	
Amortization of deferred charge on refunding	(43,450)	
Total		(42,765)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		\$ 5,212,907
OPEB		97,689
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension		(10,899,195)
OPEB		34,198,468
Some items reported as expenses in the statement of activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures.		
		199,209
The special item for the transfer of operations for the Health District on the statement of activities differs from the amount reported in the governmental funds due to the transfer of long-term assets, deferred outflows, liabilities, and deferred inflows.		
		1,517,721
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>653,152</u>
Change in net position of governmental activities		<u><u>\$ 35,393,444</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 23,306,325	\$ 24,400,000	\$ 24,386,877	\$ (13,123)
Charges for services.	3,217,822	3,366,571	3,317,072	(49,499)
Licenses and permits	95,171	100,000	107,683	7,683
Fines and forfeitures	509,452	533,500	536,255	2,755
Intergovernmental.	3,351,195	3,327,461	3,630,518	303,057
Special assessments	212,028	222,000	222,380	380
Investment income.	395,904	415,000	425,839	10,839
Rental income	196,659	205,000	186,000	(19,000)
Contributions and donations.	-	-	10	10
Franchise fees	549,152	575,000	576,410	1,410
Other.	185,363	194,000	192,598	(1,402)
Total revenues	<u>32,019,071</u>	<u>33,338,532</u>	<u>33,581,642</u>	<u>243,110</u>
Expenditures:				
Current:				
General government	9,846,358	11,763,562	11,115,020	648,542
Security of persons and property	1,331,942	1,314,556	1,301,753	12,803
Public health and welfare.	957,079	948,843	826,308	122,535
Community environment	795,785	1,030,516	891,832	138,684
Total expenditures.	<u>12,931,164</u>	<u>15,057,477</u>	<u>14,134,913</u>	<u>922,564</u>
Excess of revenues over expenditures	<u>19,087,907</u>	<u>18,281,055</u>	<u>19,446,729</u>	<u>1,165,674</u>
Other financing sources (uses):				
Sale of capital assets.	-	-	125	125
Advances in and not repaid	-	330,000	-	(330,000)
Advances (out)	(250,000)	(250,000)	(250,000)	-
Repayment of float loans.	1,250,000	1,250,000	1,250,000	-
Transfers in	160,000	160,000	160,000	-
Transfers (out).	(19,225,400)	(19,225,400)	(19,225,400)	-
Total other financing sources (uses)	<u>(18,065,400)</u>	<u>(17,735,400)</u>	<u>(18,065,275)</u>	<u>(329,875)</u>
Net change in fund balances	1,022,507	545,655	1,381,454	835,799
Unencumbered fund balance (deficit) at beginning of year	(947,540)	(947,540)	(947,540)	-
Prior year encumbrances appropriated . . .	437,414	437,414	437,414	-
Unencumbered fund balance (deficit) at end of year.	<u>\$ 512,381</u>	<u>\$ 35,529</u>	<u>\$ 871,328</u>	<u>\$ 835,799</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 6,975,000	\$ 6,975,000	\$ 6,959,696	\$ (15,304)
Intergovernmental.	500,092	639,460	641,849	2,389
Other	203,000	250,707	252,855	2,148
Total revenues	<u>7,678,092</u>	<u>7,865,167</u>	<u>7,854,400</u>	<u>(10,767)</u>
Expenditures:				
Current:				
Security of persons and property	<u>13,372,684</u>	<u>13,784,471</u>	<u>13,675,839</u>	<u>108,632</u>
Total expenditures	<u>13,372,684</u>	<u>13,784,471</u>	<u>13,675,839</u>	<u>108,632</u>
Excess of expenditures over revenues	<u>(5,694,592)</u>	<u>(5,919,304)</u>	<u>(5,821,439)</u>	<u>97,865</u>
Other financing sources:				
Sale of capital assets.	-	-	185	185
Transfers in	<u>5,640,000</u>	<u>5,640,000</u>	<u>5,640,000</u>	<u>-</u>
Total other financing sources	<u>5,640,000</u>	<u>5,640,000</u>	<u>5,640,185</u>	<u>185</u>
Net change in fund balances	(54,592)	(279,304)	(181,254)	98,050
Unencumbered fund balance at				
beginning of year	51,592	51,592	51,592	-
Prior year encumbrances appropriated . . .	<u>179,043</u>	<u>179,043</u>	<u>179,043</u>	<u>-</u>
Unencumbered fund balance (deficit) at				
end of year.	<u>\$ 176,043</u>	<u>\$ (48,669)</u>	<u>\$ 49,381</u>	<u>\$ 98,050</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 9,325,000	\$ 9,325,000	\$ 9,286,230	\$ (38,770)
Charges for services	355,000	355,000	358,169	3,169
Licenses and permits	50,000	50,000	-	(50,000)
Fines and forfeitures	-	-	1,857	1,857
Intergovernmental	950,000	809,235	991,588	182,353
Rental income	51,000	51,000	41,654	(9,346)
Other	364,000	463,000	230,776	(232,224)
Total revenues	<u>11,095,000</u>	<u>11,053,235</u>	<u>10,910,274</u>	<u>(142,961)</u>
Expenditures:				
Current:				
Security of persons and property	17,586,781	17,842,627	17,505,487	337,140
Total expenditures	<u>17,586,781</u>	<u>17,842,627</u>	<u>17,505,487</u>	<u>337,140</u>
Excess of expenditures over revenues	<u>(6,491,781)</u>	<u>(6,789,392)</u>	<u>(6,595,213)</u>	<u>194,179</u>
Other financing sources:				
Sale of capital assets	57,500	57,500	8,084	(49,416)
Transfers in	6,336,400	6,336,400	6,336,400	-
Total other financing sources	<u>6,393,900</u>	<u>6,393,900</u>	<u>6,344,484</u>	<u>(49,416)</u>
Net change in fund balances	(97,881)	(395,492)	(250,729)	144,763
Unencumbered fund balance at				
beginning of year	140,973	140,973	140,973	-
Prior year encumbrances appropriated	<u>247,255</u>	<u>247,255</u>	<u>247,255</u>	<u>-</u>
Unencumbered fund balance (deficit) at				
end of year.	<u>\$ 290,347</u>	<u>\$ (7,264)</u>	<u>\$ 137,499</u>	<u>\$ 144,763</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Environmental Sanitation	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 7,991,462	\$ 2,144,001	\$ 2,190,133	\$ 12,325,596
Receivables:				
Accounts	5,670,845	4,450,161	859,095	10,980,101
Special assessments	-	-	572,292	572,292
Due from other governments.	-	-	-	-
Loans receivable.	280,000	280,000	140,000	700,000
Materials and supplies inventory.	1,361,284	931,921	-	2,293,205
Total current assets	15,303,591	7,806,083	3,761,520	26,871,194
Noncurrent assets:				
Net pension asset.	20,484	20,524	2,548	43,556
Capital assets:				
Land and construction in progress.	42,610,006	1,198,279	-	43,808,285
Depreciable capital assets, net.	59,875,749	35,118,305	2,301,892	97,295,946
Total capital assets, net.	102,485,755	36,316,584	2,301,892	141,104,231
Total noncurrent assets	102,506,239	36,337,108	2,304,440	141,147,787
Total assets	117,809,830	44,143,191	6,065,960	168,018,981
Deferred outflows of resources:				
Pension	3,471,550	3,440,923	414,524	7,326,997
OPEB	540,184	512,932	52,306	1,105,422
Total deferred outflows of resources	4,011,734	3,953,855	466,830	8,432,419
Liabilities:				
Current liabilities:				
Accounts payable.	363,500	89,892	192,266	645,658
Contracts payable.	165,503	872,749	-	1,038,252
Accrued wages payable	134,611	151,177	16,538	302,326
Compensated absences payable	140,355	193,550	6,848	340,753
Due to other governments	47,698	1,182,795	2,555	1,233,048
Accrued interest payable	279,879	178,175	-	458,054
OWDA loans payable	1,362,617	671,105	-	2,033,722
OPWC loans payable	23,448	65,872	-	89,320
Claims payable	-	-	-	-
Capital lease obligations payable	-	-	400,000	400,000
Total current liabilities	2,517,611	3,405,315	618,207	6,541,133

- (Continued)

**Governmental
Activities -
Internal
Service Fund**

\$ 3,351,387

-

-

3,952

-

-

3,355,339

-

-

-

-

-

3,355,339

-

-

-

-

-

-

-

-

-

-

-

186,404

186,404

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS - (Continued)
DECEMBER 31, 2019

Business-type Activities - Enterprise Funds				
	Sewer	Water	Environmental Sanitation	Total
Long-term liabilities:				
Compensated absences payable	\$ 708,648	\$ 856,348	\$ 30,296	\$ 1,595,292
OWDA loans payable	55,465,685	9,140,372	-	64,606,057
OPWC loans payable	2,705,697	1,601,072	-	4,306,769
Capital lease obligations payable	-	-	2,056,742	2,056,742
Claims payable	-	-	-	-
Net pension liability	11,258,063	11,280,182	1,400,517	23,938,762
Net OPEB liability	5,125,283	5,135,353	637,592	10,898,228
Total long-term liabilities	75,263,376	28,013,327	4,125,147	107,401,850
Total liabilities	77,780,987	31,418,642	4,743,354	113,942,983
Deferred inflows of resources:				
Pension	157,465	317,536	33,157	508,158
OPEB	13,906	103,053	9,351	126,310
Total deferred inflows of resources	171,371	420,589	42,508	634,468
Net position:				
Net investment in capital assets	41,371,842	23,965,414	523,692	65,860,948
Unrestricted (deficit)	2,497,364	(7,707,599)	1,223,236	(3,986,999)
Total net position.	\$ 43,869,206	\$ 16,257,815	\$ 1,746,928	61,873,949
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				87,590
Net position of business-type activities				\$ 61,961,539

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Governmental
Activities -
Internal
Service Fund**

\$	-
	-
	-
	-
	1,848,700
	-
	-
	<u>1,848,700</u>
	<u>2,035,104</u>
	-
	-
	-
	-
	-
	<u>1,320,235</u>
\$	<u><u>1,320,235</u></u>

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Environmental Sanitation	Total
Operating revenues:				
Charges for services	\$ 26,425,183	\$ 30,416,999	\$ 6,759,253	\$ 63,601,435
Other operating revenues	435,301	388,296	110,183	933,780
Total operating revenues.	26,860,484	30,805,295	6,869,436	64,535,215
Operating expenses:				
Personal services	11,548,243	11,774,303	2,163,814	25,486,360
Contract services.	12,051,319	4,087,492	3,683,164	19,821,975
Materials and supplies.	1,976,955	16,112,121	493,184	18,582,260
Administrative costs.	-	-	-	-
Claims expense	-	-	-	-
Depreciation.	2,380,027	1,197,465	449,064	4,026,556
Other	-	-	1,590	1,590
Total operating expenses.	27,956,544	33,171,381	6,790,816	67,918,741
Operating income (loss)	(1,096,060)	(2,366,086)	78,620	(3,383,526)
Nonoperating revenues (expenses):				
Interest and fiscal charges	(404,830)	(371,832)	(76,030)	(852,692)
Gain/(loss) on sale of capital assets	4,642	(12,775)	27,675	19,542
Special assessments.	-	-	481,355	481,355
Total nonoperating revenues (expenses).	(400,188)	(384,607)	433,000	(351,795)
Income (loss) before transfers	(1,496,248)	(2,750,693)	511,620	(3,735,321)
Capital contributions.	500,000	-	-	500,000
Change in net position	(996,248)	(2,750,693)	511,620	(3,235,321)
Net position at beginning of year (restated) .	44,865,454	19,008,508	1,235,308	
Net position at end of year	\$ 43,869,206	\$ 16,257,815	\$ 1,746,928	
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.				(326,619)
Change in net position of business-type activities				\$ (3,561,940)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Governmental
Activities -
Internal
Service Fund**

\$ 809,827
-
809,827

-
-
-
451,446
31,848
-
-
483,294

326,533

-
-
-
-

326,533

-

326,533

993,702

\$ 1,320,235

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Environmental Sanitation	Total
Cash flows from operating activities:				
Cash received from charges for services.	\$ 26,283,693	\$ 30,567,848	\$ 6,734,278	\$ 63,585,819
Cash received from other operations.	435,301	387,057	122,267	944,625
Cash payments for personal services.	(7,877,067)	(8,473,298)	(1,102,755)	(17,453,120)
Cash payments for contractual services	(14,494,015)	(5,176,891)	(4,753,647)	(24,424,553)
Cash payments for materials and supplies	(2,299,252)	(16,230,508)	(493,679)	(19,023,439)
Cash payments for administrative costs.	-	-	-	-
Cash payments for claims	-	-	-	-
Cash payments for other expenses	-	-	(1,590)	(1,590)
Net cash provided by operating activities	<u>2,048,660</u>	<u>1,074,208</u>	<u>504,874</u>	<u>3,627,742</u>
Cash flows from noncapital financing activities:				
Cash received from repayment of interfund loans	<u>306,873</u>	<u>-</u>	<u>-</u>	<u>306,873</u>
Net cash provided by noncapital financing activities.	<u>306,873</u>	<u>-</u>	<u>-</u>	<u>306,873</u>
Cash flows from capital and related financing activities:				
Sale of capital assets	4,642	13,586	27,675	45,903
Acquisition of capital assets.	(29,963,352)	(2,449,727)	-	(32,413,079)
Capital contributions.	500,000	-	-	500,000
OWDA loan issuance	20,797,434	-	-	20,797,434
OPWC loan issuance	1,597,902	-	-	1,597,902
Repayment of bridge loans.	422,141	422,141	211,070	1,055,352
Principal retirement on notes	-	-	(500,000)	(500,000)
Principal retirement on loans	(815,464)	(918,314)	-	(1,733,778)
Principal retirement on capital leases	-	-	(391,000)	(391,000)
Interest and fiscal charges	(245,786)	(383,689)	(79,888)	(709,363)
Special assessments	-	-	318,352	318,352
Net cash used in capital and related financing activities.	<u>(7,702,483)</u>	<u>(3,316,003)</u>	<u>(413,791)</u>	<u>(11,432,277)</u>
Net increase (decrease) in cash and cash equivalents	(5,346,950)	(2,241,795)	91,083	(7,497,662)
Cash and cash equivalents at beginning of year	<u>13,338,412</u>	<u>4,385,796</u>	<u>2,099,050</u>	<u>19,823,258</u>
Cash and cash equivalents at end of year	<u>\$ 7,991,462</u>	<u>\$ 2,144,001</u>	<u>\$ 2,190,133</u>	<u>\$ 12,325,596</u>

**Governmental
Activities -
Internal
Service Fund**

\$ 809,827
-
-
-
(458,839)
(79,652)
-

271,336

-

-

-

-

-

-

-

-

-

-

-

-

-

271,336

3,080,051

\$ 3,351,387

- (Continued)

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Sewer</u>	<u>Water</u>	<u>Environmental Sanitation</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (1,096,060)	\$ (2,366,086)	\$ 78,620	\$ (3,383,526)
Adjustments:				
Depreciation.	2,380,027	1,197,465	449,064	4,026,556
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) in materials and supplies inventory.	(106,977)	(88,337)	-	(195,314)
(Increase) decrease in accounts receivable.	(141,490)	136,714	(12,891)	(17,667)
(Increase) in due from other governments.	-	-	-	-
Decrease in due from other funds	-	53,873	-	53,873
Decrease in net pension asset	5,277	6,463	771	12,511
(Increase) in deferred outflows of resources - pension	(1,698,060)	(1,562,009)	(162,645)	(3,422,714)
(Increase) decrease in deferred outflows of resources - OPEB.	(44,626)	19,218	(8,419)	(33,827)
(Decrease) in accounts payable.	(383,598)	(207,734)	(284,244)	(875,576)
(Decrease) in contracts payable.	(1,107,089)	-	-	(1,107,089)
Increase in accrued wages.	20,322	29,469	1,089	50,880
Increase (decrease) in due to other governments	25,041	77,818	(33,689)	69,170
(Decrease) in judgments payable	-	(40,977)	-	(40,977)
Increase (decrease) in compensated absences payable.	6,615	(17,344)	(12,484)	(23,213)
Increase in net pension liability.	4,923,679	4,644,423	584,381	10,152,483
Increase in net OPEB liability.	921,456	731,519	95,961	1,748,936
(Decrease) in claims payable	-	-	-	-
(Decrease) in deferred inflows of resources - pension	(1,356,606)	(1,315,264)	(159,643)	(2,831,513)
(Decrease) in deferred inflows of resources - OPEB	(299,251)	(225,003)	(30,997)	(555,251)
Net cash provided by operating activities	<u>\$ 2,048,660</u>	<u>\$ 1,074,208</u>	<u>\$ 504,874</u>	<u>\$ 3,627,742</u>

Non-Cash Transactions:

During 2019 and 2018, the Sewer fund purchased \$165,503 and \$449,377, respectively, of capital assets on account.

During 2019 and 2018, the Water fund purchased \$872,749 and \$83,187, respectively, of capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Governmental
Activities -
Internal
Service Fund**

\$ 326,533

-

-

(3,952)

-

-

-

-

-

-

(3,441)

-

-

-

(47,804)

-

-

\$ 271,336

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019

	Custodial
Assets:	
Equity in pooled cash and cash equivalents	\$ 1,510,628
Cash in segregated accounts	213,896
Receivables (net of allowances for uncollectibles):	
Income taxes	3,723
Accounts	982,431
Total assets.	2,710,678
Liabilities:	
Due to other governments	2,320,325
Net position:	
Restricted for individuals, organizations and other governments . .	390,353
Total net position.	\$ 390,353

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Custodial
Additions:	
Fines and forfeitures for other governments	\$ 1,873,498
Income tax collections for other governments	27,235
Charges for services collections for other governments	13,716,599
Total additions	15,617,332
Deductions:	
Fines and forfeitures distributions to other governments	1,873,498
Income tax distributions to other governments	27,235
Charges for services distributions to other governments	13,359,197
Total deductions.	15,259,930
Net change in fiduciary net position.	357,402
Net position beginning of year (restated)	32,951
Net position end of year	\$ 390,353

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - DESCRIPTION OF THE CITY

The City of Youngstown, Ohio (the "City") is a home rule municipal corporation established under the laws of the State of Ohio which operates under its own Charter. The current Charter, which provides for a Mayor-Council form of government, was adopted May 15, 1923. The Mayor is elected to a four-year term and seven council members are each elected for a two-year term.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City's significant accounting policies are described below.

A. Reporting Entity

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, agencies, boards, commissions, and departments that are not legally separate from the City. For the City of Youngstown, this includes police, fire, street construction, parks and recreation, sewer, water, environmental sanitation, and a City council.

Included as part of the City's primary government in the determination of the City's reporting entity is the Youngstown Municipal Court (the "Court"). The Court's operations are not legally separate from the City. In addition, the City is responsible for budgeting and appropriating funds for the operation of the Court and is ultimately responsible for any operating deficits sustained by the Court. The City's share of the fines and forfeitures collected by the Court along with its share of the Court's administrative and operating costs is recorded in the City's general fund. Fines and forfeitures collected and distributed by the Court to other governments, organizations and individuals are recorded in a custodial fund in the accompanying BFS.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organizations' voting board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The City's only component unit is the Youngstown City Health District.

DISCRETELY PRESENTED COMPONENT UNIT

The component unit column in the combined financial statements identifies the financial data of the City's component unit: Youngstown City Health District. It is reported separately to emphasize that it is legally separate from the City.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Youngstown City Health District (the "Health District") - The Health District was created as a legally separate organization under Chapter 3709 of the Ohio Revised Code. The Health District's services include communicable disease investigations, immunization clinics, tuberculosis screenings, home visits, public health nursing services and issues, health-related licenses and permits, emergency preparedness activities as well as birth certificates and death certificates. The Mayor appoints a voting majority of the Health District Board. The rates charged by the City are subject to the approval of City Council. In addition, the City provides funding to the Health District, thus the City can impose will on the Health District, and the Health District imposes a financial burden to the City. Therefore, The Health District is considered a discretely presented component unit of the City of Youngstown. Separately issued financial statements can be obtained from the Finance Director, City of Youngstown, 26 S. Phelps Street, Youngstown, Ohio 44503.

Information related to the Health District is presented in Note 25.

JOINTLY GOVERNED ORGANIZATIONS

Western Reserve Transit Authority

The Western Reserve Transit Authority (WRTA) is a legally separate entity created pursuant to Sections 306.30 through 306.71 of the Ohio Revised Code for the purpose of providing public transportation in the greater Youngstown area. Prior to January 1, 2009, the WRTA was reported as a component unit of the City. Effective for 2009, an amendment was made to add and include Mahoning County to the WRTA. In addition, the former five-member Board of Trustees which was appointed by the City (four by the mayor and one by City Council) was amended to be governed by a seven member Board of Trustees in which the City appoints three members and Mahoning County appoints four members. Continued existence of the WRTA is not dependent on the City's continued participation. The City does not make any financial contributions to the WRTA. Funding is received through property taxes, charges for services, and State and federal subsidies and grants. Separately issued financial statements can be obtained from the Western Reserve Transit Authority, 604 Mahoning Avenue, Youngstown, Ohio 44502.

Mahoning County Drug Task Force

The City's police department participates in the Mahoning County Drug Task Force (the "Force") which is jointly governed by its thirteen participants: nine local police departments and four federal law enforcement agencies. Each participant has one representative on the Board of Control. Each participant's control over the operation of the Force is limited to its representation on the Board. The Force uses the talents and resources of the participants to combat the trafficking of illicit narcotics. Continued existence of the Force is not dependent on the City's continued participation. Funding is provided by the Governor's Office of Criminal Justice Services and forfeitures and fines. None of the participants made financial contributions in 2019. Austintown Township served as the fiscal agent for the Force during 2014. Financial information can be obtained from the Mahoning County Drug Task Force, 82 Ohltown Road, Austintown, Ohio 44515.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

East Gate Regional Council of Governments

The East Gate Regional Council of Governments (EGRCG) is a jointly governed organization among 27 local governments in Ashtabula, Columbiana, Mahoning and Trumbull counties. The Board is comprised of one representative from each city, village, county or governmental agency and one additional representative for each 20,000 population. The City of Youngstown currently has five representatives on the 48-member Board. Each participant's control over the operation of EGRCG is limited to its representation on the Board. EGRCG develops and reviews plans for regional growth and development and aids in coordinating plans among local governments. Continued existence of EGRCG is not dependent on the City's continued participation. In 2019, the City contributed \$24,784. Complete financial statements can be obtained from the East Gate Regional Council of Governments, 100 Federal Plaza East, Youngstown, Ohio 44503.

Youngstown Metropolitan Housing Authority

The Youngstown Metropolitan Housing Authority (YMHA) is a jointly governed organization among four local governments created to provide subsidized public housing. The City appoints two members of the five-member Board. Each participant's control over the operation of YMHA is limited to its representation on the Board. Continued existence of YMHA is not dependent on the City's continued participation. The City does not make any financial contributions to YMHA. Funding is received through state and federal subsidies and grants. Complete financial statements can be obtained from the Youngstown Metropolitan Housing Authority, 131 W. Boardman Street, Youngstown, Ohio 44503.

Metropolitan Fire Investigation Unit

The Metropolitan Fire Investigation Unit (MFIU) is a jointly governed organization among eight local governments. The Board of Governors is comprised of one representative from each participating government. The MFIU was created to investigate major fires and explosions of unknown or suspicious cause and to aid in the prosecution of those persons or groups responsible. Each participant's control over the operation of MFIU is limited to its representation on the Board. Continued existence of MFIU is not dependent on the City's continued participation. The City does not make any financial contributions to MFIU. Funding is received through insurance companies and donations. Financial information can be obtained from the Metropolitan Fire Investigation Unit, 3025 South Avenue, Youngstown, Ohio 44502.

Regional Council of Governments

In 1971, 38 municipalities joined together to organize a Regional Council of Governments (RCOG) to administer tax collection and enforcement concerns facing the cities and villages. The first official act of the RCOG was to form the Regional Income Tax Agency (RITA). Today RITA serves as the income tax collection agency for 294 municipalities throughout the State of Ohio. The City began using RITA for its income tax collection services during 2006.

Each member municipality appoints its own delegate to the RCOG, including electing members to the RITA Board of Trustees. Regardless of the population or tax collections of member municipalities, each member of the RCOG has an equal say in the operations of RITA.

B. Basis of Presentation - Fund Accounting

The City's BFS consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service funds, with the exception of services provided and used during the fiscal year, are eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City’s governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for services. Operating expenses for the enterprise funds include personnel and other expenses related to sewer, water and environmental sanitation operations. Operating expenses for the internal service fund include claims expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. Governmental fund assets and deferred outflows of resources less liabilities and deferred inflows of resources is reported as fund balance.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

The following are the City's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Fire levy fund - This special revenue fund accounts for revenues collected for fire operations.

Police levy fund - This special revenue fund accounts for revenues collected for police operations.

V&M public improvement tax increment financing (TIF) fund - This capital projects fund accounts for TIF revenues collected and expended for public improvements.

Other governmental funds of the City are used to account for (a) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects, (b) financial resources that are restricted or committed to expenditure for principal and interest and (c) financial resources that are restricted or committed to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets.

Proprietary Funds - Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise funds - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Sewer fund - This fund accounts for the operations of providing sewage services to customers and maintaining the local sewer system of the City.

Water fund - This fund accounts for the operations of providing water services to customers and maintaining the local water system of the City.

Environmental sanitation fund - This fund accounts for the operations of providing sanitation services to customers of the City.

Internal service fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on the operation of the workers' compensation retrospective rating plan.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's fiduciary funds are custodial funds which account for income tax collected and distributed to other governments, charge for services collected and distributed to other governments on behalf of the Mahoning County Sewer District, and the Youngstown Municipal Court fines and forfeitures collected and distributed to other governments, organizations, and individuals.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and in the presentation of expenses versus expenditures.

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

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, payment in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 6). Revenue from property taxes and payment in lieu of taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income taxes, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), grants, fines and forfeitures, fees and special assessments.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, see Notes 16 and 17 for deferred outflows of resources related the City's net pension asset and liability and net OPEB liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2019, but which were levied to finance 2020 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, see Notes 16 and 17 for deferred inflows of resources related to the City's net pension asset and liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than the custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary controls is at the object level within each department. Any budgetary modifications at this level may only be made by resolution of City Council.

Tax Budget - Ohio Revised Code Section 5705.28 required the Mayor to present the annual operating budget for the following fiscal year to City Council for consideration and passage at the first Council meeting in July. This section requires the adopted budget to be submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The City obtained a waiver as provided for by Ohio Revised Code Section 5705.281, in which they did not have to adopt an operating budget nor submit the operating budget to the County Auditor.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. On or prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate of estimated resources may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the original and final amended official certificates of estimated resources issued during 2019.

Appropriations - A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of Council. The Director of Finance is authorized to transfer appropriations between line items within an object of any department.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

During the year, several supplemental appropriation measures were passed. None of these supplemental appropriations had any significant effect on the original appropriations. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications passed by Council.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations except for grant funds and capital projects funds, unencumbered balances for these funds are rolled forward and are not reappropriated. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

G. Cash and Cash Equivalents

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

During 2019, investments were limited a U.S. Treasury Bill. Investments are reported at fair value, which is based on quoted market prices.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2019 amounted to \$425,845, of which \$418,491 was assigned from other City funds.

The City has segregated bank accounts for monies held separate from the City's central bank account for the Youngstown Municipal Court and land bank activity. The interest bearing depository accounts are presented on the financial statements as "cash in segregated accounts" since they are not required to be deposited into the City treasury.

For purposes of the statement of cash flows and for presentation on the statement of net position, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City, are considered to be cash equivalents. Investments with maturities greater than three months at the time of purchase are not reported as investments.

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

H. Inventories of Materials and Supplies

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

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

Inventory consists of expendable supplies held for consumption.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City's capitalization thresholds are \$100,000 for infrastructure and \$10,000 for all other categories of capital assets. Expenditures that are below these capitalization thresholds are expensed as incurred. The City's infrastructure consists of traffic signals, sidewalks, bridges, culverts, storm sewers, streets, and water and sewer lines. Governmental activities infrastructure consisting of traffic signals, sidewalks and streets were reported retroactively back to 1980 and governmental activities infrastructure consisting of bridges and culverts were reported retroactively back to 1919. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Buildings	50	50
Improvements other than buildings	20	20
Machinery and equipment	5 - 20	5 - 20
Computer software	5	5
Vehicles	8	8
Infrastructure	15 - 65	65

J. Prepaid Items

Payments made to vendors for services that will benefit beyond December 31, 2019, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expense in the year in which the services are consumed.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability for the City using the vesting method. A liability is accrued for thirty-five percent of accumulated unused sick leave for all employees since the employees are entitled to that amount if they leave the City's employment for any reason. This item is discussed further in Note 15 to the BFS.

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

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences and pension/OPEB liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund loans receivable/payable and due from/to other funds, and receivables and payables resulting from long-term interfund loans are classified as advances to/from other funds. These amounts are eliminated in the governmental activities column on the statement of net position, except for any residual amounts between governmental and business-type activities, which are presented as internal balance.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

N. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

O. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. City Council has by ordinance authorized the City Auditor to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P. Estimates

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

Q. Net Position

Net position represents the difference between assets plus deferred outflows less liabilities less deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on the use of resources either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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

Bond discounts and premiums for government-wide statements and proprietary fund statements are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond discounts and premiums are presented as a reduction/increase to the face amount of bonds.

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

On the governmental fund financial statements, issuance costs, premiums, discounts, and deferred charges from refunding are recognized in the current period.

S. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer, environmental sanitation and workers compensation programs. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of City Council and that are either unusual in nature or infrequent in occurrence. During 2019, the City recognized a loss of \$163,254 on the statement of revenues, expenditures, and changes in fund balances of governmental funds and a gain of \$1,354,467 on the statement of activities for the transfer of the health district operations, recorded as a special item.

U. Capital Contributions

Capital contributions in proprietary fund financial statements arise from contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements. The sewer fund received contributions of capital in the amount of \$500,000 from the Ohio Public Works Commission during 2019.

V. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net pension/OPEB asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

W. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2019, the City has implemented GASB Statement No. 83, "*Certain Asset Retirement Obligations*", GASB Statement No. 84, "*Fiduciary Activities*", GASB Statement No. 88, "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the City.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. The City reviewed its agency funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the City's financial statements. The implementation of GASB Statement No 84 required a restatement of net position and fund balances, as described in Note 3.B.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the City; however, certain note disclosures in Note 12 have been modified to conform to the new requirements.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the City.

B. Restatement of Net Position and Fund Balances and Prior Period Adjustment

- i. The implementation of GASB 84 had the following effect on fund balance as reported at January 1, 2019:

	General	Fire Levy	Police Levy	Other Governmental Funds	Total Governmental Funds
Fund Balance as previously reported	\$ 3,729,836	\$ 341,963	\$ 848,638	\$ (1,141,353)	\$ 3,779,084
GASB Statement No. 84	<u>61,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,854</u>
Restated Fund Balance, at January 1, 2019	<u>\$ 3,791,690</u>	<u>\$ 341,963</u>	<u>\$ 848,638</u>	<u>\$ (1,141,353)</u>	<u>\$ 3,840,938</u>

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

- ii. The implementation of the GASB 84 pronouncement had the following effect on net position of governmental activities as reported at January 1, 2019:

	Governmental Activities
Net position as previously reported	\$ (1,360,614)
GASB Statement No. 84	61,854
Restated net position at January 1, 2019	\$ (1,298,760)

- iii. Due to the implementation of GASB Statement No.84, the new classification of custodial funds is reporting a beginning net position of \$32,951. Also, related to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. At December 31, 2018, agency funds reported assets and liabilities of \$4,847,781.

- iv. A prior period adjustment at January 1, 2019 was made to the environmental sanitation enterprise fund and business type activities to more accurately report special assessments net of an adjusted allowance for uncollectible percentage. This prior period adjustment had the following effect on net position of the environmental sanitation fund and business-type activities as reported at January 1, 2019:

	Business Type Activities	Environmental Sanitation Enterprise
Net position as previously reported	\$ 66,974,594	\$ 2,686,423
Prior period adjustment - special assessments	(1,451,115)	(1,451,115)
Restated net position at January 1, 2019	\$ 65,523,479	\$ 1,235,308

C. Deficit Fund Balances

Fund balances at December 31, 2019 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Covelli centre fund	\$ 6,961,467
Capital projects public works	5,336,439
Litter control	44,327

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

D. Compliance

The City expended monies out of utility funds contrary to the purpose of the utility fund, in violation of Ohio Revised Code Sections 743.04, 729.52, and 5705.10(I).

NOTE 4 - DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the financial statements as "equity in pooled cash and cash equivalents". Statutes require the classification of monies held by the City into three categories:

Active Monies: those monies required to be kept in a "cash" or "near-cash" status for immediate use by the City. Such monies must by law be maintained either as cash in the City treasury; in depository accounts payable or withdrawable on demand; including negotiable order of withdrawal (NOW) account; or in money market deposit accounts.

Inactive Monies: those monies not required for use within the current five-year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories or as savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,
3. Obligations of the City.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

A. Cash in Segregated Accounts

The City has cash in the amount of \$214,896 being held in a segregated account for use in the Municipal Court and Land Bank. This amount is included in the City's depository balance below.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At December 31, 2019, the carrying amount of all City deposits was \$37,289,894. Of the \$39,625,524 bank balance, \$1,151,000 was covered by the FDIC and \$38,474,524 was potentially exposed to custodial credit risk discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2019, the City's financial institutions were collateralized at a rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

C. Investments

As of December 31, 2019, the City had the following investments and maturities:

<u>Measurement/Investment Type</u>	<u>Measurement Amount</u>	<u>Investment Maturity</u>
<i>Fair Value:</i>		
U.S. Treasury bill	\$ 283,365	\$ 283,365

The District's investments in the U.S. Treasury Bill are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk The City's investments in U.S. Treasury Bill were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury bill is exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific maturity, a specific obligor or a specific class or type of security. The following table includes the percentage of each investment type held by the City at December 31, 2019:

<u>Investment type</u>	<u>Measurement</u>	
<i>Fair Value:</i>	<u>Value</u>	<u>% to Total</u>
U.S. Treasury bill	\$ 283,365	100.00

D. Reconciliation of Cash and Cash Equivalents to the Statement of Net Position

The following is a reconciliation of cash and cash equivalents as reported in the note above to cash and cash and cash equivalents as reported on the statement of net position as of December 31, 2019:

Cash and cash equivalents per note

Carrying amount of deposits	\$ 37,289,894
Investments	<u>283,365</u>
Total	<u>\$ 37,573,259</u>

Cash and cash equivalents per statement of net position

Governmental activities	\$ 23,523,139
Business-type activities	12,325,596
Custodial funds	<u>1,724,524</u>
Total	<u>\$ 37,573,259</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the year ended December 31, 2019, consisted of the following, as reported in the fund financial statements:

<u>Transfers from</u>	<u>Transfers to</u>			<u>Total</u>
	<u>Fire Levy</u>	<u>Police Levy</u>	<u>Nonmajor Governmental</u>	
General	\$ 5,640,000	\$ 6,336,400	\$ 5,671,000	\$ 17,647,400
Nonmajor governmental	<u>-</u>	<u>-</u>	<u>5,044,112</u>	<u>5,044,112</u>
Total	<u>\$ 5,640,000</u>	<u>\$ 6,336,400</u>	<u>\$ 10,715,112</u>	<u>\$ 22,691,512</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated on the government-wide financial statements. The transfers from nonmajor governmental funds to nonmajor governmental funds were to move income taxes received from a capital improvement levy to other funds for capital improvement purposes, and to pay current debt obligations.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** Interfund loans consisted of the following at December 31, 2019, as reported on the fund financial statements.

Receivable fund	Payable fund	Amount
General	Nonmajor governmental funds	<u>\$ 250,000</u>

Interfund balance between governmental funds are eliminated on the government-wide financial statements. Interfund loans payable/receivable between governmental and enterprise funds are shown as an internal balance on the statement of net position. The interfund loans are expected to be repaid within one year.

- C.** Advances to other funds consisted of the following at December 31, 2019, as reported on the fund financial statements.

Receivable fund	Payable fund	Amount
General	Nonmajor governmental funds	<u>\$ 780,000</u>

Advances to/from other funds between governmental funds are eliminated for reporting on the statement of net position.

- D.** Due to/from other funds at December 31, 2019 consisted of the following:

	<u>Due to</u>
	Police
<u>Due from</u>	<u>Levy Fund</u>
Nonmajor governmental fund	<u>\$ 107,067</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances are due within one year.

Amounts due to/from other funds between governmental funds are eliminated on the government-wide financial statements. Amounts due to/from other funds between governmental activities and business-type activities are reported as an internal balance on the statement of net position.

- E.** At December 31, 2019, a loan to the Health District, a component unit, in the amount of \$1,400 was outstanding.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 6 - INCOME TAXES

The City levies an income tax of two and three-quarter percent on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit not to exceed two and three-quarter percent on income earned outside the City and paid to other municipalities.

Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Income tax revenue is credited to four funds. Of the original two percent levied, the general fund receives one and one-half percent and of the remaining one-half percent, 40 percent is credited to the police levy special revenue fund, 35 percent to the fire levy special revenue fund, and 25 percent to the ¼ of 5 mil capital improvement capital projects fund.

An additional one-quarter percent was levied for 1997. Of this additional one-quarter percent 50 percent is credited to the police levy special revenue fund, 25 percent to the fire levy special revenue fund and 25 percent to the ¼ of 5 mil capital improvement capital projects fund.

Effective January 1, 2003, the citizens of the City voted for an additional one half percent to bring the total tax levied on income to two and three-quarter percent. Of the additional one half percent levied, 45 percent is credited to the police levy special revenue fund, 35 percent to the fire levy special revenue fund and 20 percent to the ¼ of 5 mil capital improvement capital projects fund.

In addition, the City receives income tax monies as the result of its agreement with the City of Girard for a Joint Economic Development Zone (JEDZ). Businesses within the JEDZ pay taxes on income earned within the JEDZ and are required to withhold income tax on employee earnings and remit the tax to the City. The City is responsible for collection and administration of the income tax for the JEDZ. The City is entitled to 45% of all income taxes collected from the JEDZ and the City of Girard is entitled to the remaining 55%.

The Regional Tax Agency administers and collects income taxes for the City. Payments are remitted monthly net of collection fees of three percent.

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year proceeding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 7 - PROPERTY TAXES - (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Youngstown. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2019 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2019 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue.

The full tax rate for all City operations for the year ended December 31, 2019 was \$3.70 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2019 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 218,797,270
Commercial/industrial/mineral	169,687,850
Public utility	<u>72,870,400</u>
Total assessed value	<u><u>\$ 461,355,520</u></u>

NOTE 8 - SPECIAL ASSESSMENTS

Special assessments include annually assessed service assessments. Service type special assessments are levied against all property owners which benefit from the provided service. Special assessments are payable by the time and in the manner stipulated in the assessing ordinance and are a lien from the date of the passage of the ordinance.

The City's special assessments include street lighting, demolitions including board-ups and asbestos abatement, curbs, sidewalks, sewer rehabilitation and weed cutting which are billed by the County Auditor and collected by the County Treasurer. The County Auditor periodically remits these collections to the City. Special assessments collected in one calendar year are levied and certified in the preceding calendar year. Special assessments are reported net of allowance for uncollectible.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2019, consisted of taxes, accounts (billings for user charged services), notes, special assessments, accrued interest and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2019.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - RECEIVABLES - (Continued)

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

Governmental activities:

Income taxes	\$ 11,287,729
Real and other taxes	2,434,214
Accounts	731,556
Special assessments	492,480
Due from other governments	8,143,873
Payment in lieu of taxes	3,975,000

Business-type activities:

Accounts - gross	\$ 14,528,183
Less - allowance for uncollectibles	<u>(3,548,082)</u>
Net accounts receivable	<u>10,980,101</u>
Special assessments	572,292
Loans receivable	1,450,000
Less - loan forgiveness	<u>(750,000)</u>
Net loans receivable	<u>700,000</u>

Receivables have been disaggregated on the face of the BFS. The only receivable not expected to be collected within the subsequent year are the notes, special assessments, and loans. The special assessments are collected over the life of the assessment and notes receivable which will be repaid over a period ranging from one to eight years. Accounts receivable in the business-type activities for utilities have been reported net of a twenty-five percent allowance for uncollectible accounts. The loans receivable in the business-type activities are term loans that will need to be repaid per the loan agreements. Loans receivable have been reported net of loan forgiveness of \$750,000.

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**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

Governmental activities:	Balance 12/31/18	Additions	Disposals	Balance 12/31/19
<i>Capital assets, not being depreciated:</i>				
Land	\$ 14,516,203	\$ -	\$ -	\$ 14,516,203
Construction in progress	5,174,297	558,126	(4,916,242)	816,181
Total capital assets, not being depreciated	<u>19,690,500</u>	<u>558,126</u>	<u>(4,916,242)</u>	<u>15,332,384</u>
<i>Capital assets, being depreciated:</i>				
Buildings	63,022,686	6,090,566	-	69,113,252
Improvements other than buildings	7,135,305	828,316	-	7,963,621
Machinery and equipment	13,022,723	620,503	(177,683)	13,465,543
Computer software	474,327	486,041	(70,388)	889,980
Vehicles	10,989,881	851,060	(507,804)	11,333,137
Infrastructure	66,092,022	922,413	-	67,014,435
Total capital assets, being depreciated	<u>160,736,944</u>	<u>9,798,899</u>	<u>(755,875)</u>	<u>169,779,968</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(23,518,998)	(1,752,235)	-	(25,271,233)
Improvements other than buildings	(3,862,701)	(310,744)	-	(4,173,445)
Machinery and equipment	(9,607,491)	(494,807)	154,892	(9,947,406)
Computer software	(453,193)	(86,182)	70,388	(468,987)
Vehicles	(8,989,521)	(500,012)	483,839	(9,005,694)
Infrastructure	(23,666,235)	(2,192,127)	-	(25,858,362)
Total accumulated depreciation	<u>(70,098,139)</u>	<u>(5,336,107)</u>	<u>709,119</u>	<u>(74,725,127)</u>
Total capital assets, being depreciated, net	<u>90,638,805</u>	<u>4,462,792</u>	<u>(46,756)</u>	<u>95,054,841</u>
Governmental activities capital assets, net	<u>\$ 110,329,305</u>	<u>\$ 5,020,918</u>	<u>\$ (4,962,998)</u>	<u>\$ 110,387,225</u>

The governmental activities transferred out capital assets to the Health District activities with a cost of \$425,809 and accumulated depreciation of \$389,619. These amounts are reflected in the disposal column.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - CAPITAL ASSETS - (Continued)

Capital assets of the business-type activities for the year ended December 31, 2019, was as follows:

<u>Business-type activities:</u>	Balance 12/31/18	Additions	Disposals	Balance 12/31/19
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,259,130	\$ 8,990	\$ -	\$ 1,268,120
Construction in progress	34,773,107	25,862,384	(18,095,326)	42,540,165
Total capital assets, not being depreciated	<u>36,032,237</u>	<u>25,871,374</u>	<u>(18,095,326)</u>	<u>43,808,285</u>
<i>Capital assets, being depreciated:</i>				
Buildings	63,870,263	12,114,599	-	75,984,862
Improvements other than buildings	3,531,956	413,120	-	3,945,076
Machinery and equipment	28,247,879	344,412	-	28,592,291
Computer software	750,779	41,025	-	791,804
Vehicles	10,241,037	-	(347,437)	9,893,600
Infrastructure	45,406,469	12,229,563	-	57,636,032
Total capital assets, being depreciated	<u>152,048,383</u>	<u>25,142,719</u>	<u>(347,437)</u>	<u>176,843,665</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(29,179,635)	(1,558,999)	-	(30,738,634)
Improvements other than buildings	(2,262,815)	(91,767)	-	(2,354,582)
Machinery and equipment	(22,463,092)	(707,607)	-	(23,170,699)
Computer software	(580,905)	(78,178)	-	(659,083)
Vehicles	(5,717,681)	(811,023)	321,076	(6,207,628)
Infrastructure	(15,638,111)	(778,982)	-	(16,417,093)
Total accumulated depreciation	<u>(75,842,239)</u>	<u>(4,026,556)</u>	<u>321,076</u>	<u>(79,547,719)</u>
Total capital assets, being depreciated, net	<u>76,206,144</u>	<u>21,116,163</u>	<u>(26,361)</u>	<u>97,295,946</u>
Business-type activities capital assets, net	<u>\$ 112,238,381</u>	<u>\$ 46,987,537</u>	<u>\$ (18,121,687)</u>	<u>\$ 141,104,231</u>

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

General government	\$ 696,012
Security of persons and property	733,872
Transportation	2,471,251
Leisure time activity	322,608
Community environment	<u>1,112,364</u>
Total depreciation expense - governmental activities	<u>\$ 5,336,107</u>

Business-type activities:

Sewer	\$ 2,380,027
Water	1,197,465
Environmental sanitation	<u>449,064</u>
Total depreciation expense - business-type activities	<u>\$ 4,026,556</u>

NOTE 11 - CAPITALIZED LEASES - LESSEE DISCLOSURE

A. Governmental Activities

In prior years, the City entered into capital leases for equipment, snowplow and a fire truck. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined BFS for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General capital assets consisting of equipment and vehicles have been capitalized in the statement of net position in the amount of \$1,824,996 and \$1,151,512, respectively. These amounts represent the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the statement of net position. Principal payments made during 2019 totaled \$74,819 paid by the fire levy fund, \$145,763 paid by the police levy fund and \$49,000 paid by nonmajor governmental funds. The following is a schedule of the future long-term minimum lease payments required under capital leases and the present value of the minimum lease payments as of December 31, 2019:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>
2020	\$ 342,729
2021	342,730
2022	342,729
2023	288,821
2024	200,220
Thereafter	<u>600,660</u>
Total	2,117,889
Less: amount representing interest	<u>(265,572)</u>
Present value of net minimum lease payments	<u>\$ 1,852,317</u>

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 11 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

B. Business-Type Activities

During 2016, the City entered into capital leases for garbage trucks and garbage cart containers.

Capital assets consisting of vehicles have been capitalized in the statement of net position in the amount of \$2,455,200. The value of assets related to the garbage cart containers, \$1,149,542, was not capitalized because the value of each individual item is under the City's capitalization threshold. These amounts represent the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the statement of net position. Payments on these leases will be made from the environmental sanitation enterprise fund. The following is a schedule of the future long-term minimum lease payments required under capital leases and the present value of the minimum lease payments as of December 31, 2019:

Year Ended December 31,	Business-Type Activities		
	Garbage Carts	Garbage Trucks	Total
2020	\$ 179,267	\$ 278,677	\$ 457,944
2021	179,577	279,013	458,590
2022	178,797	279,205	458,002
2023	179,492	279,253	458,745
2024	-	279,157	279,157
Thereafter	-	557,650	557,650
Total	717,133	1,952,955	2,670,088
Less: amount representing interest	(38,591)	(174,755)	(213,346)
Present value of net minimum lease payments	\$ 678,542	\$ 1,778,200	\$ 2,456,742

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - LONG-TERM OBLIGATIONS

A. Governmental Activities

During 2019, the following changes occurred in governmental activities long-term obligations.

Governmental activities:	<u>Balance 12/31/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/19</u>	<u>Amounts Due in One Year</u>
<u>General obligation bonds:</u>					
2015 various purpose refunding bonds	\$ 3,236,000	\$ -	\$ (628,000)	\$ 2,608,000	\$ 639,000
2016 pension refunding bonds	<u>7,395,000</u>	<u>-</u>	<u>(485,000)</u>	<u>6,910,000</u>	<u>500,000</u>
Total general obligations bonds	<u>10,631,000</u>	<u>-</u>	<u>(1,113,000)</u>	<u>9,518,000</u>	<u>1,139,000</u>
<u>HUD section 108 loans (direct borrowing):</u>					
Housing rehab section 108	100,000	-	(100,000)	-	-
Amphitheater and Riverfront Project	<u>4,000,000</u>	<u>-</u>	<u>(141,000)</u>	<u>3,859,000</u>	<u>146,000</u>
Total HUD Section 108	<u>4,100,000</u>	<u>-</u>	<u>(241,000)</u>	<u>3,859,000</u>	<u>146,000</u>
<u>Other long-term obligations:</u>					
Net pension liability	62,013,045	20,970,952	(911,891)	82,072,106	-
Net OPEB Liability	53,806,980	966,742	(38,701,025)	16,072,697	-
OPWC loan (direct borrowing)	150,002	-	(21,429)	128,573	10,715
Capital lease obligation	2,121,899	-	(269,582)	1,852,317	278,672
Claims payable	2,082,908	-	(47,804)	2,035,104	186,404
Compensated absences	<u>6,519,657</u>	<u>2,432,743</u>	<u>(2,713,301)</u>	<u>6,239,099</u>	<u>1,139,062</u>
Total other long-term obligations	<u>126,694,491</u>	<u>24,370,437</u>	<u>(42,665,032)</u>	<u>108,399,896</u>	<u>1,614,853</u>
Total governmental activities long-term obligations	<u>\$ 141,425,491</u>	<u>\$ 24,370,437</u>	<u>\$ (44,019,032)</u>	<u>\$ 121,776,896</u>	<u>\$ 2,899,853</u>

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**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

B. Business-type Activities

During 2019, the following changes occurred in business-type activities long-term obligations.

	Interest Rate	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019	Amounts Due In One Year
Business-type activities:						
<u>OWDA loans (direct borrowing):</u>						
Orchard meadow overflow elimination	3.81%	\$ 2,028,672	\$ -	\$ (238,483)	\$ 1,790,189	\$ 247,655
Pump station improvements	3.79%	669,560	-	(78,764)	590,796	81,777
Waterline replacement	4.48%	72,110	-	(10,727)	61,383	11,214
Elevated storage tanks	4.48%	969,436	-	(103,240)	866,196	107,917
Waterline construction	3.99%	112,182	-	(10,588)	101,594	11,014
WWTP roof replacement	3.25%	424,876	-	(29,470)	395,406	30,436
Sludge storage tank covers	3.25%	352,563	-	(24,455)	328,108	25,256
Woodland and Andrews Avenue	3.25%	247,438	-	(17,163)	230,275	17,725
Boardman storage tank	3.83%	1,207,343	-	(76,939)	1,130,404	79,914
Roger Lindgren Way - forcemain	4.14%	417,995	-	(23,666)	394,329	24,655
Roger Lindgren Way - waterlines	3.49%	997,533	-	(56,352)	941,181	58,337
Meadowbrook flow equalization basis	2.86%	3,988,675	-	(216,343)	3,772,332	222,575
Myrtle Avenue pump station	3.30%	892,244	-	(53,432)	838,812	55,210
Briar Hill elevated storage tank	4.29%	1,688,417	-	(90,196)	1,598,221	94,108
WWTP Secondary Treatment Improvements	0.86%	11,663,744	8,335,671	-	19,999,415	-
WWTP Electrical Upgrades Contract A	1.81%	8,910,150	805,548	-	9,715,698	420,154
WWTP Improvements & Microscreen System	2.15%	2,850,609	6,592,219	-	9,442,828	-
Interceptor Sewer Relocation	2.08%	4,731,755	1,315,923	-	6,047,678	292,384
WWTP UV Disinfection Improvement	2.12%	373,175	3,748,073	-	4,121,248	-
Water Department maintenance complex	3.45%	4,518,557	-	(244,871)	4,273,686	253,391
Total OWDA loans		<u>47,117,034</u>	<u>20,797,434</u>	<u>(1,274,689)</u>	<u>66,639,779</u>	<u>2,033,722</u>
<u>OPWC loans (direct borrowing):</u>						
Kirk Road water storage tank	0.00%	354,142	-	(47,219)	306,923	23,610
Boardman elevated water tank	0.00%	817,594	-	(56,386)	761,208	28,193
Gypsy Lane water and sanitary improvements	0.00%	126,895	-	(13,357)	113,538	6,678
Kirkmere sanitary sewer	0.00%	277,870	-	(11,578)	266,292	5,789
Phelps Street sanitary sewer	0.00%	657,800	-	(25,300)	632,500	12,650
Belle Vista waterline replacements	0.00%	595,228	-	(24,801)	570,427	12,400
WWTP electrical system upgrade	0.00%	147,299	1,597,902	-	1,745,201	-
Total OPWC loans		<u>2,976,828</u>	<u>1,597,902</u>	<u>(178,641)</u>	<u>4,396,089</u>	<u>89,320</u>
<u>Other long-term obligations:</u>						
Net pension liability		13,786,279	10,152,483	-	23,938,762	-
Net OPEB liability		9,149,292	1,748,936	-	10,898,228	-
Capital lease obligation		2,847,742	-	(391,000)	2,456,742	400,000
Judgment payable		40,977	-	(40,977)	-	-
ODOT State infrastructure bank loan (direct borrowing)		280,448	-	(280,448)	-	-
Compensated absences		1,959,258	1,097,390	(1,120,603)	1,936,045	340,753
Total other long-term obligations		<u>28,063,996</u>	<u>12,998,809</u>	<u>(1,833,028)</u>	<u>39,229,777</u>	<u>740,753</u>
Total business-type activities long-term obligations		<u>\$ 78,157,858</u>	<u>\$ 35,394,145</u>	<u>\$ (3,286,358)</u>	<u>\$ 110,265,645</u>	<u>\$ 2,863,795</u>

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the governmental activities long-term debt obligations outstanding at December 31, 2019, are as follows:

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2020	\$ 1,139,000	\$ 245,785	\$ 1,384,785
2021	1,164,000	217,419	1,381,419
2022	1,204,000	188,432	1,392,432
2023	751,000	158,458	909,458
2024	767,000	139,066	906,066
2025 - 2029	3,203,000	420,308	3,623,308
2030 - 2031	1,290,000	51,931	1,341,931
Total	\$ 9,518,000	\$ 1,421,399	\$ 10,939,399

Year	HUD Section 108 Loans Payable		
	Principal	Interest	Total
2020	\$ 146,000	\$ -	\$ 146,000
2021	152,000	-	152,000
2022	157,000	-	157,000
2023	162,000	-	162,000
2024	168,000	-	168,000
2025-2029	933,000	-	933,000
2030-2034	1,107,000	-	1,107,000
2035-2038	1,034,000	-	1,034,000
Total	\$ 3,859,000	\$ -	\$ 3,859,000

Year	OPWC Loan Payable		
	Principal	Interest	Total
2020	\$ 10,715	\$ -	\$ 10,715
2021	21,429	-	21,429
2022	21,429	-	21,429
2023	21,428	-	21,428
2024	21,429	-	21,429
2025-2026	32,143	-	32,143
Total	\$ 128,573	\$ -	\$ 128,573

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the business-type activities long-term debt obligations outstanding at December 31, 2019, are as follows:

Year	OWDA Loans Payable		
	Principal	Interest	Total
2020	\$ 1,321,184	\$ 573,647	\$ 1,894,831
2021	1,369,406	528,554	1,897,960
2022	1,419,418	481,735	1,901,153
2023	1,471,290	433,211	1,904,501
2024	1,525,094	382,892	1,907,986
2025-2029	6,390,896	1,194,183	7,585,079
2030-2033	<u>3,815,624</u>	<u>244,994</u>	<u>4,060,618</u>
Total	<u>\$ 17,312,912</u>	<u>\$ 3,839,216</u>	<u>\$ 21,152,128</u>

Year	OPWC Loans Payable		
	Principal	Interest	Total
2020	\$ 89,320	\$ -	\$ 89,320
2021	248,449	-	248,449
2022	248,451	-	248,451
2023	248,448	-	248,448
2024	248,450	-	248,450
2025-2029	1,087,232	-	1,087,232
2030-2034	882,979	-	882,979
2035-2039	657,435	-	657,435
2040-2044	602,866	-	602,866
2045	<u>82,459</u>	<u>-</u>	<u>82,459</u>
Total	<u>\$ 4,396,089</u>	<u>\$ -</u>	<u>\$ 4,396,089</u>

As of December 31, 2019, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$29,401,506 and unvoted legal debt margin was \$2,796,554.

On November 16, 2015, the City issued \$4,817,000 in general obligation refunding bonds. The bond issue was used to currently refund the 2005 various purpose refunding bonds. The refunded debt is considered defeased (in-substance) and accordingly has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$72,231. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The bonds have a final maturity date of December 1, 2025 and bear an annual interest rate of 2.35%.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

On September 2, 2016, the City issued \$8,090,000 in general obligation refunding bonds. The bond issue was used to currently refund the 2006 pension refunding bonds. The refunded debt is considered defeased (in-substance) and accordingly has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$541,340. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This current refunding was undertaken to reduce total debt service payments over the next 15 years by \$958,662 and resulted in an economic gain of \$814,450. The bonds have a final maturity date of December 1, 2031 and bear an annual interest rate of 2.57%.

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. The general obligation bonds are to be repaid from property tax revenues that are received in the bond retirement fund (a nonmajor governmental fund).

The City has entered into an agreement with the Ohio Department of Transportation (ODOT) for a State Infrastructure Bank (SIB) direct loan transaction for the improvements to the Brier Hill Industrial Park area in the amount of \$2,626,090. The amounts due to ODOT are payable solely from water and sewer revenues. The loan agreements function similar to a line-of-credit agreement. During 2019, the City repaid all of the loan and had no outstanding balance at year end. The SIB loans were a direct placement with terms negotiated directly with the investor and were not offered for public sale.

The City has entered into debt financing arrangements through the OWDA to fund construction projects. The amounts due to the OWDA are payable solely from water and sewer revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2019, the City has outstanding borrowings of \$66,639,779 in the business-type activities. The WWTP secondary treatment improvements project, WWTP electrical upgrades contract A project, WWTP improvements & microscreen system replacement project, interceptor sewer relocation project and WWTP UV disinfection improvements project amortization schedules (\$49,326,867) have not been completed at December 31, 2019 and are not included in the amortization schedule shown above. The loan agreements require semi-annual payments and are paid from the sewer and water funds.

OWDA loans are direct borrowings that have terms negotiated directly between the City and the OWDA and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

The City has pledged future water and sewer revenues to repay OWDA and ODOT loans. The loans are payable solely from water and sewer fund revenues and are payable through 2033. Annual principal and interest payments on the water loans are expected to require 3.80 percent of total revenue of the water fund. Water loan principal and interest paid for the current year was \$1,170,258. Annual principal and interest payments on the sewer loans are expected to require 79.00 percent of net revenues and 3.78 percent of total revenue of the sewer fund. Sewer loan principal and interest paid for the current year was \$1,014,354. The total principal and interest remaining to be paid on the water and sewer loans is \$70,478,995.

The HUD Section 108 loans will be paid from community development agency entitlements. A new HUD Section 108 loan in the amount of \$4,000,000 was issued on December 14, 2018, to finance the construction of an amphitheater adjacent to the existing Covelli Centre. A debt service schedule for the final interest rates on the loan was not available as of the date of this report.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

HUD loans are direct borrowings that have terms negotiated directly between the City and HUD and are not offered for public sale. In the event of default, HUD may make an acceleration payment to the fiscal agent/trustee equal to the unpaid aggregate principal amount of the note, together with accrued and unpaid interest. In the event of any acceleration payment is made from sources other than funds pledged by the City as security under the contract (or other City funds), the amounts paid on the behalf of the City shall be deemed to be immediately due and payable to the Secretary.

An Ohio Public Works Commission Loan (OPWC) was issued to finance the Federal Street reconstruction project. The loan was issued in the amount of \$428,576, is interest free and is paid from the bond retirement fund (a nonmajor governmental fund).

The City has entered into debt financing arrangements through the OPWC to fund sewer and water construction projects. At December 31, 2019, the City has outstanding borrowings of \$4,396,089 in the business-type activities. The loan agreements require semi-annual payments and are paid from the sewer and water funds.

OPWC loans are direct borrowings that have terms negotiated directly between the County and the OPWC and are not offered for public sale. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the County for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the County is located to pay the amount of the default from funds that would otherwise be appropriated to the County from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

For compensated absences, additions and deletions of accrued vacation and sick leave are shown net since it is impractical for the City to determine these amounts separately. Compensated absences and the net pension liability will be paid from the fund from which the employees' salaries are paid.

The claims payable liability will be paid from the workers' compensation internal service fund.

See Notes 16 and 17 for additional disclosure on net pension liability and net OPEB liability, respectively. The City pays obligations related to employee compensation from the fund benefitting from their service.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - NOTES PAYABLE

Note activity during 2019 consisted of the following:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Balance 12/31/2018</u>	<u>Issued</u>	<u>Reductions</u>	<u>Balance 12/31/2019</u>
Governmental activities:						
<i><u>Covelli Centre fund:</u></i>						
Convocation center	2019	3.10%	\$ -	\$ 7,460,000	\$ -	\$ 7,460,000
Convocation center	2018	3.24%	8,360,000	-	(8,360,000)	-
<i>Capital projects</i>						
<i><u>public works fund:</u></i>						
Various purposes	2019	3.000%	-	5,600,000	-	5,600,000
Various purposes	2018	2.560%	5,600,000	-	(5,600,000)	-
Total governmental activities			<u>13,960,000</u>	<u>13,060,000</u>	<u>(13,960,000)</u>	<u>13,060,000</u>
Business-type activities:						
<i><u>Environmental sanitation fund:</u></i>						
Vehicle acquisition	2018	2.560%	500,000	-	(500,000)	-
Total business-type activities			<u>500,000</u>	<u>-</u>	<u>(500,000)</u>	<u>-</u>
Total notes payable			<u>\$ 14,460,000</u>	<u>\$ 13,060,000</u>	<u>\$ (14,460,000)</u>	<u>\$ 13,060,000</u>

Convocation center: On July 24, 2019, the City issued \$7,460,000 in notes. The proceeds were used to retire the 2018 convocation center notes that matured September 12, 2019. The 2019 note bears an interest rate of 3.10% and matures on July 23, 2020. The notes are recorded as a liability in the Covelli Centre fund, a nonmajor governmental fund, which is the fund that originally received the proceeds.

Various purposes: On July 10, 2019, the City issued \$5,600,000 in notes. The proceeds were used to retire 2018 various purpose notes that matured September 12, 2019. The 2019 note bears an interest rate of 3.00% and matures on July 10, 2020. These notes are recorded as liabilities in the capital projects public works fund, a nonmajor governmental fund, which is the fund that originally received the proceeds.

Sanitation vehicle acquisition: On September 12, 2018, the City issued \$500,000 in notes. The proceeds were used to retire the 2017 sanitation vehicle acquisition notes that matured on September 13, 2018. The 2018 notes bore an interest rate of 2.56% and matured on September 12, 2019. These notes were recorded as a liability in the environmental sanitation fund, which is the fund that received the proceeds.

NOTE 14 - RISK MANAGEMENT

A. Property and Liability

For calendar year 2019, the City contracted for a package of municipal liability and property insurance through Jackson, Dieken and Associates at an annual premium of \$704,944.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - RISK MANAGEMENT - (Continued)

The insurance package consisted of a policy from U.S Specialty Insurance Company including: comprehensive general liability and automobile liability with limits of \$1 million per occurrence, aggregate \$3 million and deductibles of \$50,000 per occurrence; public officials liability with prior acts coverage and law enforcement liability coverage with limits of \$1 million per occurrence and deductibles of \$50,000. Two umbrella policies provided additional coverage in the amount of \$10 million. The policy also included JAC Management, LLC and Eric Ryan as additional insured for management of the Covelli Centre, at a premium cost of \$109,992. Coverage was provided for loss to buildings and personal property in the amount of \$205,125,140 with a \$10,000 deductible, coverage for vehicles, contractor's equipment and EDP equipment in the amount of \$18,998,025 and auto physical damage catastrophic coverage at two locations with a limit of \$1 million per occurrence and \$25,000 deductible.

Personal faithful performance bonds were purchased for the Clerk of Court in the amount of \$25,000; for the Mayor, the Finance Director and the Law Director in the amount of \$100,000 and for the Bailiff in the amount of \$3,000 and deputy bailiffs in the amount of \$1,000.

In 2019, the City paid deductibles to Midwest Claims in the amount of \$50,555.

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

B. Workers' Compensation

The City has elected to take advantage of the workers' compensation plan being offered by the State of Ohio. This plan, called retrospective rating, allows the City to pay a fraction of the premium it would pay as an experience-rated risk.

In 2019, the City paid premiums to the State Fund for Workers' Compensation for calendar year 2019 in the amount of approximately \$458,839. The City reimbursed the Bureau of Workers Compensation for actual medical costs and compensation paid to injured workers in the amount of \$538,491 under the Retrospective Rating Plan.

Retrospective rating constitutes a step closer to self-insurance. In the retrospective rating plan, the City agrees to assume a portion of the risk in return for a possible reduction in premiums. The greater the percentage of the risk the City assumes, the greater the potential reduction in the premium. If the City's loss experience is better than predicted by the experience-rating system, its premium obligation will be less than what it would have paid under experience rating. If its experience is worse than predicted, its premium obligation will be more than it would have been assessed under experience rating, limited to a maximum premium. The City has assumed the risk for individual claims up to a maximum of \$300,000.

The City has agreed to pay all claims up to a maximum of 200% of what the City would have paid had the City remained an experience-rated risk. Claims exceeding these limits will be paid by the State. Each year, the City pays the State a minimum premium for retaining the risk of having to pay claims which exceeds the City's maximum claim limits. Ten years after each year the City elected the retrospective plan for workers' compensation, the City settles up for the reserve on any claims that are still open. The City has established a workers' compensation internal service fund to account for and finance its uninsured risks of loss in this program.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - RISK MANAGEMENT - (Continued)

The claims liability of \$2,035,104 reported at December 31, 2019, as estimated by the third party administrator, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Of the \$2,035,104 claims liability, \$186,404 of the liability is due within one year and is reported as a current liability in the statement of net position for the proprietary funds. The remaining portion is a noncurrent liability of \$1,848,700. The estimate was not affected by non-incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount in 2019 and 2018 were:

<u>Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims/ Adjustments*</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2019	\$ 2,082,908	\$ 490,687	\$ (538,491)	\$ 2,035,104
2018	3,621,945	(863,474)	(675,563)	2,082,908

*The negative current year claims/adjustments in 2018 is due to a significant decrease of approximately \$1,000,000 in reserve for open claims from the year January 1, 2008 - December 31, 2008, that were determined not to be the responsibility of the City upon the ten-year settlement.

NOTE 15 - EMPLOYEE BENEFITS

A. Life/Health Insurance

During 2019, the City provided health insurance benefits to all regular employees working a minimum of 32 hours per week. In 2019, management and non-management employees were enrolled in an Anthem Blue Access (PPO) Plan which provides medical/surgical benefits with \$250 single/\$500 family deductibles and co-pays of \$15/\$20 for office visits, \$35 for urgent care, and \$100 for emergency room visits within the network. Services outside the network of providers were paid at 80% of the usual and customary fee by Anthem, after the employee met a deductible of \$500 single/\$1,000 family. Prescription drug coverage was included which required co-pays of \$15 for generics, \$30 for formulary, and \$60 for brand name drugs.

The premiums paid by the City were \$662.01 per month per employee for single coverage, \$1,308.00 per month for employee and spouse coverage, \$1,183.36 per month for employee and children coverage, and \$1,993.40 per month for family coverage. Premiums for vision were \$5.76 single, \$11.17 employee and spouse, \$10.07 employee and children, and \$17.23 family. Premiums for dental were \$23.89 single, \$55.70 employee and spouse, \$50.39 employee and children, and \$84.89 family.

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FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - EMPLOYEE BENEFITS - (Continued)

During 2019, management employees contributed 10% of the premiums paid by the City for their health insurance. Union employees contributed 10%, with caps, toward their premiums in accordance with collective bargaining agreement reached. Dental and vision coverage were provided by Anthem for all employees, other than AFSCME union members. Members of AFSCME 2312 and 2726 (water and clerical) had vision, dental, and life insurance provided through the Ohio AFSCME Care Plan. The City contributed \$55.75 per month per AFSCME employee for this coverage.

During 2019, the City also provided life insurance and accidental death and dismemberment insurance in equal amounts to its active employees with the exception of AFSCME employees through a plan with Standard Life. The benefit amounts remained the same: \$9,500 with the exception of Waste Water Treatment Plant union employees who had coverage in the amount of \$15,000 and Fire Department, 911, Police and Street department union employees who had coverage in the amount of \$20,000. In addition, eligible retirees were covered for death amount benefit amounts ranging from \$1,500 to \$4,750, depending on retirement date.

B. Compensated Absences

City employees earn sick leave at a rate of one and one quarter days per month, not to exceed 15 days per year. Sick leave may be accumulated without limit. The City's policy is that 35 percent of accrued sick leave will be paid to an employee upon retirement or termination of service.

City employees earn two to six weeks of vacation per year, depending upon length of service. Upon termination of service, an employee is entitled to receive payment for any unused vacation time plus accrued vacation time earned during the year.

For governmental funds, the current portion of unpaid compensated absences is recorded as a current liability in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the statement of activities. In proprietary funds, the entire amount of compensated absences is reported as a fund liability. As of December 31, 2019, the liability for unpaid compensated absences was \$8,175,144 for the entire City.

NOTE 16 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

The net pension liability/asset reported on the statement of net position represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

The Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes any net pension liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual basis of accounting.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

**CITY OF YOUNGSTOWN
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final Average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.00% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3.00% COLA adjustment on the defined benefit portion of their benefit.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2019 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance

** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$2,970,047 for 2019. Of this amount, \$317,574 is reported as due to other governments and payroll withholding payable.

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3.00% of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2019 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2019 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$3,856,449 for 2019. Of this amount, \$408,920 is reported as due to other governments.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

Net Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2018, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.172400%	0.079377%	0.055458%	0.794354%	
Proportion of the net pension liability/asset current measurement date	<u>0.160884%</u>	<u>0.070680%</u>	<u>0.049827%</u>	<u>0.758922%</u>	
Change in proportionate share	<u>-0.011516%</u>	<u>-0.008697%</u>	<u>-0.005631%</u>	<u>-0.035432%</u>	
Proportionate share of the net pension liability	\$ 44,062,779	\$ -	\$ -	\$ 61,948,089	\$ 106,010,868
Proportionate share of the net pension asset	-	(79,078)	(1,093)	-	(80,171)
Pension expense	9,171,603	21,932	(295)	7,230,312	16,423,552

**CITY OF YOUNGSTOWN
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ 2,032	\$ -	\$ 4,723	\$ 2,545,201	\$ 2,551,956
Net difference between projected and actual earnings on pension plan investments	5,980,555	17,028	377	7,631,954	13,629,914
Changes of assumptions	3,835,775	17,651	352	1,642,327	5,496,105
Changes in employer's proportionate percentage/difference between employer contributions	357,410	-	-	-	357,410
Contributions subsequent to the measurement date	2,894,657	45,230	30,160	3,856,449	6,826,496
Total deferred outflows of resources	<u>\$ 13,070,429</u>	<u>\$ 79,909</u>	<u>\$ 35,612</u>	<u>\$ 15,675,931</u>	<u>\$ 28,861,881</u>
Deferred inflows of resources					
Differences between expected and actual experience	\$ 578,569	\$ 32,278	\$ -	\$ 57,848	\$ 668,695
Changes in employer's proportionate percentage/difference between employer contributions	1,203,918	-	-	3,635,991	4,839,909
Total deferred inflows of resources	<u>\$ 1,782,487</u>	<u>\$ 32,278</u>	<u>\$ -</u>	<u>\$ 3,693,839</u>	<u>\$ 5,508,604</u>

**CITY OF YOUNGSTOWN
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

\$6,826,496 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
2020	\$ 3,489,060	\$ 2,670	\$ 788	\$ 2,654,036	\$ 6,146,554
2021	1,568,005	(730)	719	987,866	2,555,860
2022	554,817	(372)	730	1,397,916	1,953,091
2023	2,781,403	4,957	881	2,965,510	5,752,751
2024	-	(2,038)	650	120,315	118,927
Thereafter	-	(2,086)	1,684	-	(402)
Total	<u>\$ 8,393,285</u>	<u>\$ 2,401</u>	<u>\$ 5,452</u>	<u>\$ 8,125,643</u>	<u>\$ 16,526,781</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.50%
Actuarial cost method	Individual entry age

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94% for 2018.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.79 %
Domestic equities	19.00	6.21
Real estate	10.00	4.90
Private equity	10.00	10.81
International equities	20.00	7.83
Other investments	18.00	5.50
Total	<u>100.00 %</u>	<u>5.95 %</u>

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 65,093,538	\$ 44,062,779	\$ 26,586,028
Combined Plan	(26,152)	(79,078)	(117,328)
Member-Directed Plan	(498)	(1,093)	(1,993)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2018, are presented below.

Valuation date	1/1/18 with actuarial liabilities rolled forward to 12/31/18
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75%, plus productivity increase rate of 0.50%
Cost of living adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

**CITY OF YOUNGSTOWN
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OP&F's Board and were effective beginning with the January 1, 2018 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy and Guidelines. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

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**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018 are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation			
Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	<u>120.00 %</u>		

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 8.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 81,426,494	\$ 61,948,089	\$ 45,671,069

**CITY OF YOUNGSTOWN
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual basis of accounting.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution was \$12,063 for 2019. Of this amount, \$1,290 is reported as due to other governments.

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

**CITY OF YOUNGSTOWN
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2019, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Beginning January 1, 2019, OP&F changed its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The City's contractually required contribution to OP&F was \$92,179 for 2019. Of this amount, \$9,774 is reported as due to other governments.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.165290%	0.794354%	
Proportion of the net OPEB liability current measurement date	<u>0.153860%</u>	<u>0.758922%</u>	
Change in proportionate share	<u>-0.011430%</u>	<u>-0.035432%</u>	
Proportionate share of the net OPEB liability	\$ 20,059,776	\$ 6,911,149	\$ 26,970,925
OPEB expense	\$ 1,602,932	\$ (34,634,990)	\$ (33,032,058)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 6,792	\$ -	\$ 6,792
Net difference between projected and actual earnings on OPEB plan investments	919,620	233,948	1,153,568
Changes of assumptions	646,751	3,582,406	4,229,157
Changes in employer's proportionate percentage/ difference between employer contributions	244,188	-	244,188
Contributions subsequent to the measurement date	12,063	92,179	104,242
Total deferred outflows of resources	<u>\$ 1,829,414</u>	<u>\$ 3,908,533</u>	<u>\$ 5,737,947</u>

**CITY OF YOUNGSTOWN
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 54,428	\$ 185,165	\$ 239,593
Changes of assumptions	-	1,913,333	1,913,333
Changes in employer's proportionate percentage/ difference between employer contributions	723,118	1,931,159	2,654,277
Total deferred inflows of resources	<u>\$ 777,546</u>	<u>\$ 4,029,657</u>	<u>\$ 4,807,203</u>

\$104,242 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2020	\$ 467,992	\$ (14,125)	\$ 453,867
2021	(36,282)	(14,125)	(50,407)
2022	144,821	(14,125)	130,696
2023	463,274	56,633	519,907
2024	-	(54,920)	(54,920)
Thereafter	-	(172,641)	(172,641)
Total	<u>\$ 1,039,805</u>	<u>\$ (213,303)</u>	<u>\$ 826,502</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.96%
Prior Measurement date	3.85%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.50%
Municipal Bond Rate	
Current measurement date	3.71%
Prior Measurement date	3.31%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.25% ultimate in 2029
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is a loss of 5.60% for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	<u>100.00 %</u>	<u>5.16 %</u>

Discount Rate - A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate -
The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96%, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96%) or one-percentage-point higher (4.96%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 25,663,929	\$ 20,059,776	\$ 15,602,992

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 19,281,796	\$ 20,059,776	\$ 20,955,798

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	Inflation rate of 2.75% plus productivity increase rate of 0.50%
Single discount rate:	
Current measurement date	4.66%
Prior measurement date	3.24%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

**CITY OF YOUNGSTOWN
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018, are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation			
Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	120.00 %		

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total OPEB liability was calculated using the discount rate of 4.66%. A discount rate of 3.24% was used to measure the total OPEB liability at December 31, 2017. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 4.13% at December 31, 2018 and 3.16% at December 31, 2017, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 4.66%.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66%), or one percentage point higher (5.66%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 8,419,666	\$ 6,911,149	\$ 5,644,879

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Due to the change from a self-funded plan to the stipend plan, disclosure of the healthcare cost trend rate for OP&F is no longer available.

Changes Between Measurement Date and Report Date - Beginning January 1, 2019 OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current healthcare model to the stipend based healthcare model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Although the exact amount of these changes is not known, the overall decrease to the City's net OPEB liability is expected to be significant.

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balances - budget and actual (non-GAAP budgetary basis) presented for the general fund and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP);
3. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP);

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

4. Investments are reported at fair value (GAAP) rather than cost (budget); and,
5. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented.

Net Change in Fund Balance

	General	Fire Levy	Police Levy
Budget basis	\$ 1,381,454	\$ (181,254)	\$ (250,729)
Net adjustment for revenue accruals	(3,826,279)	(107,966)	(128,262)
Net adjustment for expenditure accruals	2,202,984	27,685	27,559
Net adjustment for other financing sources/uses	442,130	-	-
Funds budgeted elsewhere	203,328	-	-
Adjustment for encumbrances	184,880	49,381	11,875
GAAP basis	\$ 588,497	\$ (212,154)	\$ (339,557)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the emergency 911 system fund, unclaimed monies fund, federal plaza ad hoc committee fund, business development lease payments fund, rental property registration fund, parking lot fund, contingency fund, fire demolition escrow fund, suspense fund, vacant property foreclosure fund and payroll fund.

NOTE 19 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2019.

B. Litigation

The City of Youngstown is currently party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 19 - CONTINGENCIES - (Continued)

The Ohio Department of Commerce Bureau of Underground Storage Tank Removal (BUSTR) has made a claim that could present a substantial liability to the City in connection with a West Avenue water department fuel tank removal issue. BUSTR required environmental testing and monitoring. The City is monitoring the affected area and does not currently know if there will be an additional cost to the City.

NOTE 20 - OTHER COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 65,772
Fire levy	99,230
Police levy	53,397
Other governmental	<u>260,952</u>
Total	<u>\$ 479,351</u>

NOTE 21 - TAX ABATEMENTS

As of December 31, 2019, the City provides tax abatements through the Community Reinvestment Area One (CRA) program, which was passed by Ordinance by City Council on May 18, 2011 and was amended on July 20, 2011. This program relates to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

The City has entered into agreements to abate property taxes through this CRA program. During 2019, the City's property tax revenues were reduced by approximately \$1,000,000 as a result of this program.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 22 - FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented in the following table.

Fund Balances	General	Fire Levy	Police Levy	Nonmajor Governmental Funds	Total Governmental
<i>Nonspendable</i>					
Materials and supplies inventory	\$ 1,748	\$ -	\$ 29,380	\$ 476,298	\$ 507,426
Interfund Receivable	781,400	-	-	-	781,400
Unclaimed monies	27,314	-	-	-	27,314
<i>Total Nonspendable</i>	810,462	-	29,380	476,298	1,316,140
<i>Restricted For</i>					
Capital projects	-	-	-	4,078,827	4,078,827
Debt service	-	-	-	3,537,176	3,537,176
Community development	-	-	-	415,996	415,996
Street maintenance and repair	-	-	-	4,073,360	4,073,360
Public health and welfare	-	-	-	1,686	1,686
Law enforcement	-	-	479,701	3,388,848	3,868,549
Fire services	-	129,809	-	-	129,809
Leisure time activities	-	-	-	32,197	32,197
<i>Total Restricted</i>	-	129,809	479,701	15,528,090	16,137,600
<i>Committed To</i>					
Community development	-	-	-	80,690	80,690
<i>Total Committed</i>	-	-	-	80,690	80,690
<i>Assigned To</i>					
Subsequent year appropriations	520,000	-	-	-	520,000
General government	300,935	-	-	-	300,935
Community development	314,304	-	-	-	314,304
Law enforcement	60,627	-	-	-	60,627
<i>Total Assigned</i>	1,195,866	-	-	-	1,195,866
<i>Unassigned (deficit)</i>	2,373,859	-	-	(12,342,233)	(9,968,374)
<i>Total Fund Balances</i>	\$ 4,380,187	\$ 129,809	\$ 509,081	\$ 3,742,845	\$ 8,761,922

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 23 - TRANSFER OF OPERATIONS

Consistent with the provisions of Ohio Revised Code Section 3709.36, the City of Youngstown's health department was reorganized as a legally separate organization (Youngstown City Health District) rather than continuing to operate as a department of the City. This change was effective January 1, 2019 and is being accounted for by the City as a transfer of operations. The Health District is reported as a discretely presented component unit of the City of Youngstown. For 2019, the City is reporting a special items of (\$163,254) on the statement of revenues, expenditures, and changes in fund balances of governmental funds and \$1,354,467 on the statement of activities for the transfer of operations. The City contributed \$826,308 to the Health District during 2019, which is reported in public health expenditures/expenses in the basic financial statements.

NOTE 24 - SIGNIFICANT SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The City's investment portfolio and the investments of the pension and other employee benefit plan in which the City participates may incur a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 25 - YOUNGSTOWN CITY HEALTH DISTRICT

The constitution and laws of the State of Ohio establish the rights and privileges of the Youngstown City Health District (the "Health District") as a body corporate and politic. A five-member Board and a Health Commissioner govern the Health District. Consistent with the provisions of the Ohio Revised Code Section 3709.36, the Health District is a legally separate organization. The Health District's services include communicable disease investigations, immunization clinics, tuberculosis screenings, home visits, public health nursing services and issues, health-related licenses and permits, emergency preparedness activities as well as birth certificates and death certificates. The Mayor appoints a voting majority of the Health District Board. The rates charged by the City are subject to the approval of City Council. In addition, the City provides funding to the Health District, thus the City can impose will on the Health District, and the Health District imposes a financial burden to the City. Therefore, The Health District is considered a discretely presented component unit of the City of Youngstown.

The Health District's management believes these financial statements present all activities for which the Health District is financially accountable. The Health District has no component units.

Summary of Significant Accounting Policies

The financial statements of the Health District have been prepared in conformity with GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Health District's accounting policies are described as follows.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 25 - YOUNGSTOWN CITY HEALTH DISTRICT - (Continued)

Basis of Presentation - Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Health District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The Health District has no fiduciary funds. The statements distinguish between those activities of the Health District that are governmental and those that are considered business-type activities. The Health District has no business-type activities.

The statement of net position presents the financial condition of the governmental activities and business-type activities for the Health District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Health District's activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operation of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Health District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Health District.

Measurement Focus - Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the Health District are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Basis of Accounting - Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

Revenues-Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. Nonexchange transactions, in which the Health District receives value without directly giving equal value in return, include intergovernmental contractual allocations from participating local governments, grants, entitlements, and donations. Revenue from intergovernmental contractual allocations, grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Health District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Health District on a reimbursement basis.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Deferred Outflows of Resources/Deferred Inflows of Resources - In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Health District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 25 - YOUNGSTOWN CITY HEALTH DISTRICT - (Continued)

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Health District, deferred inflows of resources are reported on the government-wide statement of net position for pension OPEB.

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

Capital Assets - Capital assets are reported in the government-wide financial statements. In accordance with the City's policy, all capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Health District maintains a capitalization threshold of \$10,000, in accordance with the City's policy.

All reported capital assets are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Machinery and equipment	5 - 20 years
Vehicles	8 years

Compensated Absences - Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Health District will compensate the employees for the benefits through paid time off or some other means. The Health District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability for the Health District using the vesting method, which follows the City's policy. A liability is accrued for thirty-five percent of accumulated unused sick leave for all employees since the employees are entitled to that amount if they leave the City's employment for any reason, which follow's the City's policy.

Health District employees earn sick leave at a rate of one and one quarter days per month, not to exceed 15 days per year. Sick leave may be accumulated without limit. The Health District's policy is that 35 percent of accrued sick leave will be paid to an employee upon retirement or termination of service, which follows the City's policy.

Health District employees earn two to six weeks of vacation per year, depending upon length of service. Upon termination of service, an employee is entitled to receive payment for any unused vacation time plus accrued vacation time earned during the year.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 25 - YOUNGSTOWN CITY HEALTH DISTRICT - (Continued)

Pensions/Other Postemployment Benefits (OPEB) - For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Net Position - Net position represents the difference between all other elements on the statement of net position. The Health District's net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Health District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Deposits and Investments

The City of Youngstown Treasurer is custodian for the Health District's deposits. The City's deposit and investment pool holds the Board of Health's assets, valued at the Treasurer's reported carrying amount.

Receivables

Receivables at December 31, 2019 consisted of intergovernmental receivables arising from grants. Receivables have been recorded to the extent that they are measurable at December 31, 2019. All receivables are expected to be collected in the subsequent year.

Capital Assets

Capital asset activity for the year ended December 31, 2019, for the Health District was as follows:

	Balance			Balance
<u>Governmental activities:</u>	<u>12/31/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/19</u>
<i>Capital assets, being depreciated:</i>				
Machinery equipment	\$ 177,682	\$ -	\$ -	\$ 177,682
Vehicles	<u>248,127</u>	<u>-</u>	<u>-</u>	<u>248,127</u>
Total capital assets, being depreciated	<u>425,809</u>	<u>-</u>	<u>-</u>	<u>425,809</u>
<i>Less: accumulated depreciation:</i>				
Machinery and equipment	(154,892)	(7,104)	-	(161,996)
Vehicles	<u>(234,727)</u>	<u>(2,040)</u>	<u>-</u>	<u>(236,767)</u>
Total accumulated depreciation	<u>(389,619)</u>	<u>(9,144)</u>	<u>-</u>	<u>(398,763)</u>
Total capital assets being depreciated, net	<u>36,190</u>	<u>(9,144)</u>	<u>-</u>	<u>27,046</u>
Governmental activities capital assets, net	<u>\$ 36,190</u>	<u>\$ (9,144)</u>	<u>\$ -</u>	<u>\$ 27,046</u>

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 25 - YOUNGSTOWN CITY HEALTH DISTRICT - (Continued)

Long-Term Obligations

Changes in the Health District's long-term obligations during the year consisted of the following.

	<u>Balance</u> <u>12/31/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/19</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 97,259	\$ 12,237	\$ -	\$ 109,496	\$ 20,186
Net pension liability	911,891	787,072	-	1,698,963	-
Net OPEB liability	<u>605,178</u>	<u>168,282</u>	-	<u>773,460</u>	-
Total governmental-type long-term obligations	<u>\$ 1,614,328</u>	<u>\$ 967,591</u>	<u>\$ -</u>	<u>\$ 2,581,919</u>	<u>\$ 20,186</u>

Risk Management

The Health District is exposed to various risks of loss during the normal course of its operations including, but not limited to, loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The Health District is included under the City's programs for property and liability and workers' compensation, see Note 14 for detail.

Employee Benefits

The Health District is included under the City's programs for life/health insurance and compensated absences, see Note 15 for detail.

Defined Benefit Pension Plans

Plan descriptions and actuarial information for the District's defined benefit pension plans are the same as the City's (see Note 16 for detail).

For 2019, the Health District's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$114,518 for 2019. Of this amount, \$3,204 is reported as due to other governments.

The net pension liability (asset) for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Health District's proportion of the net pension liability (asset) was based on the Health Districts' share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense of the Health District's defined benefit pension plans:

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 25 - YOUNGSTOWN CITY HEALTH DISTRICT - (Continued)

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Proportion of the net pension liability/asset prior measurement date	0.005813%	0.002676%	0.001870%	
Proportion of the net pension liability/asset current measurement date	<u>0.006203%</u>	<u>0.002725%</u>	<u>0.001921%</u>	
Change in proportionate share	<u>0.000390%</u>	<u>0.000049%</u>	<u>0.000051%</u>	
Proportionate share of the net pension liability	\$ 1,698,963	\$ -	\$ -	\$ 1,698,963
Proportionate share of the net pension asset	-	(3,049)	(42)	(3,091)
Pension expense	400,773	846	(11)	401,608

At December 31, 2019, the Health District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Deferred outflows of resources				
Differences between expected and actual experience	\$ 78	\$ -	\$ 182	\$ 260
Net difference between projected and actual earnings on pension plan investments	230,596	657	15	231,268
Changes of assumptions	147,898	681	14	148,593
Contributions subsequent to the measurement date	51,702	-	-	51,702
Contributions subsequent to the measurement date	111,611	1,744	1,163	114,518
Total deferred outflows of resources	<u>\$ 541,885</u>	<u>\$ 3,082</u>	<u>\$ 1,374</u>	<u>\$ 546,341</u>

**CITY OF YOUNGSTOWN
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 25 - YOUNGSTOWN CITY HEALTH DISTRICT - (Continued)

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Deferred inflows of resources				
Differences between expected and actual experience	\$ 22,308	\$ 1,245	\$ -	\$ 23,553
Total deferred inflows of resources	<u>\$ 22,308</u>	<u>\$ 1,245</u>	<u>\$ -</u>	<u>\$ 23,553</u>

\$114,518 reported as deferred outflows of resources related to pension resulting from Health District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Year Ending December 31:				
2020	\$ 169,591	\$ 103	\$ 30	\$ 169,724
2021	76,215	(28)	28	76,215
2022	26,968	(14)	28	26,982
2023	135,192	192	34	135,418
2024	-	(79)	25	(54)
Thereafter	-	(81)	66	(15)
Total	<u>\$ 407,966</u>	<u>\$ 93</u>	<u>\$ 211</u>	<u>\$ 408,270</u>

Sensitivity of the Health District's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the Health District's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the Health District's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 2,509,862	\$ 1,698,963	\$ 1,025,098
Combined Plan	(1,008)	(3,049)	(4,524)
Member-Directed Plan	(19)	(42)	(77)

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 25 - YOUNGSTOWN CITY HEALTH DISTRICT - (Continued)

Defined Benefit OPEB Plan

Plan descriptions and actuarial information for the Health District's defined benefit OPEB plan are the same as the City's (see Note 17 for detail).

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Health District's contractually required contribution was \$465 for 2019. Of this amount, \$48 is reported as due to other governments.

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OPEB's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The Health District's proportion of the net OPEB liability was based on the Health District's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>
Proportion of the net OPEB liability prior measurement date	0.005573%
Proportion of the net OPEB liability current measurement date	<u>0.005933%</u>
Change in proportionate share	<u>0.000360%</u>
Proportionate share of the net OPEB liability	\$ 773,460
OPEB expense	\$ 91,381

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**CITY OF YOUNGSTOWN
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 25 - YOUNGSTOWN CITY HEALTH DISTRICT - (Continued)

At December 31, 2019, the Health District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred outflows of resources	
Differences between expected and actual experience	\$ 262
Net difference between projected and actual earnings on OPEB plan investments	35,459
Changes of assumptions	24,937
Changes in employer's proportionate percentage/ difference between employer contributions	33,580
Contributions subsequent to the measurement date	465
Total deferred outflows of resources	\$ 94,703
	OPERS
Deferred inflows of resources	
Differences between expected and actual experience	\$ 2,099
Total deferred inflows of resources	\$ 2,099

\$465 reported as deferred outflows of resources related to OPEB resulting from Health District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 25 - YOUNGSTOWN CITY HEALTH DISTRICT - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>
2020	\$ 41,470
2021	(3,215)
2022	12,833
2023	41,051
Total	<u>\$ 92,139</u>

Sensitivity of the Health District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the Health District's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96%, as well as what the Health District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96%) or one-percentage-point higher (4.96%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 989,544	\$ 773,460	\$ 601,617

Sensitivity of the Health District's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Health Care Trend Rate Assumption</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 743,463	\$ 773,460	\$ 808,009

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 25 - YOUNGSTOWN CITY HEALTH DISTRICT - (Continued)

Contingencies

Grants - The Health District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect, if any, on the financial condition of the Health District.

Litigation - The Health District is not party to any legal proceedings that, in the opinion of management, will have a material adverse effect on the financial condition of the Health District.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST SIX YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.160884%	0.172400%	0.173353%	0.177908%
City's proportionate share of the net pension liability	\$ 44,062,779	\$ 27,046,218	\$ 39,365,518	\$ 30,815,908
City's covered payroll	\$ 21,435,150	\$ 22,684,269	\$ 22,805,742	\$ 22,931,033
City's proportionate share of the net pension liability as a percentage of its covered payroll	205.56%	119.23%	172.61%	134.39%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	84.66%	77.25%	81.08%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.070680%	0.079377%	0.077737%	0.070410%
City's proportionate share of the net pension asset	\$ 79,078	\$ 108,058	\$ 43,266	\$ 34,263
City's covered payroll	\$ 313,950	\$ 325,085	\$ 302,592	\$ 256,225
City's proportionate share of the net pension asset as a percentage of its covered payroll	25.19%	33.24%	14.30%	13.37%
Plan fiduciary net position as a percentage of the total pension asset	126.64%	137.28%	116.55%	116.90%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.049827%	0.055458%	0.056788%	0.062600%
City's proportionate share of the net pension asset	\$ 1,093	\$ 1,936	\$ 237	\$ 239
City's covered payroll	\$ 289,350	\$ 303,960	\$ 294,800	\$ 336,292
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.38%	0.64%	0.08%	0.07%
Plan fiduciary net position as a percentage of the total pension asset	113.42%	124.46%	103.40%	103.91%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.177897%	0.177897%
\$ 21,456,366	\$ 20,971,738
\$ 21,738,708	\$ 20,677,369
98.70%	101.42%
86.45%	86.36%
0.070825%	0.070825%
\$ 27,269	\$ 7,432
\$ 258,892	\$ 237,800
10.53%	3.13%
114.83%	104.56%

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST SIX YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability	0.758922%	0.794354%	0.803213%	0.856255%
City's proportionate share of the net pension liability	\$ 61,948,089	\$ 48,753,106	\$ 50,874,690	\$ 55,083,495
City's covered payroll	\$ 18,094,058	\$ 17,495,355	\$ 17,490,726	\$ 18,068,047
City's proportionate share of the net pension liability as a percentage of its covered payroll	342.37%	278.66%	290.87%	304.87%
Plan fiduciary net position as a percentage of the total pension liability	63.07%	70.91%	68.36%	66.77%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.872449%	0.872449%
\$ 45,196,507	\$ 42,491,013
\$ 17,266,849	\$ 17,294,527
261.75%	245.69%
72.20%	73.00%

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	2019	2018	2017	2016
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 2,894,657	\$ 3,000,921	\$ 2,948,955	\$ 2,736,689
Contributions in relation to the contractually required contribution	(2,894,657)	(3,000,921)	(2,948,955)	(2,736,689)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 20,676,121	\$ 21,435,150	\$ 22,684,269	\$ 22,805,742
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
 <i>Combined Plan:</i>				
Contractually required contribution	\$ 45,230	\$ 43,953	\$ 42,261	\$ 36,311
Contributions in relation to the contractually required contribution	(45,230)	(43,953)	(42,261)	(36,311)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 323,071	\$ 313,950	\$ 325,085	\$ 302,592
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
 <i>Member Directed Plan:</i>				
Contractually required contribution	\$ 30,160	\$ 28,935	\$ 30,396	\$ 35,376
Contributions in relation to the contractually required contribution	(30,160)	(28,935)	(30,396)	(35,376)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 301,600	\$ 289,350	\$ 303,960	\$ 294,800
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	12.00%

Note: Information prior to 2015 for the City's member directed plan was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 2,751,724	\$ 2,608,645	\$ 2,688,058	\$ 2,231,911	\$ 2,314,527	\$ 1,505,888
<u>(2,751,724)</u>	<u>(2,608,645)</u>	<u>(2,688,058)</u>	<u>(2,231,911)</u>	<u>(2,314,527)</u>	<u>(1,505,888)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 22,931,033	\$ 21,738,708	\$ 20,677,369	\$ 22,319,110	\$ 23,145,270	\$ 16,882,152
12.00%	12.00%	13.00%	10.00%	10.00%	8.92%
\$ 30,747	\$ 31,067	\$ 30,914	\$ 18,672	\$ 16,238	\$ 16,202
<u>(30,747)</u>	<u>(31,067)</u>	<u>(30,914)</u>	<u>(18,672)</u>	<u>(16,238)</u>	<u>(16,202)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 256,225	\$ 258,892	\$ 237,800	\$ 234,868	\$ 204,252	\$ 167,203
12.00%	12.00%	13.00%	7.95%	7.95%	9.69%
\$ 40,355					
<u>(40,355)</u>					
<u>\$ -</u>					
\$ 336,292					
12.00%					

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	2019	2018	2017	2016
<i>Police:</i>				
Contractually required contribution	\$ 2,009,648	\$ 1,962,364	\$ 1,847,579	\$ 1,868,450
Contributions in relation to the contractually required contribution	(2,009,648)	(1,962,364)	(1,847,579)	(1,868,450)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 10,577,095	\$ 10,328,232	\$ 9,724,100	\$ 9,833,947
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
 <i>Fire:</i>				
Contractually required contribution	\$ 1,846,801	\$ 1,824,969	\$ 1,826,245	\$ 1,799,343
Contributions in relation to the contractually required contribution	(1,846,801)	(1,824,969)	(1,826,245)	(1,799,343)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 7,858,728	\$ 7,765,826	\$ 7,771,255	\$ 7,656,779
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 1,940,251	\$ 1,811,884	\$ 1,533,127	\$ 1,251,051	\$ 1,312,073	\$ 1,470,416
<u>(1,940,251)</u>	<u>(1,811,884)</u>	<u>(1,533,127)</u>	<u>(1,251,051)</u>	<u>(1,312,073)</u>	<u>(1,470,416)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,211,847	\$ 9,536,232	\$ 9,652,426	\$ 9,812,165	\$ 10,290,769	\$ 11,532,675
19.00%	19.00%	15.88%	12.75%	12.75%	12.75%
\$ 1,846,207	\$ 1,816,695	\$ 1,557,715	\$ 1,341,026	\$ 1,350,961	\$ 1,394,364
<u>(1,846,207)</u>	<u>(1,816,695)</u>	<u>(1,557,715)</u>	<u>(1,341,026)</u>	<u>(1,350,961)</u>	<u>(1,394,364)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,856,200	\$ 7,730,617	\$ 7,642,101	\$ 7,774,064	\$ 7,831,658	\$ 8,083,270
23.50%	23.50%	20.38%	17.25%	17.25%	17.25%

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST THREE YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.153860%	0.165290%	0.165889%
City's proportionate share of the net OPEB liability	\$ 20,059,776	\$ 17,949,276	\$ 16,755,327
City's covered payroll	\$ 22,038,450	\$ 23,313,314	\$ 23,403,134
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	91.02%	76.99%	71.59%
Plan fiduciary net position as a percentage of the total OPEB liability	46.33%	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST THREE YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.758922%	0.794354%	0.803213%
City's proportionate share of the net OPEB liability	\$ 6,911,149	\$ 45,006,996	\$ 38,126,715
City's covered payroll	\$ 18,094,058	\$ 17,495,355	\$ 17,490,726
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	38.20%	257.25%	217.98%
Plan fiduciary net position as a percentage of the total OPEB liability	46.57%	14.13%	15.96%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	2019	2018	2017	2016
Contractually required contribution	\$ 12,063	\$ 11,574	\$ 242,252	\$ 468,063
Contributions in relation to the contractually required contribution	(12,063)	(11,574)	(242,252)	(468,063)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 21,300,792	\$ 22,038,450	\$ 23,313,314	\$ 23,403,134
Contributions as a percentage of covered payroll	0.06%	0.05%	1.04%	2.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 463,745	\$ 232,922	\$ 221,993	\$ 906,909	\$ 938,102	\$ 866,290
<u>(463,745)</u>	<u>(232,922)</u>	<u>(221,993)</u>	<u>(906,909)</u>	<u>(938,102)</u>	<u>(866,290)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 23,523,550	\$ 21,997,600	\$ 20,915,169	\$ 22,553,978	\$ 23,349,522	\$ 17,049,355
1.97%	1.06%	1.06%	4.02%	4.02%	5.08%

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	2019	2018	2017	2016
<i>Police:</i>				
Contractually required contribution	\$ 52,885	\$ 51,641	\$ 48,621	\$ 49,170
Contributions in relation to the contractually required contribution	(52,885)	(51,641)	(48,621)	(49,170)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 10,577,095	\$ 10,328,232	\$ 9,724,100	\$ 9,833,947
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
 <i>Fire:</i>				
Contractually required contribution	\$ 39,294	\$ 38,829	\$ 38,856	\$ 38,284
Contributions in relation to the contractually required contribution	(39,294)	(38,829)	(38,856)	(38,284)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 7,858,728	\$ 7,765,826	\$ 7,771,255	\$ 7,656,779
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 52,439	\$ 52,545	\$ 350,779	\$ 662,321	\$ 694,627	\$ 778,455
<u>(52,439)</u>	<u>(52,545)</u>	<u>(350,779)</u>	<u>(662,321)</u>	<u>(694,627)</u>	<u>(778,455)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,211,847	\$ 9,536,232	\$ 9,652,426	\$ 9,812,165	\$ 10,290,769	\$ 11,532,675
0.50%	0.50%	3.62%	6.75%	6.75%	6.75%
\$ 39,281	\$ 42,051	\$ 277,130	\$ 524,749	\$ 528,637	\$ 545,621
<u>(39,281)</u>	<u>(42,051)</u>	<u>(277,130)</u>	<u>(524,749)</u>	<u>(528,637)</u>	<u>(545,621)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,856,200	\$ 7,730,617	\$ 7,642,101	\$ 7,774,064	\$ 7,831,658	\$ 8,083,270
0.50%	0.50%	3.62%	6.75%	6.75%	6.75%

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2019.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019 the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2019.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple. There were no changes in assumptions for 2019.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2019.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25%, ultimate in 2029.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018. For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%.

SUPPLEMENTARY INFORMATION

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number/Grant Number	Federal CFDA Number	Passed Through to Subrecipients	Disbursements
<u>U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Direct Programs</i>				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grant/ Entitlement Grants - 41st Year	B-15-MC-39-0023	14.218	\$ 48,998	\$ 48,998
Community Development Block Grant/ Entitlement Grants - 42nd Year	B-16-MC-39-0023	14.218	15,666	46,102
Community Development Block Grant/ Entitlement Grants - 43rd Year	B-17-MC-39-0023	14.218	39,597	616,335
Community Development Block Grant/ Entitlement Grants - 44th Year	B-18-MC-39-0023	14.218	793,770	908,901
Community Development Block Grant/ Entitlement Grants - 45th Year	B-19-MC-39-0023	14.218	<u>1,209,995</u>	<u>1,209,995</u>
<i>Subtotal CDBG - Entitlement Grants Cluster</i>			<u>2,108,026</u>	<u>2,830,331</u>
Emergency Solutions Grants Program	E-17-MC-39-0023	14.231	20,825	22,735
Emergency Solutions Grants Program	E-18-MC-39-0023	14.231	259,361	259,361
Emergency Solutions Grants Program	E-19-MC-39-0023	14.231	<u>9,561</u>	<u>9,561</u>
<i>Subtotal Emergency Solutions Grants Program</i>			<u>289,747</u>	<u>291,657</u>
HOME Investment Partnerships Program	M-17-MC-39-0209	14.239	150,192	150,192
HOME Investment Partnerships Program	M-18-MC-39-0209	14.239	420,514	420,514
HOME Investment Partnerships Program	M-19-MC-39-0209	14.239	<u>102,641</u>	<u>102,641</u>
<i>Subtotal HOME Investment Partnerships Program</i>			<u>673,347</u>	<u>673,347</u>
<i>Total U.S. Department of Housing and Urban Development</i>			<u>3,071,120</u>	<u>3,795,335</u>

Continued

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019 - (CONTINUED)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number/Grant Number	Federal CFDA Number	Passed Through to Subrecipients	Disbursements
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Passed through the Ohio Office of Criminal Justice Services</i>				
Edward Byrne Memorial Justice Assistance Program	2017-JG-A02-6811	16.738	\$ -	\$ 49,348
Edward Byrne Memorial Justice Assistance Program	2018-JG-A02-6811	16.738	-	50,000
<i>Direct Programs</i>				
Edward Byrne Memorial Justice Grant Program	2016-DJ-BX-0832	16.738	-	28,133
Edward Byrne Memorial Justice Assistance Program	2017-DJ-BX-0284	16.738	-	22,250
<i>Subtotal Edward Byrne Memorial Justice Assistance Program</i>				149,731
Bulletproof Vest Partnership Program	2018-BU-BX-18093081	16.607	-	8,800
Drug Court Discretionary Grant Program	2017-VV-BX-0051	16.585	-	63,316
Public Safety Partnership and Community Policing Grants	2016-UM-WX-0201	16.710	-	168,026
<i>Total U.S. Department of Justice</i>			-	389,873
<u>U.S. DOT- FEDERAL HIGHWAY ADMINISTRATION</u>				
<i>Passed Through the Ohio Department of Transportation</i>				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	102542	20.205	-	142,072
Highway Planning and Construction	103932	20.205	-	29,112
Highway Planning and Construction	104646	20.205	-	370,476
Highway Planning and Construction	104659	20.205	-	313,327
Highway Planning and Construction	107228	20.205	-	14,464
Highway Planning and Construction	110187	20.205	-	120,208
<i>Total U.S. DOT - Federal Highway Administration and Highway Planning and Construction Cluster</i>			-	989,659

Continued

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019 - (CONTINUED)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number/Grant Number	Federal CFDA Number	Passed Through to Subrecipients	Disbursements
<u>U.S. DOT - NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u>				
<i>Passed through The Ohio Department of Public Safety</i>				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	IDEP-2019-00032	20.608	\$ -	\$ 18,607
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	IDEP-2020-00020	20.608	-	4,113
<i>Subtotal Minimum Penalties for Repeat Offenders for Driving While Intoxicated</i>			-	22,720
<i>Highway Safety Cluster</i>				
National Priority Safety Programs	DDEP-2019-00011	20.616	-	3,581
National Priority Safety Programs	DDEP-2020-00010	20.616	-	1,288
<i>Subtotal National Priority Safety Programs</i>			-	4,869
State and Community Highway Safety	STEP-2019-00032	20.600	-	12,860
State and Community Highway Safety	STEP-2020-00020	20.600	-	2,407
<i>Subtotal State and Community Highway Safety</i>			-	15,267
<i>Subtotal Highway Safety Cluster</i>			-	20,136
<i>Total U.S. DOT - National Highway Traffic Safety Administration</i>			-	42,856
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
<i>Passed Through The Ohio Development Services Agency</i>				
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	BF00E02273	66.818	149,590	149,590
<i>Total U.S. Environmental Protection Agency</i>			149,590	149,590
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through The Ohio Department of Education</i>				
<i>Child Nutrition Cluster</i>				
Summer Food Service Program for Children	N/A	10.559	-	35,481
<i>Total Child Nutrition Cluster and U.S. Department of Agriculture</i>			-	35,481
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Direct Grants</i>				
Assistance to Firefighters Grant	EMW-2017-FO-00253	97.044	-	289,773
Staffing for Adequate Fire & Emergency Response (SAFER)	EMW-2016-FH-00328	97.083	-	206,725
<i>Total U.S. Department of Homeland Security</i>			-	496,498
Total Expenditures of Federal Awards			\$ 3,220,710	\$ 5,899,292

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**CITY OF YOUNGSTOWN
MAHONING COUNTY, OHIO**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Youngstown (the City) under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C - INDIRECT COST RATE

The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The City passes certain federal awards received from Community Development Block Grant - Entitlement Grants (CDBG) Cluster, CDBG - Emergency Solutions Cash Program, HOME Investments Partnership Program, and Brownfield Revolving Loan Fund Program to other governments or not-for-profit agencies (subrecipients). As Note B describes, the City reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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**Independent Auditor's Report on Internal Control Over
Financial Reporting and On Compliance and Other Matters
Required by *Government Auditing Standards***

City of Youngstown
Mahoning County
26 S. Phelps Street
Youngstown, Ohio 44503

To the Members of City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Youngstown, Mahoning County, Ohio, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Youngstown's basic financial statements and have issued our report thereon dated November 19, 2020, wherein we qualified our opinion on the governmental activities, business-type activities, general fund, sewer fund, water fund, environmental sanitation fund, and the aggregate remaining fund information due to the City not properly recording activity during prior years and subsequently failing to post the necessary adjustments to correct the activity and also not maintaining support for allocation of costs between funds in the current fiscal year. Also, as discussed in Note 24 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods. Furthermore, as discussed in Note 3 to the financial statements, the City of Youngstown adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Additionally, as discussed in Note 3 to the financial statements, a prior period adjustment was posted to the Business-Type Activities and the Environmental Sanitation fund to accurately reflect special assessment activity.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City of Youngstown's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City of Youngstown's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City of Youngstown's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2019-001 through 2019-003 to be material weaknesses.

City of Youngstown
Mahoning County
Independent Auditor's Report on Internal Control Over
Financial Reporting and On Compliance and Other Matters
Required by *Government Auditing Standards*

Compliance and Other Matters

As part of reasonably assuring whether the City of Youngstown's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-002.

City of Youngstown's Responses to Findings

The City of Youngstown's responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not subject the City of Youngstown's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City of Youngstown's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City of Youngstown's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
November 19, 2020

**Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the
Uniform Guidance**

City of Youngstown
Mahoning County
26 S. Phelps Street
Youngstown, Ohio 44503

To the Members of City Council:

Report on Compliance for the Major Federal Program

We have audited the City of Youngstown's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the City of Youngstown's major federal program for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City of Youngstown's major federal program.

Management's Responsibility

The City of Youngstown's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the City of Youngstown's compliance for the City of Youngstown's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Youngstown's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City of Youngstown's major program. However, our audit does not provide a legal determination of the City of Youngstown's compliance.

Opinion on the Major Federal Program

In our opinion, the City of Youngstown complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of findings as item 2019-004. Our opinion on the major federal program is not modified with respect to this matter.

The City of Youngstown's response to our noncompliance finding is described in the accompanying corrective action plan. We did not subject the City of Youngstown's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The City of Youngstown's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City of Youngstown's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City of Youngstown's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
November 19, 2020

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Qualified - Governmental Activities, Business-Type Activities, General Fund, Sewer Fund, Water Fund, Environmental Sanitation Fund, Parks and Recreation Fund (Aggregate Remaining Fund Information) Unmodified - Discretely Presented Component Unit, Fire Levy Fund, Police Levy Fund, and V&M Public Improvement TIF Fund
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	Yes
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	CDBG – Entitlement Grants Cluster
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-001

Material Weakness – Financial Statement Presentation:

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. This responsibility remains with management even if they chose to outsource this function. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible to: (a) present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) determine and demonstrate compliance with finance-related legal and contractual provisions.

Certain adjustments were posted to the financial statements and note disclosures to properly record significant transactions. These adjustments were necessary to properly state certain revenue classifications, reimbursement activity, and special assessment receivables.

Without proper controls and policies in place over the period-end financial reporting process, material adjustments to the financial statements and note disclosures could occur, which if uncorrected, could lead to a misrepresentation of the City’s activity.

We recommend the City design and implement additional procedures to facilitate more accurate financial reporting. This could include reviewing the financial statements before they are presented to audit and checking for any unusual fluctuations that could be indicative of a misstatement of financial statement amounts. Further, we recommend the City review the adjustments noted during the audit and develop procedures to facilitate the correction of those adjustments for future audits.

Finding Number	2019-002
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Material Weakness/Noncompliance – Improper Use of Funds:

Ohio Revised Code Sections 743.04 and 729.52 delineate the allowable usage of funds received from the collection of water and sewer charges, respectively. Ohio Revised Code Section 5705.10(I) provides that money paid into any fund shall be used only for the purposes for which such fund was established. Additionally, Youngstown Codified Ordinance 935.21, provides, in part: funds received from collection of sewerage service charges shall be available for payment of cost and expense of construction, administration, management, operation, maintenance, repair, replacement and rehabilitation of the sewerage system, including sewage pumping, treatment and disposal works, collection of charges and for payment of principal and interest upon bonds issued, outstanding and to be issued. Funds may also be available for debt incurred for the construction of the sewerage system, sewage pumping, treatment or disposal works or acquisition of necessary easements or purchase of lands. The funds may be used only for purposes of the system.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2019-002 - (Continued)

In 2017, the City granted various businesses a total of \$3,170,620: \$1,696,003 from the Water fund, \$1,324,617 from the Sewer fund, and \$150,000 from the Environmental Sanitation fund. (A portion, \$750,000 of this amount was for anticipated loan forgiveness.) These amounts remain uncorrected on the City's financial statements. In 2018, the City granted various businesses a total of \$700,917: \$422,959 from the Water fund and \$277,958 from the Sewer fund. The City's utility funds are established for the purpose of providing a service to its residents; providing grants to local businesses is inconsistent with this purpose. Additionally, during 2018, the City expensed \$534,207 and \$9,588, of expenses in the Water and Sewer funds, respectively, for purposes not allowable from those funds. Of those amounts, \$19,176 should have been expensed from the General fund and \$524,619 from the Parks and Recreation Fund (a nonmajor governmental fund).

As a result of this, the City should adjust the fund balances in its system as follows:

Fund	Grant	Other	Increase/ (Decrease)
Water	\$ 2,118,962	\$ 534,207	\$ 2,653,169
Sewer	1,602,575	9,588	1,612,163
Environmental Sanitation	150,000	-	150,000
General	(3,871,537)	(19,176)	(3,890,713)
Parks & Recreation	-	(524,619)	(524,619)
	\$ -	\$ -	\$ -

Management has declined to record these adjustments to its accounting records and the accompanying financial statements do not reflect them.

As of December 31, 2018, the City also had a loans receivable outstanding in the amount of \$1,755,352. This loan was made from the Water, Sewer, and Environmental Sanitation funds. Of the outstanding balance, \$1,055,352 was repaid during 2019, leaving an outstanding balance of \$700,000. The City is not planning to forgive any portion of the remaining balance; however, if the City forgives any part of the remaining balance or does not receive payment for the loans during the agreed upon repayment terms, the General fund should record the expenditure instead of the Water and Sewer funds. The outstanding balance is not included in the chart above.

Expending resources contrary to the funds purpose facilitates misreporting of fund balances to the governing body and creates budgeting challenges for future periods.

We recommend the City establish policies and procedures to help ensure expenses are posted to the proper funds.

Finding Number	2019-003
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Material Weakness – Allocation of Utility Department Charges:

As municipalities increasingly face shrinking revenue, they may use utility funds to help pay for overhead services. The distribution of costs among city departments is a complex process that demands consistency, fairness and adequate documentation to ensure that charges accurately reflect the services provided and benefits received.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2019-003 - (Continued)

The City currently allocates a portion of some of the costs of various departments, including Computer Services, Board of Control, Law Department, Public Works, Finance Department, Mayor’s Office, Civil Service Office, City Council, and Housing Inspection to the utility funds (water, sewer, and environmental sanitation).

The formula for these allocations for computer services and for fiscal services was established by ordinances in 2004. The changes to these allocations and additional allocations have been approved, without specificity, by ordinance in the annual appropriation budgets throughout the years. However, the City does not have detailed documentation supporting these allocations which are approximately 5% of utility fund expenses.

Typical factors used to allocate overhead costs:

<u>Types of Costs</u>	<u>Factors Used to Calculate Overhead Costs</u>
Maintenance and janitorial	Square footage
Fiscal	Actual expenses or number of transactions
Payroll	Number of staff (FTE) or payroll warrants
IT services	Number of computers, servers, databases or ports
Insurance values	Number of staff (FTE) claims of loss history, property
Purchasing	Number of transactions (procurements)
Legal - indirect costs	Actual expenses or hours worked

To effectively allocate overhead costs, the City should:

- **Develop and maintain allocation plans** that specify how overhead costs will be allocated. Plans should be updated annually and should clearly state which overhead costs will be allocated, how the process will work, and the rationale for key decisions. The table above enumerates factors the City should consider using when developing a plan to allocate their overhead costs.
- **Assess overhead charges** only after the serves are provided.
- **Charge only for actual costs incurred.** Estimates used for initial calculations should be reconciled against actual expenses at year-end.
- **Maintain appropriate, thorough documentation** to support the allocation process. This is especially important to ensure continuity when staff turnover occurs.

Without a thorough and complete allocation plan, approved by Council, the City could improperly charge certain funds, which could lead to financial statement misstatements and/or fund balance adjustments.

We recommend the City develop a detailed cost allocation plan using some of the factors discussed above. This plan should be reviewed annually to ensure the factors used are still relevant. The City can also hire an outside third party to assist with the cost allocation plan. It is important to note that the City has hired a third-party to perform an allocation study, but this study has not been completed as of the date of this report.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2019-004
CFDA Title and Number	N/A
Federal Award Number/Year	2019
Federal Agency	N/A
Pass-Through Agency	N/A

Noncompliance - Federal Audit Clearinghouse:

2 CFR Section 200.512(a) requires the reporting package and data collection form to be submitted to the Federal Audit Clearinghouse the earlier of 30 calendar days after the reports are received from the auditor or nine months after the end of the audit period.

The City did not submit the reporting package and data collection form to the Federal Audit Clearinghouse until November 20, 2019, for the year ended December 31, 2018 which is outside of the nine-month requirement.

By not filing the data collection and reporting package timely, the City will be considered a high risk auditee for at least two audit periods following the December 31, 2018 reporting year.

We recommend the City submit its data collection form and reporting package within the time frame as required by 2 CFR Section 200.512(a).

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR SECTION 200.511(b)
DECEMBER 31, 2019**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2018-001	2017	<u>Noncompliance and Significant Deficiency:</u> Ohio Revised Code §5705.10(I) provides that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit balance in any fund indicates that money from another fund or funds have been used to pay the obligations of the fund carrying the deficit balance. As of December 31, 2018, the General Fund (Fund 1001) had a deficit cash basis balance of \$947,540. (This includes \$236,433 in outstanding encumbrances.)	Corrective Action Taken and Finding is Fully Corrected	N/A
2018-002	2017	<u>Noncompliance – Water / Wastewater / Environmental Sanitation Grants:</u> Ohio Revised Code §§ 743.04 and 729.52 delineate the allowable usage of funds received from the collection of water and sewer charges respectively. Ohio Revised Code § 5705.10(I) provides that money paid into any fund shall be used only for the purposes for which such fund was established. During 2017 and 2018, the City granted money from and posted other expenses to the wrong funds. The City declined to record these adjustments to its financial statements and system.	Not Corrected	Finding repeated at 2019-002 as these adjustments have not been made to the financial statements or system.
2018-003	2017	<u>Material Weakness – Allocation of Utility Department Charges:</u> The City currently allocates a portion of some of the costs of various departments, including Computer Services, Board of Control, Law Department, Public Works, Finance Department, Mayor’s Office, Civil Service Office and City Council, to the utility funds (water, sewer, and environmental sanitation). However, the City does not have detailed documentation supporting these allocations.	Not Corrected	Finding repeated at 2019-003 as the City did not maintain detailed documentation to support allocations.
2018-004	2018	<u>Material Weakness – Financial Reporting:</u> Several adjustments were recorded to the City’s filed financial statements.	Not Corrected	Finding repeated at 2019-001 as audit adjustments were recorded to the 2019 filed financial statements.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR SECTION 200.511(b)
DECEMBER 31, 2019**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2018-005	2013	<u>Significant Deficiency – IT Security Administration</u> : The City had weaknesses related to Windows Active Directory password and account lockout procedures.	Partially Corrected	Repeated as a management letter comment as the City has made improvements in password security and lockout procedures.

CITY OF YOUNGSTOWN

MAYOR JAMAE L TITO BROWN



FINANCE DEPARTMENT
 CITY HALL • 26 S. PHELPS STREET • YOUNGSTOWN, OHIO 44503
 PHONE: (330) 742-8724 • FAX: (330) 744-7460

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2019

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	The City understands the adjustments as part of the audit. The Finance Department will review the unaudited Basic Financial Statements prior to submission to the Hinkle system.	05/2021	Kyle Miasek, Finance Director
2019-002	The City Administration and City Council are working with the City Law Department and outside legal counsel to determine how to address the Finding for Adjustment for misclassified grant expenditures	Unknown	Jeff Limbian, Law Director
2019-003	The City Board of Control has entered into a contract with an outside firm that performs cost allocations for municipalities.	03/2021	Kyle Miasek, Finance Director
2019-004	The City will submit its data collection form and reporting package within the time frame required by law.	01/2021	Kyle Miasek, Finance Director

OHIO AUDITOR OF STATE KEITH FABER



CITY OF YOUNGSTOWN

MAHONING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/27/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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