



**CITY OF YOUNGSTOWN
MAHONING COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To Members of Council:

We have audited the accompanying general-purpose financial statements of City of Youngstown, Mahoning County, (the City) as of and for the year ended December 31, 2000. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of the Western Reserve Transit Authority (WRTA), the discretely presented component unit of the City. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion on the general-purpose financial statements, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

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

As discussed in Note 2 to the general-purpose financial statements, the City has not capitalized land in the enterprise fund type and general fixed assets account group, which should be included in order to conform with generally accepted accounting principles. The effects of this practice on the general-purpose financial statements are not reasonably determinable.

In our opinion, except for the effect on the financial statements of the omission described in the preceding paragraph, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Youngstown, Mahoning County, as of December 31, 2000, and the results of its operations and cash flows of its proprietary fund types and its discretely presented component unit for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 23 to the general-purpose financial statements, the U.S. Environmental Protection Agency has filed a civil action seeking penalties and injunctive relief against the City to enforce the City's compliance with its National Pollutant Discharge Elimination System permit and the Clean Water Act.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the City, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

August 21, 2001

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CITY OF YOUNGSTOWN
MAHONING COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNIT
DECEMBER 31, 2000

	Governmental Fund Types				Proprietary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
Assets and Other Debits					
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,958,681	\$4,982,719	\$390,522	\$1,229,433	\$6,090,685
Cash and Cash Equivalents in Segregated Accounts		117,485			
Cash and Cash Equivalents with Fiscal and Escrow Agents			809,974		
Receivables:					
Taxes	2,876,411	922,281	4,227,505	307,304	
Accounts	733,640	3,342		3,076	7,376,210
Interfund	1,032,233			150,000	1,273,676
Special Assessments	28,355	1,629,124	148,676		
Accrued Interest	56,088				
Due from Other Funds	54,437	850		15,334	695,516
Due from Other Governments	585,621	1,223,345		144,571	300,000
Materials and Supplies					
Inventory	30,378	412,025			1,250,262
Deferred Charges					52,055
Notes Receivable		7,748,608			
Prepaid Items					
Other Assets					
Restricted Assets:					
Cash and Cash Equivalents					
Due from Other Governments					
Fixed Assets (Net, where applicable, of Accumulated Depreciation)					44,354,595
Other Debits					
Amount Available in Debt Service					
Fund for Retirement of General Obligation Bonds					
Amount to be Provided from General Government Resources					
Total Assets and Other Debits	<u>\$7,355,844</u>	<u>\$17,039,779</u>	<u>\$5,576,677</u>	<u>\$1,849,718</u>	<u>\$61,392,999</u>

See accompanying notes to the general purpose financial statements

Fiduciary Fund Type	Account Groups		Totals (Memorandum Only) Primary Government	Component Unit	Totals (Memorandum Only) Reporting Entity
	General Fixed Assets	General Long-Term Obligations			
Agency					
\$1,674,358			\$16,326,398		\$16,326,398
248,362			365,847	4,617,848	4,983,695
9,147			819,121		819,121
			8,333,501	2,655,871	10,989,372
872,759			8,989,027	32,575	9,021,602
			2,455,909		2,455,909
			1,806,155		1,806,155
			56,088		56,088
			766,137		766,137
			2,253,537	2,024,235	4,277,772
			1,692,665	187,416	1,880,081
			52,055		52,055
			7,748,608		7,748,608
				8,613	8,613
				11,000	11,000
				117,580	117,580
				110,101	110,101
	27,635,836		71,990,431	12,856,672	84,847,103
		972,084	972,084		972,084
		39,346,143	39,346,143		39,346,143
<u>\$2,804,626</u>	<u>\$27,635,836</u>	<u>\$40,318,227</u>	<u>\$163,973,706</u>	<u>\$22,621,911</u>	<u>\$186,595,617</u>

(continued)

CITY OF YOUNGSTOWN
MAHONING COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)
DECEMBER 31, 2000

	Governmental Fund Types				Proprietary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
Liabilities, Fund Equity and Other Credits					
Liabilities					
Accounts Payable	\$189,071	\$483,101		\$82,277	\$387,821
Contracts Payable		45,000		26,493	86,718
Interfund Payable		1,323,146	150,000	982,763	
Accrued Wages and Benefits	242,988	848,043			289,671
Compensated Absences Payable	81,723	177,613			972,966
Due to Other Funds	208,071				487,445
Due to Other Governments	446,175	2,254,891			948,961
Deferred Revenue	911,074	1,803,808	4,376,181	58,205	
Undistributed Monies					
Deposits Held and Due to Others					
Retainage Payable					2,500
Other Liabilities					
Matured Bonds Payable			60,000		
Matured Interest Payable			18,412		
Accrued Interest Payable				12,668	
Notes Payable				3,900,000	
Payable from Restricted Assets:					
Accounts Payable					
HUD Section 108 Loans Payable					
OWDA Loans Payable					8,024,384
General Obligation Bonds Payable (net where applicable of unamortized costs)					1,560,143
Revenue Bonds Payable					240,000
Industrial Development Revenue Bonds Payable					
Total Liabilities	2,079,102	6,935,602	4,604,593	5,062,406	13,000,609
Fund Equity and Other Credits					
Investment in General Fixed Assets					
Contributed Capital					34,511,557
Retained Earnings:					
Unreserved					13,880,833
Fund Balance:					
Reserved for Encumbrances	949,437	1,685,208		468,858	
Reserved for Inventory	30,378	412,025			
Reserved for Notes Receivable	0	7,748,608			
Unreserved, Undesignated (Deficit)	4,296,927	258,336	972,084	(3,681,546)	
Total Fund Equity (Deficit) and Other Credits	5,276,742	10,104,177	972,084	(3,212,688)	48,392,390
Total Liabilities, Fund Equity and Other Credits	\$7,355,844	\$17,039,779	\$5,576,677	\$1,849,718	\$61,392,999

See accompanying notes to the general purpose financial statements

Fiduciary Fund Type	Account Groups		Totals (Memorandum Only) Primary Government	Component Unit	Totals (Memorandum Only) Reporting Entity
	General Fixed Assets	General Long-Term Obligations			
Agency					
			\$1,142,270	\$431,316	\$1,573,586
			158,211		158,211
			2,455,909		2,455,909
			1,380,702	662,941	2,043,643
		5,219,705	6,452,007		6,452,007
70,621			766,137		766,137
1,703,792		1,383,572	6,737,391	24,737	6,762,128
			7,149,268		7,149,268
64,389			64,389		64,389
965,824			965,824		965,824
			2,500		2,500
			0	187,746	187,746
			60,000		60,000
			18,412		18,412
			12,668		12,668
		600,000	4,500,000		4,500,000
				51,727	51,727
		10,049,950	10,049,950		10,049,950
			8,024,384		8,024,384
		21,765,000	23,325,143		23,325,143
			240,000		240,000
		1,300,000	1,300,000		1,300,000
2,804,626		40,318,227	74,805,165	1,358,467	76,163,632
	27,635,836		27,635,836		27,635,836
			34,511,557	12,199,127	46,710,684
			13,880,833	9,064,317	22,945,150
			3,103,503		3,103,503
			442,403		442,403
			7,748,608		7,748,608
			1,845,801		1,845,801
	27,635,836		89,168,541	21,263,444	110,431,985
\$2,804,626	\$27,635,836	\$40,318,227	\$163,973,706	\$22,621,911	\$186,595,617

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAT ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Revenues					
Municipal Income Taxes	\$21,832,864	\$8,392,426		\$2,797,366	\$33,022,656
Property and Other Taxes	279,012		1,742,853		2,021,865
Charges for Services	2,988,308	841,356			3,829,664
Licenses and Permits	387,964	4,340			392,304
Fines and Forfeitures	639,005	28,180		213,448	880,633
Intergovernmental	6,967,869	14,549,684	350,989	1,154,080	23,022,622
Special Assessments			2,552		2,552
Interest	899,303	159,301	31,060		1,089,664
Rentals	279,851	29,523		57,770	367,144
Donations		1,500			1,500
Franchise Fees	648,874	462			649,336
Other	313,350	146,219		500	460,069
Total Revenues	35,236,400	24,152,991	2,127,454	4,223,164	65,740,009
Expenditures					
Current:					
General Government	10,419,592		113,057		10,532,649
Security of Persons and Property	459,697	25,692,851			26,152,548
Public Health and Welfare	963,494	860,867			1,824,361
Transportation	725,061	6,344,864			7,069,925
Community Environment	418,422	8,008,721			8,427,143
Basic Utility Services	2,572,766				2,572,766
Leisure Time Activities	41,688	2,534,158			2,575,846
Capital Outlay				4,838,906	4,838,906
Debt Service:					
Principal Retirement		875,000	1,395,000	770,000	3,040,000
Interest and Fiscal Charges		716,448	1,598,776	37,996	2,353,220
Total Expenditures	15,600,720	45,032,909	3,106,833	5,646,902	69,387,364
Excess of Revenues Over (Under) Expenditures	19,635,680	(20,879,918)	(979,379)	(1,423,738)	(3,647,355)
Other Financing Sources (Uses)					
Proceeds of Notes				600,000	600,000
Proceeds of Bonds			10,355,000		10,355,000
Proceeds of HUD Section 108 Loans		1,000,000			1,000,000
Principal Paid to Refund General Obligation Bonds			(9,182,459)		(9,182,459)
Sale of Fixed Assets		43,437		150,000	193,437
Operating Transfers In	955,070	20,436,772	899,586	2,725,448	25,016,876
Operating Transfers Out	(20,520,657)	(646,384)		(2,583,450)	(23,750,491)
Total Other Financing Sources (Uses)	(19,565,587)	20,833,825	2,072,127	891,998	4,232,363
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	70,093	(46,093)	1,092,748	(531,740)	585,008
Fund Balances (Deficit)					
Beginning of Year - Restated (Note 3)	5,205,241	10,126,870	(120,664)	(2,680,948)	12,530,499
Increase in Reserve for Inventory	1,408	23,400			24,808
Fund Balances (Deficit) End of Year	\$5,276,742	\$10,104,177	\$972,084	(\$3,212,688)	\$13,140,315

See accompanying notes to the general purpose financial statements.

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CITY OF YOUNGSTOWN
MAHONING COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Taxes	\$22,391,000	\$22,380,988	(\$10,012)
Property and Other Taxes	314,000	279,012	(34,988)
Charges for Services	2,930,250	2,940,824	10,574
Licenses and Permits	462,150	387,964	(74,186)
Fines and Forfeitures	645,100	590,675	(54,425)
Intergovernmental	6,614,061	6,653,578	39,517
Special Assessments			
Interest	726,000	978,769	252,769
Rentals	289,500	279,851	(9,649)
Donations			
Franchise Fees	521,500	516,323	(5,177)
Other	244,200	313,777	69,577
<i>Total Revenues</i>	<u>35,137,761</u>	<u>35,321,761</u>	<u>184,000</u>
Expenditures			
Current:			
General Government	11,896,492	10,768,233	1,128,259
Security of Persons and Property	507,817	486,843	20,974
Public Health and Welfare	1,119,234	1,018,691	100,543
Transportation	797,221	790,952	6,269
Community Environment	552,887	429,129	123,758
Basic Utility Services	2,346,867	2,342,553	4,314
Leisure Time Activities	50,050	50,015	35
Capital Outlay			
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
<i>Total Expenditures</i>	<u>17,270,568</u>	<u>15,886,416</u>	<u>1,384,152</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>17,867,193</u>	<u>19,435,345</u>	<u>1,568,152</u>
Other Financing Sources (Uses)			
Proceeds of Notes			
Sale of Fixed Assets	1,000		(1,000)
Operating Transfers In	1,151,229	955,070	(196,159)
Operating Transfers Out	(20,568,967)	(20,520,657)	48,310
<i>Total Other Financing Sources (Uses)</i>	<u>(19,416,738)</u>	<u>(19,565,587)</u>	<u>(148,849)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(1,549,545)	(130,242)	1,419,303
<i>Fund Balances Beginning of Year</i>	2,066,594	2,066,594	
Unexpended Prior Year Encumbrances	50,834	50,834	
<i>Fund Balances (Deficit) End of Year</i>	<u>\$567,883</u>	<u>\$1,987,186</u>	<u>\$1,419,303</u>

See accompanying notes to the general purpose financial statements

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$8,315,000	\$8,280,283	(\$34,717)			
1,046,938	804,861	(242,077)	1,971,654	1,742,853	(228,801)
4,797	3,940	(857)			
70,000	30,384	(39,616)			
23,696,308	13,800,977	(9,895,331)	328,771	350,989	22,218
			1,650	2,552	902
311,004	159,725	(151,279)	10,000	32,495	22,495
21,356	29,523	8,167			
	1,500	1,500			
554	437	(117)			
5,754	146,119	140,365		48,255	48,255
<u>33,471,711</u>	<u>23,257,749</u>	<u>(10,213,962)</u>	<u>2,312,075</u>	<u>2,177,144</u>	<u>(134,931)</u>
			120,000	113,057	6,943
26,328,960	25,067,908	1,261,052			
1,388,026	863,026	525,000			
6,688,654	6,359,120	329,534			
13,926,432	5,958,019	7,968,413			
3,037,400	3,054,759	(17,359)			
875,000	875,000		1,845,000	1,395,000	450,000
1,198,437	716,448	481,989	1,255,485	1,206,052	49,433
<u>53,442,909</u>	<u>42,894,280</u>	<u>10,548,629</u>	<u>3,220,485</u>	<u>2,714,109</u>	<u>506,376</u>
<u>(19,971,198)</u>	<u>(19,636,531)</u>	<u>334,667</u>	<u>(908,410)</u>	<u>(536,965)</u>	<u>371,445</u>
			600,000		(600,000)
37,000	41,667	4,667			
22,219,717	21,923,669	(296,048)		899,586	899,586
<u>(2,164,897)</u>	<u>(2,443,468)</u>	<u>(278,571)</u>			
<u>20,091,820</u>	<u>19,521,868</u>	<u>(569,952)</u>	<u>600,000</u>	<u>899,586</u>	<u>299,586</u>
120,622	(114,663)	(235,285)	(308,410)	362,621	671,031
2,748,714	2,748,714		27,901	27,901	
355,541	355,541				
<u>\$3,224,877</u>	<u>\$2,989,592</u>	<u>(\$235,285)</u>	<u>(\$280,509)</u>	<u>\$390,522</u>	<u>\$671,031</u>

(continued)

CITY OF YOUNSTOWN
MAHONING COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Taxes	\$2,771,500	\$2,760,085	(\$11,415)
Property and Other Taxes			
Charges for Services			
Licenses and Permits			
Fines and Forfeitures	189,500	198,114	8,614
Intergovernmental	4,500,000	1,335,653	(3,164,347)
Special Assessments			
Interest			
Rentals	105,000	64,044	(40,956)
Donations			
Franchise Fees			
Other	10,000	500	(9,500)
<i>Total Revenues</i>	<u>7,576,000</u>	<u>4,358,396</u>	<u>(3,217,604)</u>
Expenditures			
Current:			
General Government			
Security of Persons and Property			
Public Health and Welfare			
Transportation			
Community Environment			
Basic Utility Services			
Leisure Time Activities			
Capital Outlay	10,192,222	6,144,105	4,048,117
Debt Service:			
Principal Retirement		170,000	(170,000)
Interest and Fiscal Charges		37,124	(37,124)
<i>Total Expenditures</i>	<u>10,192,222</u>	<u>6,351,229</u>	<u>3,840,993</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,616,222)</u>	<u>(1,992,833)</u>	<u>623,389</u>
Other Financing Sources (Uses)			
Proceeds of Notes			
Sale of Fixed Assets	715,000	150,000	(565,000)
Operating Transfers In	1,730,000	2,725,448	995,448
Operating Transfers Out	(2,583,450)	(2,583,450)	
<i>Total Other Financing Sources (Uses)</i>	<u>(138,450)</u>	<u>291,998</u>	<u>430,448</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(2,754,672)</u>	<u>(1,700,835)</u>	<u>1,053,837</u>
<i>Fund Balances Beginning of Year</i>	1,452,860	1,452,860	
Unexpended Prior Year Encumbrances	3,466	3,466	
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$1,298,346)</u>	<u>(\$244,509)</u>	<u>\$1,053,837</u>

See accompanying notes to the general purpose financial statements

Total (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$33,477,500	\$33,421,356	(\$56,144)
2,285,654	2,021,865	(263,789)
3,977,188	3,745,685	(231,503)
466,947	391,904	(75,043)
904,600	819,173	(85,427)
35,139,140	22,141,197	(12,997,943)
1,650	2,552	902
1,047,004	1,170,989	123,985
415,856	373,418	(42,438)
	1,500	1,500
522,054	516,760	(5,294)
259,954	508,651	248,697
<u>78,497,547</u>	<u>65,115,050</u>	<u>(13,382,497)</u>
12,016,492	10,881,290	1,135,202
26,836,777	25,554,751	1,282,026
2,507,260	1,881,717	625,543
7,485,875	7,150,072	335,803
14,479,319	6,387,148	8,092,171
2,346,867	2,342,553	4,314
3,087,450	3,104,774	(17,324)
10,192,222	6,144,105	4,048,117
2,720,000	2,440,000	280,000
2,453,922	1,959,624	494,298
<u>84,126,184</u>	<u>67,846,034</u>	<u>16,280,150</u>
<u>(5,628,637)</u>	<u>(2,730,984)</u>	<u>2,897,653</u>
600,000		(600,000)
753,000	191,667	(561,333)
25,100,946	26,503,773	1,402,827
<u>(25,317,314)</u>	<u>(25,547,575)</u>	<u>(230,261)</u>
<u>1,136,632</u>	<u>1,147,865</u>	<u>11,233</u>
(4,492,005)	(1,583,119)	2,908,886
6,296,069	6,296,069	
409,841	409,841	
<u>\$2,213,905</u>	<u>\$5,122,791</u>	<u>\$2,908,886</u>

CITY OF YOUNGSTOWN
MAHONING COUNTY

**COMBINED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND EQUITY
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Component Unit</u>	<u>Totals (Memorandum Only) Reporting Entity</u>
	<u>Enterprise</u>		
Operating Revenues			
Charges for Services	\$31,525,881	\$680,769	\$32,206,650
Other	16,790		16,790
<i>Total Operating Revenues</i>	<u>31,542,671</u>	<u>680,769</u>	<u>32,223,440</u>
Operating Expenses			
Personal Services	9,910,582	3,976,579	13,887,161
Contractual Services	12,962,714	1,363,319	14,326,033
Materials and Supplies	1,494,068	1,074,014	2,568,082
Other		56,301	56,301
Depreciation	2,453,639	1,070,683	3,524,322
<i>Total Operating Expenses</i>	<u>26,821,003</u>	<u>7,540,896</u>	<u>34,361,899</u>
<i>Operating Income (Loss)</i>	<u>4,721,668</u>	<u>(6,860,127)</u>	<u>(2,138,459)</u>
Non-Operating Revenues (Expenses)			
Property Taxes		2,560,892	2,560,892
Interest	2,084	149,287	151,371
Grants		3,753,726	3,753,726
Interest and Fiscal Charges	(947,966)		(947,966)
Gain on Disposal of Fixed Assets		13,478	13,478
Other Non-Operating Revenues		30,811	30,811
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(945,882)</u>	<u>6,508,194</u>	<u>5,562,312</u>
<i>Income (Loss) Before Operating Transfers</i>	<u>3,775,786</u>	<u>(351,933)</u>	<u>3,423,853</u>
Operating Transfers In	330,000		330,000
Operating Transfers Out	(1,596,385)		(1,596,385)
<i>Net Income (Loss)</i>	<u>2,509,401</u>	<u>(351,933)</u>	<u>2,157,468</u>
Depreciation on Fixed Assets Acquired by Contributed Capital		1,010,294	1,010,294
<i>Retained Earnings Beginning of Year - Restated (Note 3)</i>	<u>11,371,432</u>	<u>8,405,956</u>	<u>19,777,388</u>
<i>Retained Earnings End of Year</i>	<u>13,880,833</u>	<u>9,064,317</u>	<u>22,945,150</u>
Contributed Capital Beginning of Year	34,511,557	7,956,359	42,467,916
Other Contributions:			
Capital Grants		5,253,062	5,253,062
Depreciation on Fixed Assets Acquired by Contributed Capital		(1,010,294)	(1,010,294)
Contributed Capital End of Year	<u>34,511,557</u>	<u>12,199,127</u>	<u>46,710,684</u>
<i>Total Fund Equity End of Year</i>	<u>\$48,392,390</u>	<u>\$21,263,444</u>	<u>\$69,655,834</u>

See accompanying notes to the general purpose financial statements

**CITY OF YOUNSTOWN
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for Services	\$30,381,000	\$30,187,822	(\$193,178)
Interest		2,084	2,084
Other	17,500	16,790	(710)
<i>Total Revenues</i>	<u>30,398,500</u>	<u>30,206,696</u>	<u>(191,804)</u>
Expenses			
Personal Services	10,399,727	9,897,779	501,948
Contractual Services	13,431,699	12,420,649	1,011,050
Materials and Supplies	2,687,693	2,556,310	131,383
Capital Outlay	2,282,155	1,746,355	535,800
Debt Service:			
Principal Retirement	1,254,311	1,254,307	4
Interest and Fiscal Charges	932,083	932,083	
<i>Total Expenses</i>	<u>30,987,668</u>	<u>28,807,483</u>	<u>2,180,185</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(589,168)	1,399,213	1,988,381
Operating Transfers In	610,188	640,187	29,999
Operating Transfers Out	(1,627,550)	(1,596,385)	31,165
<i>Excess of Revenues Over (Under) Expenses and Operating Transfers</i>	(1,606,530)	443,015	2,049,545
<i>Fund Equity Beginning of Year</i>	3,731,392	3,731,392	
Unexpended Prior Year Encumbrances	1,104,090	1,104,090	
<i>Fund Equity End of Year</i>	<u>\$3,228,952</u>	<u>\$5,278,497</u>	<u>\$2,049,545</u>

See accompanying notes to the general purpose financial statements

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Component Unit</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>		
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$30,187,822	\$680,003	\$30,867,825
Cash Payments to Suppliers for Goods and Services	(2,565,606)	(2,217,869)	(4,783,475)
Cash Payments for Contractual Services	(12,625,822)		(12,625,822)
Cash Payments for Employee Services and Benefits	(9,897,779)	(3,921,380)	(13,819,159)
Other Operating Revenues	16,790		16,790
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>5,115,405</u>	<u>(5,459,246)</u>	<u>(343,841)</u>
Cash Flows from Noncapital Financing Activities			
Operating Transfers from Other Funds	330,000		330,000
Operating Transfers to Other Funds	(1,596,385)		(1,596,385)
Operating Grants		4,430,757	4,430,757
Property Taxes		2,710,579	2,710,579
Repayment of Advances to Other Funds	310,187		310,187
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>(956,198)</u>	<u>7,141,336</u>	<u>6,185,138</u>
Cash Flows from Capital and Related Financing Activities			
Capital Grants		5,284,301	5,284,301
Principal Payments on General Obligation Bonds	(10,000)		(10,000)
Interest Payments on General Obligation Bonds	(78,422)		(78,422)
Principal Payments on OWDA Loans	(1,124,307)		(1,124,307)
Interest Payments on OWDA Loans	(832,961)		(832,961)
Principal Payments on Revenue Bonds	(120,000)		(120,000)
Interest Payments on Revenue Bonds	(20,700)		(20,700)
Acquisition of Capital Assets	(3,053,398)	(5,268,970)	(8,322,368)
Proceeds from Sale of Assets		21,750	21,750
<i>Net Cash Provided By (Used for) Capital and Related Financing Activities</i>	<u>(5,239,788)</u>	<u>37,081</u>	<u>(5,202,707)</u>
Cash Flows from Investing Activities			
Interest on Investments	2,084	149,287	151,371
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(1,078,497)	1,868,458	789,961
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>7,169,182</u>	<u>2,866,970</u>	<u>10,036,152</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$6,090,685</u>	<u>\$4,735,428</u>	<u>\$10,826,113</u>

See accompanying notes to the general purpose financial statements

CITY OF YOUNGSTOWN
MAHONING COUNTY

COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Proprietary Fund Type</u>	<u>Component Unit</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>		
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
<i>Operating Income (Loss)</i>	\$4,721,668	(\$6,860,127)	(\$2,138,459)
Adjustments:			
Depreciation	2,453,639	1,070,683	3,524,322
(Increase) Decrease in Assets:			
Accounts Receivable	(699,722)	(766)	(700,488)
Due from Other Governments	(300,000)		(300,000)
Due from Other Funds	(695,516)		(695,516)
Materials and Supplies Inventory	(536,594)	16,639	(519,955)
Prepaid Items		(61)	(61)
Increase (Decrease) in Liabilities:			
Accounts Payable	(534,944)	260,818	(274,126)
Contracts Payable	(184,978)		(184,978)
Accrued Wages and Benefits	26,120	54,918	81,038
Compensated Absences Payable	23,052		23,052
Due to Other Funds	487,445		487,445
Due to Other Government	352,735		352,735
Other Payable		(1,350)	(1,350)
Retainage Payable	2,500		2,500
<i>Total Adjustments</i>	<u>393,737</u>	<u>1,400,881</u>	<u>1,794,618</u>
<i>Net Cash Provided By (Used for) Operating Activities</i>	<u>\$5,115,405</u>	<u>(\$5,459,246)</u>	<u>(\$343,841)</u>

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City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

1. REPORTING ENTITY

The City of Youngstown 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.

In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments and organizations making up the City of Youngstown (the primary government) and its potential component units consistent with Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity."

The primary government comprises all activities and services which are not legally separate from the City. The City provides various services including a municipal court, public safety (police and fire), highways and streets, parks and recreation, public improvements, community development (planning and zoning), public health, sewers, sanitation, parking, and general administrative and legislative services. The operation of each of these activities is directly controlled by Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

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 organization's governing 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 the deficits of, or provided financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations which are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes.

Discretely Presented Component Unit - The component unit columns in the combined financial statements identifies the financial data of the City's component unit, the Western Reserve Transit Authority. It is reported separately to emphasize that it is legally separate from the City.

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. The five-member Board of Trustees is appointed by the City (four by the Mayor and one by City Council). Potential exists for the City to subsidize operating expenses, although this has not occurred. Based on the potential for the WRTA to impose financial burdens on the City, the WRTA is reflected as a component unit of the City. Separately issued financial statements can be obtained from the Western Reserve Transit Authority, 604 Mahoning Avenue, Youngstown, Ohio 44446.

The City participates in the following jointly governed organizations. These organizations are presented in Note 14 to the combined financial statements.

Jointly Governed Organizations
Mahoning County Drug Task Force
Eastgate Development and Transportation Agency
Youngstown Metropolitan Housing Authority
Metropolitan Fire Investigation Unit

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

1. REPORTING ENTITY - (Continued)

The City is also associated with the Community Improvement Corporation (CIC). The CIC is a not-for-profit corporation which was formed in 1988. The 20 member board, which consists of 8 members appointed by the City and 12 local businessmen, promotes industrial and economic development within the central area of the City. The CIC has been excluded from the reporting entity.

Information in the notes to the general purpose financial statements relates in general to the primary government. Information relating to the operations of the WRTA (component unit) is specifically identified.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

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

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

Special Revenue Funds These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditure for specified purposes.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Debt Service Fund This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs.

Capital Projects Funds These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Type Proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The following is the City's proprietary fund type:

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

Fiduciary Fund Type Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. There are two types of fiduciary funds, trust and agency. The City has no trust funds.

Agency Funds Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

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

General Fixed Assets Account Group The general fixed assets account group is used to account for fixed assets of the City other than those accounted for in the proprietary funds.

General Long-term Obligations Account Group The general long-term obligations account group is used to account for all long-term obligations of the City, except those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is sixty days after year-end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: income taxes withheld by employers, interest on investments, fines and forfeitures, and state levied locally shared taxes (including motor vehicle license fees, gasoline taxes, and local government assistance).

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Levied special assessments are measurable and have been recorded as a receivable. Since all assessments are due outside of the available period, the entire amount has been deferred. Current and delinquent property taxes measurable as of December 31, 2000, whose availability is indeterminate and which are not intended to finance the current year, have also been recorded as a receivable and deferred revenue as further described in Note 8.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and become measurable and expenses are recognized when they are incurred, if measurable. Unbilled service charges receivable are recognized as revenue at year-end.

Component Unit Basis of Accounting

The WRTA follows the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. The measurement focus is on determination of net income, financial position and cash flows. All transactions are accounted for in a single enterprise fund.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. All funds, other than agency funds, are legally required to be budgeted and appropriated. Budgetary information for the WRTA (component unit) is not reported because it is not included in the entity for which the "appropriated budget" is adopted and does not maintain its own budgetary information. The legal level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

Tax Budget A tax budget of estimated revenue and expenditures for all funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year.

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized property tax rates 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. 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 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 final amended certificate issued during 2000.

Appropriations A temporary appropriation ordinance 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 by an ordinance of Council. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts. Several amendments and modifications were legally enacted by Council during the year.

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. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and as note disclosure for proprietary funds.

D. CASH AND CASH EQUIVALENTS

To improve cash management, cash received by the City is pooled. Monies for all funds, including the proprietary fund, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet. The general fund made an advance to the litter control program and juvenile diversion grant special revenue funds and the industrial land acquisition capital projects fund to eliminate the funds' negative cash balances. The special revenue and capital projects funds have interfund payables for the amount of the advance received from the general fund and the general fund has an interfund receivable for the same amount on the combined balance sheet.

During 2000, investments were limited to repurchase agreements and non-negotiable certificates of deposit which are nonparticipating investment contracts and are reported at cost. The City also invests in Firststar Cash Management Fund which is a money market mutual fund. This mutual fund is reported at fair value which is determined by the fund's December 31, 2000 share price.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2000 amounted to \$899,303, which includes \$793,795 assigned from other City funds.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest-bearing depository accounts and short-term investments in certificates of deposit are presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City's treasury.

The City utilizes a financial institution to service general obligation bonded debt as principal and interest come due and a trustee (FIRSTAR) to collect revenue and retire principal and interest on its industrial development revenue bonds and police and fire pension liability. The balances of these accounts are presented on the combined balance sheet as "cash and cash equivalents with fiscal and escrow agents" and represent deposits or short-term investments with an original maturity of three months or less.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments not purchased from the pool with an original maturity of more than three months are reported as investments.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Inventory of Supplies

Primary Government Inventory is valued at cost on a first-in, first-out basis. At December 31, 2000, the general, special revenue, and proprietary funds maintained the only significant inventory. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. The reserve for inventory indicates that a portion of the fund balance is not available for future expenditures.

Component Unit Inventory is stated at the lower of cost (average cost method) or market. Inventory generally consists of maintenance parts and supplies for rolling stock and other transportation equipment.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Restricted Assets

Restricted assets of the component unit consist of monies and other resources which are legally restricted for capital acquisition and construction.

H. Fixed Assets

Primary Government

The City has been unable to determine the historical or estimated historical cost of its land; therefore, complete fixed asset information has not been presented. The other fixed asset values were initially determined at December 31, 1992, by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency are capitalized at cost in the general fixed assets account group or in the enterprise funds.

General Fixed Assets General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Assets in the general fixed assets account group are not depreciated.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized or reported, as these assets are immovable and of value only to the City.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Proprietary Fund Fixed Assets Fixed assets associated with the enterprise funds are accounted for in those funds. Depreciation is expensed and closed to unreserved retained earnings at year end. Depreciation is calculated using the straight-line method over the following estimated useful lives:

	Estimated Lives
Buildings	50 Years
Improvements Other than Buildings	20 Years
Machinery and Equipment	5 - 30 Years
Infrastructure	65 Years
Vehicles	8 Years

Interest is capitalized on proprietary fund assets acquired with tax exempt borrowing. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2000, there were no capitalized interest costs incurred on construction projects in the proprietary funds.

Component Unit Fixed Assets Property, facilities and equipment are stated at historical cost. The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related properties. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Estimated Lives
Buildings and Improvements	20 - 35 Years
Transportation Equipment	7 - 12 Years
Other Equipment	4 - 15 Years

Depreciation recognized on assets acquired or constructed through grants externally restricted for capital acquisitions is closed to contributed capital.

I. Compensated Absences

The City follows the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for 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 20 to the General Purpose Financial Statements.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For governmental funds, the current portion of unpaid compensated absences is the amount to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of unpaid compensated absences is reported as a fund liability.

J. *Accrued Liabilities and Long-term Obligations*

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions, and special termination benefits are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. In general, payments made more than two months after year-end are considered not to have been paid using current available financial resources. The bond anticipation note that was rolled over prior to the issuance of the financial statements has been reported in the general long-term obligations account group. Bonds, police and firemen's liability and long-term loans are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

K. *Contributed Capital*

Contributed capital represents donations by developers, contributions made by other City funds, and assets whose construction was financed by EPA grants. These assets are recorded at their fair market value on the date contributed and are not subject to repayment.

L. *Reserves of Fund Equity*

Reserves of fund equity in governmental funds indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for encumbrances, inventory of supplies and materials and notes receivable.

M. *Interfund Transactions*

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund, and a reduction of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. *Intergovernmental Revenues*

Primary Government In governmental funds, federal grants awarded on a non-reimbursement basis and federal entitlements are recorded as intergovernmental receivables and revenues when measurable and available. Federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related liabilities are incurred.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Component Unit Financial assistance and grants are received from the Federal Transit Authority and the Ohio Department of Transportation. Operating grants and special fare assistance awards are recorded as grant receivables and revenues over the entitlement period. Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as grant receivables and credited to contributed capital when the related qualified expenditures are incurred. Capital grants received in advance of project costs being incurred are deferred.

O. Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" and "due to other funds". Short-term interfund loans are classified as "interfund receivables/payables."

P. Estimates

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

Q. Total Columns - Memorandum Only

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. When the title of a statement indicates that a component unit is included, two total columns may be presented. The first is captioned primary government to indicate that only those activities that comprise the City's legal entity have been included. The second is captioned reporting entity and includes the activity and operations of the City's legally separate discretely presented component unit. The total column on statements which do not include a component unit have no additional caption.

3. RESTATEMENT OF PRIOR YEAR'S FUND EQUITY

For the year ended December 31, 1999, the following adjustments resulted in the restatement of beginning fund balance/retained earnings in the special revenue and enterprise funds. The table below provides the details of these adjustments and the resulting effect on fund balance/retained earnings.

	Special Revenue	Enterprise
Fund Balance/Retained Earnings as Previously	\$10,108,887	\$8,319,973
Understatement of Notes Receivable	17,983	0
Understatement of Fixed Assets	0	3,051,459
Restated Balance December 31, 1999	<u>\$10,126,870</u>	<u>\$11,371,432</u>

The effect of these changes on the excess of revenues and other financing sources over expenditures and other financing uses/net income as previously reported for the year ended December 31, 1999, is as follows:

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

3. RESTATEMENT OF PRIOR YEAR'S FUND EQUITY - (Continued)

	Special Revenue	Enterprise
Excess/Net Income as Previously Reported	\$2,779,404	\$1,845,919
Understatement of Notes Receivable	17,983	0
Understatement of Fixed Assets	0	1,279,967
Restated Excess/Net Income for the year ended December 31, 1999	\$2,797,387	\$4,897,378

The general fixed asset account group total assets increased from \$24,551,094 to \$24,966,033 as of December 31, 1999, due to a restatement for fixed assets.

4. BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type 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 the GAAP (generally accepted accounting principles) basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure/expense (budget basis) at the time authorized as opposed to a reservation of fund balance for unperformed purchase commitments in governmental fund types and note disclosure for proprietary fund types (GAAP basis).
- (d) Short-term note proceeds and note principal retirement for governmental fund types are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
- (e) Unreported cash represents amounts received/paid but not included as revenue/expenditure on the budget basis operating statements. These amounts are included as revenue/expenditure on the GAAP basis operating statement.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

4. BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the governmental funds, enterprise funds and component unit are as follows:

**Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types**

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$70,093	(\$46,093)	\$1,092,748	(\$531,740)
Net Adjustment for Revenue Accruals	85,361	(1,207,199)	1,435	(464,768)
Transfers In	0	1,486,897	0	0
Proceeds of Bonds	0	0	(10,306,745)	0
Net Adjustment for Expenditure Accruals	412,028	2,992,486	0	(227,063)
Principal Retirement	0	(1,000,000)	9,182,459	0
Interest and Fiscal Charges	0	0	392,724	872
Transfers Out	0	(1,797,084)		
Interfund Receivable	0	310,187	0	0
Disbursement Against Prior Year	306,004	1,089,800	0	13,043
Encumbrances	(1,003,728)	(1,943,657)	0	(491,179)
Budget Basis	<u>(\$130,242)</u>	<u>(\$114,663)</u>	<u>\$362,621</u>	<u>(\$1,700,835)</u>

**Net Income (Loss)/Excess of Revenues Over (Under)
Expenses and Operating Transfers
Proprietary Fund Type and Component Unit**

	Enterprise	Component Unit
GAAP Basis	\$2,509,401	(\$351,933)
Net Adjustment for Revenue Accruals	(1,338,059)	0
Repayment of Interfund Payable	310,187	0
Net Adjustment for Expense Accruals	(705,960)	0
Capital Outlay	(3,053,398)	0
Principal Retirement	(1,254,307)	0
Disbursement Against Prior Year	2,333,700	0
Encumbrances		
Depreciation Expense	2,453,639	0
Net Income - Non-Budgeted Funds	0	351,933
Encumbrances	(812,188)	0
Budget Basis	<u>\$443,015</u>	<u>\$0</u>

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

5. ACCOUNTABILITY AND COMPLIANCE

A. Fund Deficits

The following funds had deficit fund balances at December 31, 2000:

Special Revenue Funds	
SCMR Fund	\$612,989
Revolving Demolition	750,000
Juvenile Diversion Grant	24,675
Local Homes Trust	14,839
Emergency Shelter Grant	41,752
Litter Control	36,024
Capital Projects Funds	
Industrial Land Acquisition	4,806,535

Special revenue fund deficits are caused by expenditures being higher than revenues and the recognition of expenditures on the modified accrual basis of accounting which are substantially greater than expenditures recognized on a cash basis. The general fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

The deficit in the capital projects fund arose from the requirement to report bond anticipation note liability in the fund which received the note proceeds. The deficits will be alleviated when the bonds are issued or when the notes are paid.

B. Compliance

The following funds had appropriations in excess of estimated resources and carryover balances contrary to Section 5705.39, Ohio Revised Code:

Fund	Estimated Resources	Appropriations	Excess
Capital Projects Funds			
Capital Projects Public Works	4,426,621	4,555,462	128,841
Industrial Land Acquisition	3,224,347	4,865,760	1,641,413

Expenditures are not being certified by the finance director and are not being encumbered as required by Ohio Revised Code Section 5705.41(D).

The City had a negative cash fund balance in the following fund indicating that revenue from other sources were used to pay obligations of this fund contrary to Ohio Revised Code Section 5705.10:

Capital Projects Fund:	
Industrial Land Acquisition	982,763

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

6. DEPOSITS AND INVESTMENTS - (Continued)

A. Primary Government

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

Interim monies can be invested in the following obligations:

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

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

6. DEPOSITS AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits At year end, the carrying amount of the City's deposits was \$11,359,877 and the bank balance was \$10,503,312. Of the bank balance:

1. \$1,234,699 was covered by federal depository insurance.
2. \$9,268,613 was uncollateralized and uninsured. Although the securities were held by the pledging financial institutions trust department or agent in the City's name and all State statutory requirements for the investment of money had been followed, noncompliance with federal requirements could potentially subject the money held in the City's name to a successful claim by the FDIC.

Investments Investments are classified by three categories of risk. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. The investment in the Star Bank Cash Management Fund is not categorized since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreement	\$6,142,342	\$6,142,342	\$6,142,342
Star Bank Cash Management Fund	0	9,147	9,147
<i>Total Investments</i>	<u>\$6,142,342</u>	<u>\$6,151,489</u>	<u>\$6,151,489</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Cash and cash equivalents are defined to include investments with maturities of three months or less at the time of their purchase by the City.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

6. DEPOSITS AND INVESTMENTS - (Continued)

A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement 9</i>	\$17,511,366	\$0
Investments:		
Repurchase Agreement	(6,142,342)	6,142,342
Star Bank Cash Management Fund	(9,147)	9,147
<i>GASB Statement 3</i>	\$11,359,877	\$6,151,489

B. Component Unit

The provisions of the Ohio Revised Code govern the investment and deposit of Authority monies. In accordance with these statutes, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The statutes also permit WRTA to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool (STAR Ohio), and obligations of the United States government and certain agencies thereof. WRTA may also enter into repurchase agreements with any eligible depository or any eligible dealer who is a member of the National Association of Securities Dealers for a period not to exceed thirty days.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 110 percent of the total value of public monies on deposit at the institution, or may deposit surety company bonds which when executed shall be for an amount in excess of collateral requirements. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2 percent and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority's name.

WRTA is prohibited from investing in any financial instruments, contract, or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instruments, contracts, or obligation itself (commonly known as a derivative). The WRTA is also prohibited from investing in reverse purchase agreements.

Deposits The carrying amount of WRTA's deposits was \$90,660 at December 31, 2000 with a \$141,064 bank balance. The deposits include a \$1,000,000 certificate of deposit and \$140,122 in demand deposits. Of the bank balance, \$100,000 was covered by depository insurance and \$41,064 was uninsured and uncollateralized as defined by the Governmental Accounting Standards Board. These uncollateralized deposits were, however, covered by a pledged collateral pool not held in WRTA's name as permitted under Ohio law.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

6. DEPOSITS AND INVESTMENTS - (Continued)

Investments WRTA's investments are detailed below and are categorized in accordance with the criteria established by the Governmental Accounting Standards Board to indicate the level of credit risk assumed as of December 31, 2000. Category 1 includes investments that are insured or registered for which the securities are held by WRTA or its agent in WRTA's name. Category 2 includes investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in WRTA's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in WRTA's name.

	Category 3	Carrying Amount	Fair Value
Repurchase Agreement	\$4,644,768	\$4,644,768	\$4,644,768

A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement 9</i>	\$4,735,428	\$0
Repurchase Agreements	(4,644,768)	4,644,768
<i>GASB Statement 3</i>	\$90,660	\$4,644,768

7. INCOME TAX

The City levies an income tax of two and one 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 one 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 1/4 of 5 mill capital improvement capital projects fund. An additional one-quarter percent was levied in 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 1/4 of 5 mill capital improvement capital projects fund.

8. PROPERTY TAX

A. Primary Government

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 2000 for real and public property taxes represents collections of 1999 taxes. Property tax payments received during 2000 for tangible personal property (other than public utility property) is for 2000 taxes.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

8. PROPERTY TAX - (Continued)

2000 real property taxes are levied after October 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at 35 percent of true value. 2000 real property taxes are collected in and intended to finance 2001.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after October 1, 2000, and are collected in 2000 with real property taxes.

2000 tangible personal property taxes are levied after October 1, 1999, on the values as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 2000, was \$3.70 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based as follows:

Category	Assessed Value
Real Estate	\$453,682,390
Tangible Personal	96,905,800
Public Utility	73,073,470
Total	\$623,661,660

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.

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

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 represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2000. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2000 operations. The receivable is offset by deferred revenue.

B. Component Unit

The WRTA is subsidized by property tax levies passed by the voters of the City. Taxes of 5.0 mills were levied in 1997 and 1996 that expires as follows: 1.0 mill in 2000, 2.0 mills in 2001 and 2.0 mills in 2005. Property tax revenue can be used for operating or capital purposes.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

8. PROPERTY TAX - (Continued)

The WRTA records property tax revenues and related estimated property taxes receivable in the year the taxes are levied. Differences between the estimated property tax receivable and the actual property tax receipts are included in revenue, generally in the following year, when the difference becomes known.

The WRTA receives cash from tax levies when the related property tax collections are distributed by the Mahoning County Auditor's office. These distributions are generally received in the year following that for which the tax is levied.

9. 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.

10. RECEIVABLES

A. Primary Government

Receivables at December 31, 2000, consisted of taxes, accounts (billings for user charged services), notes, interest on investments, special assessments and intergovernmental receivables arising from grants, entitlements or shared revenues. All governmental fund type receivables are considered fully collectible. Utility receivables are reflected at net realizable value net of an allowance of 36 percent for uncollectible accounts.

Notes receivable represent low-interest Community Development Agency loans made to eligible residents and businesses of the City of Youngstown for development projects, home improvements and rental property rehabilitation. Rental property rehabilitation loan agreements state that the loan recipient will not sell the property for ten years after such rehabilitation is completed. The Community Development Agency secures a lien against the property for this ten-year period. Ten percent of the loan is forgiven each year for the duration of the ten-year lien if the rental property owner does not sell the property. At the end of the tenth year, the loan is completely forgiven and the lien is taken off of the property. The outstanding principal balance of unforgiven rental property rehabilitation loans at December 31, 2000 is \$29,001. The outstanding balance of other loans is \$7,719,607 for a total of \$7,748,608, in notes receivable.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

10. RECEIVABLES -(Continued)

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivable	Amount
General	\$585,621
Special Revenue Funds	
Parks and Recreation	56,664
Street Construction, Maintenance and Repair	225,722
Police Levy	517,987
Fire Levy	321,640
\$5 Auto License Fee	31,698
Air Pollution	8,322
Health Department	21,209
CDBG	26,098
Local Homes Trust	10,499
Litter Control	3,506
<i>Total Special Revenue Funds</i>	1,223,345
Capital Projects	
Capital Projects Public Works	144,571
Enterprise Fund	
Sewer	300,000
<i>Total</i>	\$2,253,537

B. Component Unit

Receivables at December 31, 2000, consisted of taxes, accounts, and intergovernmental receivables arising from operating, capital, and planning grants. All receivables are considered fully collectible.

Intergovernmental Receivable	Amount
Federal	\$1,396,027
State	628,208
Total	\$2,024,235

11. FIXED ASSETS

A. Primary Government

All fund fixed assets relate to the water and sewer service enterprise funds. The balances as of December 31, 2000, for the two funds were as follows:

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

11. FIXED ASSETS - (Continued)

Buildings	\$36,232,464
Improvements Other than Buildings	2,142,147
Machinery and Equipment	22,755,148
Construction in Progress	658,646
Infrastructure	19,831,062
Vehicles	<u>2,798,015</u>
 Total	 84,417,482
 Less: Accumulated Depreciation	 <u>(40,062,887)</u>
 Net Fixed Assets	 <u><u>\$44,354,595</u></u>

Changes in general fixed assets during 2000 were as follows:

	Restated Balance 12/31/99	Additions	Reductions	Balance 12/31/00
Buildings	\$11,613,205	\$44,413	\$0	\$11,657,618
Improvements Other than Buildings	1,243,370	457,562	14,018	1,686,914
Machinery and Equipment	5,031,423	1,069,869	0	6,101,292
Vehicles	7,078,035	1,191,675	518,567	7,751,143
Construction in Progress	0	438,869	0	438,869
 Total	 <u>\$24,966,033</u>	 <u>\$3,202,388</u>	 <u>\$532,585</u>	 <u>\$27,635,836</u>

B. Component Unit

The fixed assets of the WRTA as of December 31, 2000, were as follows:

Land	\$693,004
Buildings and Improvements	6,355,599
Transportation Equipment	14,716,006
Other Equipment	<u>1,072,048</u>
 Total	 22,836,657
 Less: Accumulated Depreciation	 <u>(9,979,985)</u>
 Net Fixed Assets	 <u><u>\$12,856,672</u></u>

12. RISK MANAGEMENT

A. Primary Government

Prior to calendar year 2000, the City was a participant in a self-insurance pool (the Ohio Municipal League Joint Self-Insurance Pool) which provided coverage of the types enumerated below.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

12. RISK MANAGEMENT -(Continued)

The City advertised for bids for municipal insurance for calendar year 2000. The City purchased a variety of liability insurance policies through a municipal package with Coregis Insurance Company at a cost of \$234,198. The coverages included: General liability with a limit of \$1 million per occurrence with an aggregate of \$3 million; Law Enforcement liability at \$1 million per occurrence and a \$3 million aggregate; Stoppag Employer's liability and Employee Benefits liability each worth \$1 million aggregate; Automobile liability with \$1 million limit per occurrence; Public Officials liability coverage with \$1 million limit. The foregoing coverages were subject to a \$5,000 retention, with the exception of Automobile liability. An umbrella policy included in the municipal package had limits of \$10 million per occurrence with a \$20 million aggregate.

The City had a Crime Policy through Hartford Insurance Company at a cost of \$3,175 with endorsements providing faithful performance coverage for the three members of the Board of Control, the Mayor, Law Director and Finance Director in the amount of \$1 million each, and \$2,000 coverage for Bailiff, \$25,000 for the Clerk of Courts and \$100,000 for the Finance Director. Additionally, the City had a public official faithful performance bond in the amount of \$25,000 for the Clerk of Courts.

The City had a blanket property casualty coverage through its Coregis municipal insurance package with a limit of \$94,947,208 and a deductible of \$2,500 per occurrence.

In calendar year 2000, the City paid deductibles totaling \$231,071 to the Ohio Municipal League Joint Self-Insurance Pool for cases that had arisen during its period of coverage (1995 through 1999)

Deductibles paid to Coregis during calendar year 2000 totaled \$5,000.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

B. Component Unit

WRTA is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets, flood and earthquake, errors and omissions, employments related matters, injuries to employees and employee theft and fraud. Effective December 31, 1994 WRTA joined together with certain other transit authorities in the State to form Ohio Transit Insurance Pool Association, Inc. (OTIP), a joint self insurance pool pursuant to Section 2744.081 of the Ohio Revised Code, currently operating as a common risk management and insurance program for eight member transit agencies. WRTA pays an annual premium to OTIP for its general insurance coverage and quarterly pays into a loss and administration fund all pursuant to its bylaws. The Agreement of Formation of the OTIP provides that the OTIP will be self-sustaining through member premiums and will reinsure through commercial companies for property damage and claims in excess of \$100,000 and, all liability claims in excess of \$250,000 for each insured occurrence. WRTA is responsible for the first \$1,000 of any claim or occurrence and amounts in excess of \$10 million for the liability claims.

WRTA continues to carry commercial insurance for all its other risk of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the three past fiscal years.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

13. EMPLOYEE BENEFITS

The City provides medical/surgical benefits to employees through Medical Mutual of Ohio. This plan has a \$200 single and \$400 family deductible and then 20 percent of the next \$900 is payable by the employee. An alternative plan with no deductibles or co-payments if network doctors and hospitals are used is also available through Medical Mutual of Ohio.

Prescription coverage from Medical Mutual of Ohio may be purchased by employees. Premiums are \$73.08 monthly on a composite basis with a \$5 per prescription deductible. This prescription coverage is for the PPO coverage only.

The City provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is \$9,500 per employee except for wastewater treatment plant employees who have \$10,000 of coverage per employee. Coverage is provided by the Canada Life Insurance Company. The police employees' life and accidental death and dismemberment insurance is provided by Trans-America Occidental. Coverage is \$20,000 per employee.

Members of the AFCSME 2312 and 2726 have vision and dental insurance. Coverage is provided by the Ohio AFCSME Care Plan. Premiums for the plans are \$24.51 for single coverage and \$75.66 for family coverage.

Several departments have dental and vision coverage through Medical Mutual of Ohio. These departments include wastewater, fire, street, 911, and police. Premiums for the dental plan are \$24.51 for single coverage and \$75.66 for family coverage. Premiums for the vision plan are \$7.40 for single coverage and \$20.79 for family coverage.

14. JOINTLY GOVERNED ORGANIZATIONS

A. 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 2000. Financial information can be obtained from the Mahoning County Drug Task Force, P.O. Box 3379, Boardman, Ohio 44513.

B. Eastgate Development and Transportation Agency

The Eastgate Development and Transportation Agency (EDATA) 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 EDATA is limited to its representation on the board.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

14. JOINTLY GOVERNED ORGANIZATIONS - (Continued)

EDATA develops and reviews plans for regional growth and development and aids in coordinating plans among local governments. Continued existence of EDATA is not dependent on the City's continued participation. In 2000, the City contributed \$33,506 which represents 12 percent of total contributions. Complete financial statements can be obtained from the Eastgate Development and Transportation Agency, 25 East Boardman Street, Youngstown, Ohio 44503.

C. 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.

D. 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.

15. 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.

16. INDUSTRIAL DEVELOPMENT REVENUE BONDS

In 1993, the City issued industrial development revenue bonds in the principal amount of \$5,550,000 on behalf of a private corporation, Ameritech (formerly Ohio Bell). The City is not obligated in any way to pay debt charges on the bonds from any of its funds, and therefore, they have been excluded entirely from the City's debt presentation. There has not been and is not any condition of default under the bonds or the related financing documents. The bonds are secured by resources provided to a trustee through a lease with Ameritech on whose behalf they were issued.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

17. LONG-TERM OBLIGATIONS

Changes in long-term obligations of the City during the year ended December 31, 2000, were as follows:

	Balance 12/31/99	Issued	Retired	Balance 12/31/00
Enterprise Debt				
General Obligation Bonds				
3.10 - 5.10% 1998 Refunding Water Fund Portion	\$1,145,000	\$0	\$5,000	\$1,140,000
3.10 - 5.10% 1998 Refunding Sewer Fund Portion	565,000	0	5,000	560,000
<i>Total General Obligation Bonds</i>	<u>1,710,000</u>	<u>0</u>	<u>10,000</u>	<u>1,700,000</u>
Revenue Bonds				
5.75% 1976 Waterworks System	360,000	0	120,000	240,000
OWDA Loans				
9.99% Wastewater Treatment Plant Improvement - Phase I	1,196,867	0	196,072	1,000,795
10.84% Wastewater Treatment Plant Improvement - Phase II	902,536	0	92,708	809,828
8.97% Wastewater Treatment Plant Improvement - Phase III	5,144,478	0	466,964	4,677,514
8.09% Water Meter Conversion	1,904,810	0	368,563	1,536,247
<i>Total OWDA Loans</i>	<u>9,148,691</u>	<u>0</u>	<u>1,124,307</u>	<u>8,024,384</u>
<i>Total Enterprise Funds Obligations</i>	<u>11,218,691</u>	<u>0</u>	<u>1,254,307</u>	<u>9,964,384</u>
General Long-Term Obligations Account Group				
General Obligations Bonds				
7.25% 1975 Airport Improvements	45,000	0	45,000	0
5.50% 1977 Offstreet Parking	900,000	0	300,000	600,000
3.60 - 7.50% 1995 Various Purpose Improve	4,365,000	0	200,000	4,165,000
3.10 - 5.10% 1998 Advance Refunding	7,375,000	0	730,000	6,645,000
4.40 - 6.00% 2000 Pension Refunding	0	10,355,000	0	10,355,000
<i>Total General Obligations Bonds</i>	<u>12,685,000</u>	<u>10,355,000</u>	<u>1,275,000</u>	<u>21,765,000</u>
Industrial Development Revenue Bonds				
6.0% 1992 Salt Spring Industrial Park Proj.	\$510,000	\$0	\$170,000	\$340,000
6.0% 1993 Ohio Bell Project	1,080,000	0	120,000	960,000
<i>Total Industrial Development Revenue Bonds</i>	<u>1,590,000</u>	<u>0</u>	<u>290,000</u>	<u>1,300,000</u>
HUD Section 108 Loans				
6.52% Exal Project	3,460,000	0	290,000	3,170,000
6.84 - 8.27% Forte Mfg.	500,000	0	85,000	415,000
6.84 - 8.27% Beachwood Village	355,000	0	75,000	280,000
6.84 - 9.03% Youngstown CIC	2,170,000	0	85,000	2,085,000
6.84 - 9.03% Far Art	195,000	0	30,000	165,000
6.84 - 9.03% Cantar/Polyair	1,710,000	0	230,000	1,480,000
6.0125% Youngstown CIC	1,374,950	0	40,000	1,334,950
6.84 - 9.03% Mahoning County Chemical Dependency Program	160,000	0	40,000	120,000

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

	Balance 12/31/99	Issued	Retired	Balance 12/31/00
6.84 - 9.03% Housing Rehab	0	1,000,000	0	1,000,000
<i>Total HUD Section 108 Loans</i>	<u>9,924,950</u>	<u>1,000,000</u>	<u>875,000</u>	<u>10,049,950</u>
Other Long-Term Obligations				
Notes Payable	600,000	600,000	600,000	600,000
Police and Fire Pension	12,558,062	0	12,558,062	0
Due to Other Governments	1,530,306	1,383,572	1,530,306	1,383,572
Compensated Absences	4,872,890	346,815	0	5,219,705
<i>Total Other Long-Term Obligations</i>	<u>19,561,258</u>	<u>2,330,387</u>	<u>14,688,368</u>	<u>7,203,277</u>
<i>Total General Long-Term Obligations</i>	<u>43,761,208</u>	<u>13,685,387</u>	<u>17,128,368</u>	<u>40,318,227</u>
<i>Total</i>	<u><u>\$54,979,899</u></u>	<u><u>\$13,685,387</u></u>	<u><u>\$18,382,675</u></u>	<u><u>\$50,282,611</u></u>

The City's overall legal debt margin was \$18,297,992 at December 31, 2000. Principal and interest requirements to retire the enterprise funds' long-term debt obligations outstanding at December 31, 2000, are as follows:

Year	General Obligation Bonds	Revenue Bonds	OWDA Loans	Total
2001	\$88,062	\$133,800	\$1,957,268	\$2,179,130
2002	177,682	126,900	1,957,268	2,261,850
2003	193,782	0	1,957,268	2,151,050
2004	194,042	0	1,695,936	1,889,978
2005	213,980	0	1,118,966	1,332,946
2006-2010	1,169,295	0	2,047,390	3,216,685
2011-2015	231,220	0	0	231,220
Totals	<u>\$2,268,063</u>	<u>\$260,700</u>	<u>\$10,734,096</u>	<u>\$13,262,859</u>

Principal and interest requirements to retire the general long-term debt obligations outstanding at December 31, 2000, are as follows:

Year	General Obligation Bonds	Industrial Development Revenue Bonds	HUD Section 108 Loans	Total
2001	\$2,530,530	\$366,200	\$1,628,028	\$4,524,758
2002	2,239,724	348,800	1,632,833	4,221,357
2003	1,921,625	161,400	1,782,700	3,865,725
2004	1,943,057	154,200	1,409,377	3,506,634
2005	1,935,227	147,000	1,355,106	3,437,333
2006-2010	9,564,650	337,800	3,981,836	13,884,286
2011-2015	6,127,730	0	1,821,740	7,949,470
2016-2020	3,632,825	0	305,561	3,938,386
2021-2025	3,632,038	0	0	3,632,038
2026-2030	3,629,900	0	0	3,629,900
2031-2035	726,100	0	0	726,100
Totals	<u>\$37,883,406</u>	<u>\$1,515,400</u>	<u>\$13,917,181</u>	<u>\$53,315,987</u>

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

17. LONG-TERM OBLIGATIONS -(Continued)

General obligation bonds and OWDA loans reported in the enterprise funds are payable from charges for services in the enterprise funds. The 1976 waterworks system revenue bonds were issued to construct water mains and a pumping station and are payable from revenues of the water enterprise fund.

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. The general obligation bonds reported in the general long-term obligation account group, are to be repaid from property tax revenues that are received in the debt service fund. The general obligation bonds were sold at a premium of \$48,255.

The industrial development revenue bonds are also direct obligations of the City. The City issued these bonds to attract new business and create jobs for City residents by improving the sites of industrial parks. The Salt Spring Industrial Park Project industrial development revenue bonds are payable from non-tax revenues. The Ohio Bell Project industrial development revenue bonds will be paid from payments in lieu of taxes from Ameritech (formerly Ohio Bell). Collection of these payments in lieu of taxes began in 1996. Ameritech is directly responsible for paying for a portion of the Ohio Bell industrial park project through a separate issue of industrial development revenue bonds (See Note 16).

The HUD Section 108 loans will be paid from community development agency entitlements.

Bond anticipation notes that were rolled over prior to the issuance of the financial statements and have a new maturity beyond the end of the year in which the report is issued, have been reported in the general long-term obligations account group. The notes are backed by the full faith of the City of Youngstown.

On November 25, 1998, the City issued \$10,095,000 in general obligation bonds for the purpose of advance refunding \$7,315,000 general obligation bonds and \$1,505,000 enterprise bonds. As of December 31, 2000, \$8,529,000 of outstanding general obligations bonds and \$1,755,000 of outstanding enterprise bonds are considered defeased by assets held in an irrevocable trust.

On August 20, 2000, the City issued \$10,355,000 in general obligation bonds for the purpose of retiring \$12,558,062 of police and fire pension liability. The police and fire pension liability was paid off through the issuance of general obligation bonds issued during 2000.

The due to other governments liability represents amounts owed to retirement systems paid outside the available period and will be paid from the fund which the employees' salaries are paid.

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 will be paid from the fund from which the employees' salaries are paid.

Bonds Payable in the enterprise funds is made up of the following components:

	Water	Sewer	Total
Outstanding balance of General Obligation Bonds	\$1,140,000	\$560,000	\$1,700,000
Unamortized Premium	16,345	8,138	24,483
Unamortized Accounting Loss	(109,534)	(54,806)	(164,340)
Net Bonds Payable	<u>\$1,046,811</u>	<u>\$513,332</u>	<u>\$1,560,143</u>

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

18. DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the City was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$1,140,754, \$1,710,831, and \$1,574,463 respectively. The full amount has been contributed for 1999 and 1998. 72.94 percent has been contributed for 2000 with the remainder being reported as a liability in the general long-term obligations account group.

Component Unit WRTA's total contribution to the Public Employees Retirement System (PERS) for pension benefits (excluding the amount related to postretirement benefits) for the years ended December 31, 2000, 1999 and 1998 were \$206,000, \$254,000 and \$234,000, respectively.

The WRTA is also making payments to qualifying retirees for service rendered to a predecessor transit company. This liability was not funded by the predecessor transit company and the remaining liability has not been funded by WRTA. The unfunded liability for future benefits under the predecessor transit company has not been determined. All employees eligible for benefits under this plan are retired. Expense under this arrangement charged to operations for the year ended December 31, 2000 was \$3,800.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer public employee retirement system administered by the OP&F's Board of Trustees. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

18. DEFINED BENEFIT PENSION PLANS - (Continued)

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12.25 percent for police and 16.75 percent for firefighters. For 1999 the City contributions were 12.5 percent for police and 17 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$1,110,461 and \$1,007,192 for the year ended December 31, 2000, \$1,064,127 and \$1,058,908 for the year ended December 31, 1999, \$1,056,853 and \$1,028,300 for the year ended December 31, 1998. The full amount has been contributed for 1999 and 1998. 67.58 percent and 63.91 percent, respectively, have been contributed for 2000 with the remainder being reported as a liability in the general long-term obligations account group.

19. POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually for inflation (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 401,339. The City's actual contributions for 2000 which were used to fund postemployment benefits were \$750,037. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

Component Unit The actuarially determined and statutorily required contribution requirement from the WRTA for the year ended December 31, 2000 was approximately \$136,000.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

19. POSTEMPLOYMENT BENEFITS - (Continued)

A. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.25 percent of covered payroll was applied to the postemployment health care program during 2000. For 1999, the percent used to fund healthcare was 7 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2000 that were used to fund postemployment benefits were \$657,211 for police and \$435,949 for fire. The OP&F's total health care expenses for the year ended December 31, 1999, (the latest information available) were \$95,004,633, which was net of member contributions of \$5,518,098. The number of OP&F participants eligible to receive health care benefits as of December 31, 1999, was 12,467 for police and 9,807 for firefighters.

20. OUTSTANDING CONTRACTUAL COMMITMENTS

The City had the following outstanding contractual commitments at December 31, 2000:

Contractor	Original Contract	Amount Paid to Date	Amount Remaining
Thomas Pallotta & Sons	\$990,293	\$716,298	\$273,995
Utility Contracting	286,502	275,042	11,460
MS Consultants Inc.	6,236,685	5,352,870	883,815
Metcalf & Eddy Inc.	35,313	3,638	31,675
US Department of Interior	238,254	212,507	25,747
Finkbeiner, Pettis, & Strout Inc.	78,605	74,500	4,105
AMCI	44,550	37,070	7,480
Seitz Builders	217,000	0	217,000
A.P. O'Horo	3,292,842	2,952,943	339,899
Parella-Pannunzio	138,980	39,680	99,300
Central Ohio Contractors	84,170	0	84,170
Marucci & Gaffney	984,100	790,710	193,390
Murphy Construction Co.	2,120,200	1,854,455	265,745
Pro-Con Enterprises	13,593	4,313	9,280
Miracle Recreation Equipment Co.	123,431	0	123,431
Thomas Fok & Associates	204,780	128,376	76,404
Montgomery Watson	442,874	429,985	12,889
Total	\$15,532,172	\$12,872,387	\$2,659,785

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

21. SHORT-TERM DEBT

Note activity during 2000 consisted of the following:

	Balance 12/31/99	Issued	Retired	Balance 12/31/00
General Obligation Notes				
5.63% Street Improvements	\$2,000,000	\$0	\$2,000,000	\$0
7.20% Taxable Street Improvements	1,750,000	0	1,750,000	0
4.92% Street Improvements	150,000	0	150,000	0
6.06% Street Improvements	0	2,000,000	0	2,000,000
8.88% Taxable Street Improvements	0	1,750,000	0	1,750,000
6.06% Street Improvements	0	150,000	0	150,000
<i>Total General Obligation Notes</i>	<u>\$3,900,000</u>	<u>\$3,900,000</u>	<u>\$3,900,000</u>	<u>\$3,900,000</u>

By Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. There are also limitations on the number of times notes can be renewed. All notes outstanding at year end are bond anticipation notes. The notes will be refinanced until the projects are complete and the City determines it to be advantageous to issue bonds. The note liability is reflected in the funds which received the proceeds.

22. INTERFUND ASSETS AND LIABILITIES

Interfund balances at December 31, 2000, consist of the following individual fund receivables and payables.

Fund Type/Fund	Receivable		Payable	
	Interfund	Due From	Interfund	Due To
General Fund	<u>\$1,032,233</u>	<u>\$54,437</u>	<u>\$0</u>	<u>\$208,071</u>
Special Revenue Funds				
Street Construction and Maintenance	0	0	1,273,676	0
Drug Law Enforcement	0	440	0	0
Indigent Alcohol Treatment	0	250	0	0
DUI Law Enforcement	0	160	0	0
Litter Control Program	0	0	25,095	0
Juvenile Diversion Grant	0	0	24,375	0
<i>Total Special Revenue Funds</i>	<u>0</u>	<u>850</u>	<u>1,323,146</u>	<u>0</u>
Debt Service Fund				
Bond Retirement	<u>\$0</u>	<u>\$0</u>	<u>\$150,000</u>	<u>\$0</u>
Capital Projects Funds				
Court Capital Improvements	0	15,334	0	0
Industrial Land Acquisition	0	0	982,763	0
Street Improvements	150,000	0	0	0

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

Fund Type/Fund	Receivable		Payable	
	Interfund	Due From	Interfund	Due To
<i>Total Capital Projects Funds</i>	150,000	15,334	982,763	0
Enterprise Fund				
Water	0	695,516	0	0
Sewer	1,273,676	0	0	487,445
<i>Total Enterprise Funds</i>	1,273,676	695,516	0	487,445
Agency Fund				
Municipal Court	0	0	0	70,621
<i>Total</i>	<u>\$2,455,909</u>	<u>\$766,137</u>	<u>\$2,455,909</u>	<u>\$766,137</u>

23. CONTINGENT LIABILITIES

1. Litigation

Primary Government The City of Youngstown is attempting to settle a civil lawsuit brought by the US EPA which seeks to require the City to make improvements to the City's sewer system with an estimated cost of \$200 million. In addition, the US EPA alleges more than 21,000 violations by the City, each carrying a potential for a \$25,000 to \$27,500 penalty. The alleged violations stem from the daily operation of the sewer system which the US EPA alleges is not in compliance with its NPDES permit and the Clean Water Act. As of the date of these financial statements, a reasonable estimate of the penalties the City will owe cannot be reasonably determined, nor can it be reasonably determined what improvements to the system will be required or the estimated cost of these improvements.

The City of Youngstown also 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.

Component Unit The WRTA has been named as a defendant in a number of contract disputes and other legal proceedings. Although the eventual outcome of these matters cannot be predicted, it is the opinion of management based upon the advice of legal counsel that the ultimate liability is not expected to have a material effect on WRTA's financial position.

2. Federal and State Grants

Primary Government For the period January 1, 2000, to December 31, 2000, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

Component Unit Under the terms of the various grants, periodic audits are required where certain costs could be questioned as not being an eligible expenditure under the terms of the grant. At December 31, 2000, there were no significant questioned costs that had not been resolved with the applicable federal and state agencies. Questioned costs could still be identified during audits to be conducted in the future. In the opinion of WRTA's management, no material grant expenditures will be disallowed.

City of Youngstown, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

24. SEGMENT INFORMATION - ENTERPRISE FUNDS

The City maintains two enterprise funds to account for the operation of the City's water and sewer operations. Financial segment information as of and for the year ended December 31, 2000, for the Water Fund, the Sewer Fund and component unit is presented below:

	Water	Sewer	Total Primary Government	Component Unit	Total Reporting Entity
Operating Revenues	\$16,926,015	\$14,616,656	\$31,542,671	\$680,769	\$32,223,440
Depreciation Expense	457,133	1,996,506	2,453,639	1,070,683	3,524,322
Operating Income (Loss)	2,615,866	2,105,802	4,721,668	(6,860,127)	(2,138,459)
Property Tax Revenues	0	0	0	2,560,892	2,560,892
Grants	0	0	0	3,753,726	3,753,726
Operating Transfers					
In	\$330,000	\$0	\$330,000	\$0	\$330,000
Out	(364,346)	(1,232,039)	(1,596,385)	0	(1,596,385)
Net Income (Loss)	2,345,484	163,917	2,509,401	(351,933)	2,157,468
Current Capital Contributions	0	0	0	5,253,062	5,253,062
Fixed Asset Additions	2,278,398	775,000	3,053,398	5,268,970	8,322,368
Fixed Asset Deletions	881,468	217,367	1,098,835	0	1,098,835
Net Working Capital	3,321,039	10,903,830	14,224,869	8,311,034	22,535,903
Total Assets	17,472,001	43,920,998	61,392,999	22,621,911	84,014,910
Total Long-term Liabilities	2,886,133	6,657,053	9,543,186	142,943	9,686,129
Total Equity	13,089,715	35,302,675	48,392,390	21,263,444	69,655,834
Encumbrances Outstanding at December 31, 2000	475,707	336,481	812,188	0	812,188

25. SUBSEQUENT EVENT

On May 4, 2001, the City of Youngstown issued a \$600,000 roll over note for urban renewal at a 5.09 percent interest rate with a maturity date of May 3, 2002.

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CITY OF YOUNGSTOWN
MAHONING COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Direct Programs</i>				
Community Development Block Grant/ Entitlement Grants -18th Yr	B-92-MC-39-0023	14.218	\$279	\$279
Community Development Block Grant/ Entitlement Grants -20th Yr	B-94-MC-39-0023	14.218	42,389	44,669
Community Development Block Grant/ Entitlement Grants -21th Yr	B-95-MC-39-0023	14.218	128,075	128,074
Community Development Block Grant/ Entitlement Grants -22nd Yr	B-96-MC-39-0023	14.218	145,934	145,933
Community Development Block Grant/ Entitlement Grants -23rd Yr	B-97-MC-39-0023	14.218	68,177	70,474
Community Development Block Grant/ Entitlement Grants -24th Yr	B-98-MC-39-0023	14.218	758,159	761,969
Community Development Block Grant/ Entitlement Grants -25th Yr	B-99-MC-39-0023	14.218	1,897,315	3,723,887
Community Development Block Grant/ Entitlement Grants -26th Yr	B-00-MC-39-0023	14.218	2,116,990	2,450,100
Section 108 Loan Fund	B-00-MC-39-0023	14.218	993,737	278,741
<i>Subtotal</i>		14.218	6,151,055	7,604,126
Emergency Shelter Grants Program	S-98-MC-39-0023	14.231	24,630	16,090
Emergency Shelter Grants Program	S-99-MC-39-0023	14.231	143,588	152,127
Emergency Shelter Grants Program	S-00-MC-39-0023	14.231	10,404	10,404
<i>Subtotal</i>		14.231	178,622	178,621
HOME Investment Partnerships Program	M-98-MC-39-0209	14.239	57,908	602,496
HOME Investment Partnerships Program	M-99-MC-39-0209	14.239	1,048,189	364,859
HOME Investment Partnerships Program	M-00-MC-39-0209	14.239		141,328
<i>Subtotal</i>		14.239	1,106,097	1,108,683
Homeless Outreach and Care Nurse	OH-16B97-1004	14.238	30,507	47,940
Total U.S. Department of Housing and Urban Development			7,466,281	8,939,370

The accompanying notes are an integral part of this schedule.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Direct Programs</i>				
Local Law Enforcement Block Grants Program	00/01-LB-VX-3811	16.592	201,943	169,022
Local Law Enforcement Block Grants Program	98/99-LB-VX-3811	16.592	246,298	53,863
<i>Subtotal</i>		16.592	448,241	222,885
Public Safety Partnership and Community Policing Grants	97-UM-WX-0661	16.710	72,312	72,312
<i>Passed Through Governor's Office of Criminal Justice Services</i>				
Violence Against Women Formula Grants	99-WF-VA6-8220	16.588	55,578	55,578
Juvenile Diversion Grant	99-JB-013-A048	16.523	27,213	51,588
Weed and Seed Grant	00-WS-QX-0010	16.595	90,293	87,490
Total U.S. Department of Justice			693,637	489,853
<u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u>				
<i>Passed Through Governor's Office of Highway Safety</i>				
COPS in Shops	894.0	20.600	11,999	11,999
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed Through Ohio Department of Health</i>				
HIV Care Formula Grants -Ryan White Act	50-2-01-F-BV-392	93.917	4,675	3,729
HIV Care Formula Grants -Ryan White Act	50-2-01-F-BV-392	93.917	10,000	27,375
<i>Subtotal</i>		93.917	14,675	31,104
Immunization Grants - 1999	50-2-01-P-AZ-392	93.268	2,155	5,640
Immunization Grants - 2000	50-2-01-P-AZ-392	93.268	71,392	66,261
<i>Subtotal</i>		93.268	73,547	71,901

(Continued)

CITY OF YOUNGSTOWN
MAHONING COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed Through Ohio Department of Health</i>				
Federal AIDS Prevention - 1999	50-2-01-P-AS-392	93.940	10,000	15,020
Federal AIDS Prevention - 2000	50-2-01-P-AS-392	93.940	180,432	180,913
<i>Subtotal</i>		93.940	190,432	195,933
Sexually Transmitted Disease Control - 1999	50-2-01-P-BX-392	93.977	4,186	2,190
Sexually Transmitted Disease Control - 2000	50-2-01-P-BX-392	93.977	13,500	12,693
<i>Subtotal</i>		93.977	17,686	14,883
Maternal and Child Health Block Grant - 1999	50-2-01-F-AJ-320	93.994	1,230	24
Maternal and Child Health Block Grant - 2000	50-2-01-F-AJ-320	93.994	3,549	1,144
Dental Sealant Grant - 1999	50-2-01-F-AJ-320	93.994	7,000	535
Dental Sealant Grant - 2000	50-2-01-F-AJ-320	93.994	24,000	31,568
<i>Subtotal</i>		93.994	35,779	33,271
Total U.S. Department of Health and Human Services			332,119	347,092
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
<i>Passed Through Ohio Environmental Protection Agency</i>				
Air Pollution Control Program Support	SFY 1999-00	66.001	115,592	115,592
Air Pollution Control Program Support	SFY 2000-01	66.001	36,972	36,972
Total U.S. Environmental Protection Agency			152,564	152,564
Total Expenditures of Federal Awards			\$8,656,600	\$9,940,878

**CITY OF YOUNGSTOWN
MAHONING COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the City of Youngstown's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B-- COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The City of Youngstown has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City of Youngstown. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property and/ or tangible personal property. At December 31, 2000, the net amount of loans outstanding under this program were \$7,748,608.

NOTE C -- MATCHING REQUIREMENTS

Certain Federal programs require that the City of Youngstown contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements for all federal financial assistance programs. The expenditure of non-Federal matching funds is not included on the Schedule.

NOTE D -- COMMINGLING OF FEDERAL FUNDS

The City does not account for all federal grants in separate funds. Consequently, it is impracticable to specifically identify federal financial assistance program expenditures for each federal financial assistance program. Consequently, in certain cases, federal financial assistance expenditures reflected in the Schedule of Federal Awards Expenditures are based on the FIFO method, i.e. first in, first out.

NOTE E -- SUBRECIPIENTS

The City of Youngstown passes-through certain Federal assistance received from Community Development Block Grants and the HOME Investment Partnership Program to other governments or not-for-profit agencies (subrecipients). As described in Note A, the City of Youngstown records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the City of Youngstown is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.



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OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE
AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

To Members of Council:

We have audited the financial statements of the City of Youngstown (the City) as of and for the year ended December 31, 2000, and have issued our report thereon dated August 21, 2001, which was qualified due to the City's failure to capitalize land, and noted that a certain civil action has been brought against the City. We did not audit the financial statements of the Western Reserve Transit Authority (WRTA), the discretely presented component unit of the City. Those financial statements were audited by other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Youngstown's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-21150-003 through 2000-21150-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the City of Youngstown in a separate letter dated August 21, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Youngstown's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Youngstown's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-21150-001, 2000-21150-002 and 2000-21150-006.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2000-21150-001 and 2000-21150-002 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City of Youngstown in a separate letter dated August 21, 2001.

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

Jim Petro
Auditor of State

August 21, 2001



STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To Members of Council:

Compliance

We have audited the compliance of the City of Youngstown with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2000. The City of Youngstown's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Youngstown's management. Our responsibility is to express an opinion on the City of Youngstown's compliance based on our audit.

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

In our opinion, the City of Youngstown complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as item number 2000-21150-007. We also noted other instances of noncompliance that do not require inclusion in this report that we have reported to management of the City of Youngstown in a separate letter dated August 21, 2001.

Internal Control Over Compliance

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

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City of Youngstown's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings as item number 2000-21150-007.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition referred to above, finding number 2000-21150-007, to be a material weakness. We also noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the City of Youngstown in a separate letter dated August 21, 2001.

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

Jim Petro
Auditor of State

August 21, 2001

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Qualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Community Development Block Grants/Entitlement Grants - CFDA #14.218 HOME Investment Partnerships Program - CFDA # 14.239
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

Prior audit findings that have been repeated are identified with an (*).

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

Finding Number	2000-21150-001 *
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Reportable Condition/Material Weakness - Fixed Assets (Property)

Tests of the general fixed assets and proprietary fund fixed assets indicated that the City was unable to provide the historical or estimated historical cost of land for this audit period because records of land owned by the City were not complete and accurate. Therefore, complete fixed asset information has not been presented in the City's general purpose financial statements.

This weakness has resulted in the omission of land from the fixed assets reported on the City's general-purpose financial statements.

We recommend the City determine the cost of land owned by the City to enable proper reporting and disclosure of the City's assets.

Finding Number	2000-21150-002 *
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Reportable Condition/Material Weakness - Disbursements

The following weaknesses existed in the disbursement cycle:

1. The City does not consistently apply the encumbrance method of accounting. We noted exceptions in 43% of the vouchers tested during the year, whereby direct pay orders and purchase orders were dated subsequent to the invoice date. We also noted exceptions in 55% of the vouchers tested for the months of January, February and March of 2001. These expenditures were for goods and services ordered and received in 2000, however purchase orders were not issued until 2001. Additionally, tests indicated purchase orders were not authorized nor certified for all purchases. Of the 60 vouchers tested during the year none were certified.
26. Packing slips or receiving slips were not always attached to vouchers as supporting documentation for payments. Of the vouchers tested, 23% were not stamped "received". This weakness may result in payments to vendors for products or services which have been received in unsatisfactory condition or not received at all.

To improve internal controls over the disbursement process we recommend the following:

1. Purchase requests should be certified by the fiscal officer and posted as encumbrances in the accounting system at the time the order is placed with the vendor. All purchase orders should be reviewed and approved by an appropriate official before any commitments or payments are made. Also, department heads should certify on the purchase order, or other voucher support documentation, that goods or services are received.
2. Payments should be made to vendors only with proper supporting documentation that the products were received in good order or that services were performed satisfactorily.

Finding Number	2000-21150-003 *
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Noncompliance Citation

Ohio Rev. Code Section 5705.10 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, 2000, the Industrial Land Acquisition Fund (# 417), a Capital Projects fund, had a negative cash balance of (\$982,761), with total receipts of \$1,039,068.

We recommend the City consider advancing money to this fund to meet short term cash flow needs.

Finding Number	2000-21150-004 *
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Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D) states that: “no subdivision or taxing unit shall make any contract or order involving the expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

6. Then and Now Certificates - If no certificate is furnished as required, upon request of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate , appropriated and free of any previous encumbrances, the City may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
7. If the amount involved is less than one thousand dollars the fiscal officer issues a certificate, but may authorize it to be paid without the affirmation of Council.

Of the 60 expenditures tested in disbursement testing, none were found to be certified by the Finance Director. We also noted exceptions in 43% of the expenditures tested for the year ended December 31, 2000 where direct pay orders and purchase orders were dated subsequent to the invoice date. We noted exceptions in 55% of the vouchers tested for the months of January, February and March of 2001. These expenditures were for goods and services ordered and received in 2000, however, purchase orders were not issued until 2001.

We recommend, where possible, that the Finance Director, certify the availability of funds prior to expenditures being made. When prior certification is not feasible, we encourage the Finance Director to utilize Then and Now Certificates to ensure that purchases are certified upon entering into a contract or order involving the expenditure of the City’s money as per the requirements set forth in Ohio Revised Code Section 5705.41 (D).

Finding Number	2000-21150-005 *
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Noncompliance Citation

Ohio Revised Code Section 5705.39, prohibits a political subdivision or taxing unit from making a fund appropriation in excess of the estimated revenue available for expenditure from that fund. The following funds were found to have appropriations in excess of the amount certified as available by the budget commission;

Fund Type/ Fund	Fund Number	Appropriations	Total Certified Resources	Variance
<u>Capital Projects</u>				
Public Works Projects	250	4,555,462	4,426,622	128,840
Industrial Land Acquisition	417	4,865,760	3,224,348	1,641,412

Finding Number	2000-21150-006
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Reportable Condition - Off Book Activity

The City issued a \$10,355,000 general obligation bond issue during the year ended December 31, 2000 to refund a liability for the City's obligation to the Police and Fire Disability Pension Retirement Board. None of the activity related to the issuance of the general obligation bond issue and subsequent pay off of the liability to the Police and Fire Disability Pension Fund was accounted for on the City's books. Receipt of the bond proceeds and pay off of the liability was accounted for through trust accounts not reflected on the books of the City.

This condition has resulted in the posting of a significant audit adjustment to the City's general purpose financial statements.

To enhance internal accounting control, we recommend that all subsequent issuances of debt be reflected on the books of the City and appropriated for by City Council.

3. FINDINGS FOR FEDERAL AWARDS

1. Subrecipient Management and Monitoring of CDBG Funds

Finding Number	2000-21150- 007
CFDA Title and Number	Community Development Block Grant CFDA # 14.218
Federal Award Number / Year	B-00-MC-39-0023/2000
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	N/A

Noncompliance Citation/Reportable Condition/Material Weakness

24 CFR 85.40 (a) provides, in part, that grantees are responsible for monitoring sub grant activities to ensure compliance with applicable Federal requirements and that performance goals are being achieved. Monitoring activities must address all programs, functions and activities.

We noted the following conditions regarding the City’s monitoring of subrecipients;

The City has a subrecipient Management and Monitoring Plan which requires annual on-site monitoring visits for each subrecipient. However, we noted that none of the subrecipients tested had the required on site monitoring review of their entities operations during 2000.

Subrecipient agreements used by the City require subrecipients receiving \$25,000 or more in federal funds to secure an independent audit and subrecipients receiving \$300,000 or more in federal funds to secure an audit in compliance with OMB Circular A-133. OMB Circular A-133 audit requirements are based on the expenditure of federal financial assistance, not the receipt of federal financial assistance. However, we noted that one subrecipient had expenditures over \$25,000 and did not submit an independent audit for the most recent fiscal year to the City.

These conditions have resulted in noncompliance with applicable federal law and could lead to the loss of federal funds without detection in a timely manner.

To enhance internal accounting control and ensure compliance with applicable federal law, we recommend;

The CDA Monitoring/Compliance Supervisor perform the on-site monitoring visits for all subrecipients as required by the Subrecipient Management and Monitoring Plan.

The City implement procedures to ensure that all subrecipients obtain the required audits and take timely corrective action on deficiencies noted.

The City modify the audit requirement for subrecipients so it conforms with the audit requirements outlined in OMB Circular A-133. Specifically the audit requirement should be tied to the expenditure of federal financial assistance as opposed to the receipt of federal financial assistance.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected ?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid
1999-21150 -001	Finding for Recovery against Mahoning County for County share of Magistrate's salary pursuant to Ohio Revised Code Section 1901.11.	Yes	Mahoning County paid \$41,233 to the City of Youngstown in settlement of the Finding for Recovery on July 5, 2000.
1999-21150- 002	Finding for Recovery for public money illegally expended issued against GBS Computer & Communication Systems, pursuant to Ohio Rev. Code Section 117.28.	Yes	GBS Computer & Communication Systems paid \$1,352 to the City of Youngstown in settlement of the Finding for Recovery on November 24, 2000.
1999-21150 -003	Finding for Recovery against Mahoning County for County share of attorneys fees for indigent defendants appearing before the Municipal Court that have been charged under the Ohio Revised Code, pursuant to Ohio Revised Code Section 120.33(A)(4).	No	The City is in the process of negotiating an agreement with the County officials.
1999-21150 -004	Section 5705.10, Revised Code, provides that money paid into any fund shall be used only for the purposes for which such fund was established.	No	Not Corrected, Repeated
1999-21150 -005	Section 5705.41 (D), Revised Code provides that no "subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate certifying that funds are in the treasury or in the process of collection."	No	Not Corrected, Repeated

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected ?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid
1999-21150-06	Section 5705.39, Revised Code, provides that appropriations not exceed amounts certified as available by the budget commission.	No	Not Corrected, Repeated
1999-21150-07	Internal control weaknesses in the City disbursement cycle.	No	Not Corrected, Repeated
1999-21150-08	City was unable to provide cost data for City owned land.	No	Not Corrected, Repeated
1999-21150-09	The City does not post amendments to budgeted receipts upon obtaining a final amended certificate from the County Budget Commission.	No	Partially Corrected, reflected in Management Letter Comments, not material to Financial Statements
1999-21150-10	Section 5705.41 (B), Ohio Revised Code, prohibits a subdivision from making an expenditure unless it has been properly appropriated.	No	Partially Corrected, reflected in Management Letter Comments, not material to Financial Statements
1999-21150-11	Internal control weaknesses in the City's Federal disbursement cycle.	Yes	Finding No Longer Valid

**CITY OF YOUNGSTOWN
MAHONING COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2000**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 §.315 (c)**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-21150-001	The land costs have been determined and will be available for the 2001 audit year.	12/31/01	Barbara Burtner, Finance Director
2000-21150-002	<p>We believe that these problems will be substantially eliminated by implementing a Central Purchasing system. The administration is committed to this project; however, in 2000 and 2001 our scarce resources have been applied to improvements in our Income Tax Division, since this was the area most emphasized in the Performance Audit. Once the funds are available (hopefully in the 2002 budget) to hire additional staff, we intend to centralize the purchasing function and addressing and correcting all the current weakness in the disbursement cycle.</p> <p>Cancellation of invoices would serve no useful purpose, since, once paid, the invoices are stapled in a voucher packet along with the purchase order and copy of the check. No duplicate payment has been made because the same document was processed twice; rather, the problem occurs when a department pays from an invoice and a statement, or an invoice and a copy.</p>	12/31/02	Barbara Burtner, Finance Director
2000-21150-003	This fund has been in deficit off and on since its inception. During the past few years, the fund has been split into various projects and revenue and expenditures are being recorded in the appropriate project. However, previously many projects were lumped together in this fund, so it was difficult to determine exactly how and where the deficit(s) occurred. During 2001, we analyzed every transaction in this fund for the period January 1997 through the present. This information was summarized by project and sent to Economic Development staff, who will review the reports, find out which projects are actually in deficit position, determine if all available revenues have been collected and exactly how much the City will have to transfer from the General Fund to correct the problem. This should be done in time to include the necessary transfers in the 2002 budget.	12/31/01	Barbara Burtner, Finance Director
2000-21150-004	We believe that this problem can be resolved by re-establishing a Central Purchasing system; see 2000-21150-002 for status of this process.	12/31/02	Barbara Burtner, Finance Director
2000-21150-005	The deficit in Fund 250 results from the way the City budgets for and records project costs and grant funds. We will work with the County and the State Auditor's staff to come up with an acceptable solution to this ongoing finding. See 2000-21150-003 regarding Fund 417.	12/31/01	Barbara Burtner, Finance Director

**CITY OF YOUNGSTOWN
MAHONING COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2000**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 §.315 (c)
(Continued)**

2000-21150-006	This item was not recorded since the transaction did not involve any deposit into nor disbursement from the City's bank account; this was an oversight and we will take care to properly record any similar activity in the future.	12/31/01	Barbara Burtner, Finance Director
2000-21150-007	The CDA Program has hired an accounting firm to standardize the reporting requirements of the Subrecipient and is in the process of appointing a Monitoring Compliance Supervisor to perform on-site visits.	12/31/01	Mary June Tartan, Director of Compliance



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CITY OF YOUNGSTOWN

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 18, 2001**