



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

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

To City Council:

We have audited the accompanying general-purpose financial statements of City of Youngstown, Mahoning County, (the Government) as of and for the year ended December 31, 1999. These general-purpose financial statements are the responsibility of the Government'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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors 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, 1999, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

As described in Note 24 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 December 8, 2000 on our consideration of the Government'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 Government, 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

December 8, 2000

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CITY OF YOUNGSTOWN
MAHONING COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNIT
DECEMBER 31, 1999

	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	\$2,185,117	\$3,851,668	\$213,068	\$1,542,748	\$7,169,182
Cash and Cash Equivalents in Segregated Accounts		39,505			
Cash and Cash Equivalents with Fiscal and Escrow Agents			38,118		
Receivables:					
Taxes	3,613,095	713,113	3,731,501	237,704	
Accounts	543,605	1,711		9,350	6,676,488
Interfund	273,740			150,000	1,583,863
Special Assessments	39,968	1,526,621	145,235		
Accrued Interest	51,035				
Due from Other Governments	336,958	440,533		326,144	
Materials and Supplies					
Inventory	28,970	388,625			713,668
Deferred Charges					56,363
Notes Receivable		9,275,847			
Prepaid Items					
Other Assets					
Restricted Assets:					
Cash and Cash Equivalents					
Due from Other Governments					
Fixed Assets (Net, where applicable, of Accumulated Depreciation)					40,703,377
Other Debits					
Amount to be Provided from General Government Resources					
Total Assets and Other Debits	<u>\$7,072,488</u>	<u>\$16,237,623</u>	<u>\$4,127,922</u>	<u>\$2,265,946</u>	<u>\$56,902,941</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					
\$1,541,270	\$	\$	\$16,503,053	\$	\$16,503,053
243,148			282,653	2,756,070	3,038,723
299,657			337,775		337,775
			8,295,413	2,774,747	11,070,160
802,691			8,033,845	110,565	8,144,410
			2,007,603		2,007,603
			1,711,824		1,711,824
			51,035		51,035
			1,103,635	2,622,510	3,726,145
			1,131,263	204,055	1,335,318
			56,363		56,363
			9,275,847		9,275,847
				8,552	8,552
				11,000	11,000
				110,900	110,900
				141,340	141,340
	24,551,094		65,254,471	8,592,398	73,846,869
		43,761,208	43,761,208		43,761,208
<u>\$2,886,766</u>	<u>\$24,551,094</u>	<u>\$43,761,208</u>	<u>\$157,805,988</u>	<u>\$17,332,137</u>	<u>\$175,138,125</u>

(continued)

CITY OF YOUNGSTOWN
MAHONING COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)
DECEMBER 31, 1999

	Governmental Fund Types				Proprietary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
Liabilities, Fund Equity and Other Credits					
Liabilities					
Accounts Payable	\$279,910	\$486,092	\$	\$47,284	\$922,765
Contracts Payable	21,264	273,998		888,549	271,696
Interfund Payable		1,596,322	333,732	73,379	
Accrued Wages and Benefits	200,203	782,320			263,551
Compensated Absences Payable	108,436	117,438			949,914
Due to Other Governments	146,187	1,267,911			596,226
Deferred Revenue	1,111,247	1,604,280	3,876,736	25,886	
Undistributed Monies					
Deposits Held and Due to Others					
Other Liabilities					
Matured Bonds Payable			20,000		
Matured Interest Payable			18,118		
Accrued Interest Payable		375		11,796	
Notes Payable				3,900,000	
Payable from Restricted Assets:					
Accounts Payable					
HUD Section 108 Loans Payable					
Police and Firemen's Liability					
OWDA Loans Payable					9,148,691
General Obligation Bonds Payable (net where applicable of unamortized costs)					1,558,568
Revenue Bonds Payable					360,000
Industrial Development Revenue Bonds Payable					
Total Liabilities	<u>1,867,247</u>	<u>6,128,736</u>	<u>4,248,586</u>	<u>4,946,894</u>	<u>14,071,411</u>
Fund Equity and Other Credits					
Investment in General Fixed Assets					
Contributed Capital					34,511,557
Retained Earnings:					
Unreserved					8,319,973
Fund Balance:					
Reserved for Encumbrances	342,519	1,172,301		4,230	
Reserved for Inventory	28,970	388,625			
Reserved for Notes Receivable		9,275,847			
Unreserved, Undesignated (Deficit)	<u>4,833,752</u>	<u>(727,886)</u>	<u>(120,664)</u>	<u>(2,685,178)</u>	
Total Fund Equity (Deficit) and Other Credits	<u>5,205,241</u>	<u>10,108,887</u>	<u>(120,664)</u>	<u>(2,680,948)</u>	<u>42,831,530</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$7,072,488</u>	<u>\$16,237,623</u>	<u>\$4,127,922</u>	<u>\$2,265,946</u>	<u>\$56,902,941</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
Agency	General Fixed Assets	General Long-Term Obligations			
\$	\$	\$	\$1,736,051	\$170,498	\$1,906,549
			1,455,507		1,455,507
4,170			2,007,603		2,007,603
			1,246,074	608,023	1,854,097
		4,872,890	6,048,678		6,048,678
1,594,720		1,530,306	5,135,350	24,737	5,160,087
0			6,618,149		6,618,149
295,487			295,487		295,487
992,389			992,389		992,389
				164,857	164,857
			20,000		20,000
			18,118		18,118
			12,171		12,171
		600,000	4,500,000		4,500,000
				1,707	1,707
		9,924,950	9,924,950		9,924,950
		12,558,062	12,558,062		12,558,062
			9,148,691		9,148,691
		12,685,000	14,243,568		14,243,568
			360,000		360,000
		1,590,000	1,590,000		1,590,000
2,886,766		43,761,208	77,910,848	969,822	78,880,670
	24,551,094		24,551,094		24,551,094
			34,511,557	7,956,359	42,467,916
			8,319,973	8,405,956	16,725,929
			1,519,050		1,519,050
			417,595		417,595
			9,275,847		9,275,847
			1,300,024		1,300,024
	24,551,094		79,895,140	16,362,315	96,257,455
\$2,886,766	\$24,551,094	\$43,761,208	\$157,805,988	\$17,332,137	\$175,138,125

CITY OF YOUNGSTOWN
MAHONING COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR DECEMBER 31, 1999**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues					
Municipal Income Taxes	\$21,999,766	\$8,164,366	\$	\$2,721,454	\$32,885,586
Property and Other Taxes	324,193		1,555,690		1,879,883
Charges for Services	3,141,502	1,074,858			4,216,360
Licenses and Permits	493,642	37,000			530,642
Fines and Forfeitures	548,329	122,429		188,952	859,710
Intergovernmental	5,071,813	14,495,897	182,614	5,504,701	25,255,025
Special Assessments			183,826		183,826
Interest	758,043	164,499	38,801	4,143	965,486
Rentals	289,573	60,187		202,858	552,618
Franchise Fees	383,404	577			383,981
Other	253,790	14,642			268,432
<i>Total Revenues</i>	<u>33,264,055</u>	<u>24,134,455</u>	<u>1,960,931</u>	<u>8,622,108</u>	<u>67,981,549</u>
Expenditures					
Current:					
General Government	8,767,480		120,079		8,887,559
Security of Persons and Property	462,518	23,042,319			23,504,837
Public Health and Welfare	787,650	811,900			1,599,550
Transportation	645,341	5,388,109			6,033,450
Community Environment	494,283	8,309,250			8,803,533
Basic Utility Services	1,702,679				1,702,679
Leisure Time Activities	58,138	2,451,757			2,509,895
Capital Outlay				7,104,816	7,104,816
Debt Service:					
Principal Retirement		970,218	1,490,000	170,000	2,630,218
Interest and Fiscal Charges		1,203,904	969,912	56,321	2,230,137
<i>Total Expenditures</i>	<u>12,918,089</u>	<u>42,177,457</u>	<u>2,579,991</u>	<u>7,331,137</u>	<u>65,006,674</u>
Excess of Revenues Over					
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>20,345,966</u>	<u>(18,043,002)</u>	<u>(619,060)</u>	<u>1,290,971</u>	<u>2,974,875</u>
Other Financing Sources (Uses)					
Sale of Fixed Assets		71,201			71,201
Operating Transfers In	780,000	20,770,705		150,000	21,700,705
Operating Transfers Out	(19,081,205)	(19,500)		(2,600,000)	(21,700,705)
<i>Total Other Sources (Uses)</i>	<u>(18,301,205)</u>	<u>20,822,406</u>		<u>(2,450,000)</u>	<u>71,201</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>2,044,761</u>	<u>2,779,404</u>	<u>(619,060)</u>	<u>(1,159,029)</u>	<u>3,046,076</u>
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year - Restated (Note 3)</i>	3,156,982	7,382,259	498,396	(1,521,919)	9,515,718
Increase (Decrease) in Reserve for Inventory	3,498	(52,776)			(49,278)
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$5,205,241</u>	<u>\$10,108,887</u>	<u>(\$120,664)</u>	<u>(\$2,680,948)</u>	<u>\$12,512,516</u>

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 DECEMBER 31, 1999**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Taxes	\$21,415,337	\$21,951,863	\$536,526
Property and Other Taxes	316,269	324,193	7,924
Charges for Services	2,958,850	3,032,979	74,129
Licenses and Permits	481,577	493,642	12,065
Fines and Forfeitures	595,122	610,032	14,910
Intergovernmental	4,820,436	4,941,204	120,768
Special Assessments			
Interest	699,897	717,432	17,535
Rentals	249,628	289,573	39,945
Franchise Fees	498,839	511,337	12,498
Other	280,201	254,580	(25,621)
<i>Total Revenues</i>	<u>32,316,156</u>	<u>33,126,835</u>	<u>810,679</u>
Expenditures			
Current:			
General Government	10,697,706	9,524,760	1,172,946
Security of Persons and Property	532,500	462,188	70,312
Public Health and Welfare	841,691	843,840	(2,149)
Transportation	856,000	667,260	188,740
Community Environment	478,200	445,173	33,027
Basic Utility Services	1,945,400	1,908,539	36,861
Leisure Time Activities	90,000	38,387	51,613
Capital Outlay			
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
<i>Total Expenditures</i>	<u>15,441,497</u>	<u>13,890,147</u>	<u>1,551,350</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>16,874,659</u>	<u>19,236,688</u>	<u>2,362,029</u>
Other Financing Sources (Uses)			
Proceeds of Notes			
Sale of Fixed Assets			
Operating Transfers In	752,256	780,000	27,744
Operating Transfers Out	(18,734,123)	(19,081,205)	(347,082)
<i>Total Other Financing Sources (Uses)</i>	<u>(17,981,867)</u>	<u>(18,301,205)</u>	<u>(319,338)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(1,107,208)	935,483	2,042,691
<i>Fund Balances (Deficit) at Beginning of Year</i>	1,080,111	1,080,111	
Unexpended Prior Year Encumbrances	51,000	51,000	
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$23,903</u>	<u>\$2,066,594</u>	<u>\$2,042,691</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)
\$7,972,450	\$8,152,390	\$179,940	\$ 1,606,376	\$ 1,555,690	\$ (50,686)
1,143,473	1,069,646	(73,827)			
35,576	37,000	1,424			
124,450	124,710	260			
14,316,229	14,808,471	492,242	621,774	592,614	(29,160)
			135,350	183,826	48,476
151,485	158,326	6,841	5,000	38,092	33,092
47,602	60,287	12,685			
700	577	(123)			
1,012	14,644	13,632			
<u>23,792,977</u>	<u>24,426,051</u>	<u>633,074</u>	<u>2,368,500</u>	<u>2,370,222</u>	<u>1,722</u>
			36,901	120,079	(83,178)
25,839,186	24,776,633	1,062,553			
1,324,553	789,905	534,648			
6,404,100	5,811,530	592,570			
18,006,841	9,127,016	8,879,825			
2,734,364	2,677,650	56,714			
819,950	819,950		1,490,000	1,490,000	
665,005	665,005		770,769	969,912	(199,143)
<u>55,793,999</u>	<u>44,667,689</u>	<u>11,126,310</u>	<u>2,297,670</u>	<u>2,579,991</u>	<u>(282,321)</u>
<u>(32,001,022)</u>	<u>(20,241,638)</u>	<u>11,759,384</u>	<u>70,830</u>	<u>(209,769)</u>	<u>(280,599)</u>
41,737	71,201	29,464			
20,455,709	20,460,517	4,808			
(19,500)	(19,500)				
<u>20,477,946</u>	<u>20,512,218</u>	<u>34,272</u>			
(11,523,076)	270,580	11,793,656	70,830	(209,769)	(280,599)
2,315,566	2,315,566		237,670	237,670	
162,568	162,568				
<u>(9,044,942)</u>	<u>\$2,748,714</u>	<u>\$11,793,656</u>	<u>\$308,500</u>	<u>\$27,901</u>	<u>(\$280,599)</u>

(continued)

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 DECEMBER 31, 1999**

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Municipal Income Taxes	\$2,717,000	\$2,717,462	\$462
Property and Other Taxes			
Charges for Services			
Licenses and Permits			
Fines and Forfeitures	203,000	204,044	1,044
Intergovernmental	4,616,500	5,272,699	656,199
Special Assessments			
Interest		4,143	4,143
Rentals	85,000	99,366	14,366
Franchise Fees			
Other			
<i>Total Revenues</i>	<u>7,621,500</u>	<u>8,297,714</u>	<u>676,214</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	12,118,076	6,279,856	5,838,220
Debt Service:			
Principal Retirement		170,000	(170,000)
Interest and Fiscal Charges	8,811	48,168	(39,357)
<i>Total Expenditures</i>	<u>12,126,887</u>	<u>6,498,024</u>	<u>5,628,863</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(4,505,387)</u>	<u>1,799,690</u>	<u>6,305,077</u>
Other Financing Sources (Uses)			
Proceeds of Notes	2,000,000	2,000,000	
Sale of Fixed Assets			
Operating Transfers In	148,500	150,000	1,500
Operating Transfers Out	(2,600,000)	(2,600,000)	
<i>Total Other Financing Sources (Uses)</i>	<u>(451,500)</u>	<u>(450,000)</u>	<u>1,500</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(4,956,887)</u>	<u>1,349,690</u>	<u>6,306,577</u>
<i>Fund Balances (Deficit) at Beginning of Year</i>	102,672	102,672	
Unexpended Prior Year Encumbrances	498	498	
<i>Fund Balances (Deficit) at End of Year</i>	<u>(\$4,853,717)</u>	<u>\$1,452,860</u>	<u>\$6,306,577</u>

See accompanying notes to the general purpose financial statements

Total (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$32,104,787	\$32,821,715	\$716,928
1,922,645	1,879,883	(42,762)
4,102,323	4,102,625	302
517,153	530,642	13,489
922,572	938,786	16,214
24,374,939	25,614,988	1,240,049
135,350	183,826	48,476
856,382	917,993	61,611
382,230	449,226	66,996
499,539	511,914	12,375
281,213	269,224	(11,989)
<u>66,099,133</u>	<u>68,220,822</u>	<u>2,121,689</u>
10,734,607	9,644,839	1,089,768
26,371,686	25,238,821	1,132,865
2,166,244	1,633,745	532,499
7,260,100	6,478,790	781,310
18,485,041	9,572,189	8,912,852
1,945,400	1,908,539	36,861
2,824,364	2,716,037	108,327
12,118,076	6,279,856	5,838,220
2,309,950	2,479,950	(170,000)
1,444,585	1,683,085	(238,500)
<u>85,660,053</u>	<u>67,635,851</u>	<u>18,024,202</u>
<u>(19,560,920)</u>	<u>584,971</u>	<u>20,145,891</u>
2,000,000	2,000,000	
41,737	71,201	29,464
21,356,465	21,390,517	34,052
<u>(21,353,623)</u>	<u>(21,700,705)</u>	<u>(347,082)</u>
<u>2,044,579</u>	<u>1,761,013</u>	<u>(283,566)</u>
(17,516,341)	2,345,984	19,862,325
3,736,019	3,736,019	
214,066	214,066	
<u>(\$13,566,256)</u>	<u>\$6,296,069</u>	<u>\$19,862,325</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, 1999**

	<u>Proprietary Fund Type</u>		<u>Totals (Memorandum Only) Reporting Entity</u>
	<u>Enterprise</u>	<u>Component Unit</u>	
Operating Revenues			
Charges for Services	\$28,765,654	\$636,139	\$29,401,793
Other	20,330		20,330
<i>Total Operating Revenues</i>	<u>28,785,984</u>	<u>636,139</u>	<u>29,422,123</u>
Operating Expenses			
Personal Services	8,807,891	3,829,511	12,637,402
Contractual Services	12,366,698	442,997	12,809,695
Materials and Supplies	2,545,450	761,548	3,306,998
Other		87,199	87,199
Depreciation	2,172,270	1,271,592	3,443,862
<i>Total Operating Expenses</i>	<u>25,892,309</u>	<u>6,392,847</u>	<u>32,285,156</u>
<i>Operating Income (Loss)</i>	<u>2,893,675</u>	<u>(5,756,708)</u>	<u>(2,863,033)</u>
Non-Operating Revenues (Expenses)			
Property Taxes		2,719,440	2,719,440
Interest	339	94,567	94,906
Grants		2,441,353	2,441,353
Interest and Fiscal Charges	(1,048,095)		(1,048,095)
Other Non-Operating Revenues		31,684	31,684
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(1,047,756)</u>	<u>5,287,044</u>	<u>4,239,288</u>
<i>Net Income (Loss)</i>	1,845,919	(469,664)	1,376,255
Depreciation on Fixed Assets Acquired by Contributed Capital		1,216,884	1,216,884
<i>Retained Earnings Beginning of Year</i>	<u>6,474,054</u>	<u>7,658,736</u>	<u>14,132,790</u>
<i>Retained Earnings End of Year</i>	<u>8,319,973</u>	<u>8,405,956</u>	<u>16,725,929</u>
Contributed Capital Beginning of Year	32,064,689	8,501,941	40,566,630
Other Contributions:			
Capital Grants	2,446,868	671,302	3,118,170
Depreciation on Fixed Assets Acquired by Contributed Capital		(1,216,884)	(1,216,884)
Contributed Capital End of Year	<u>34,511,557</u>	<u>7,956,359</u>	<u>42,467,916</u>
<i>Total Fund Equity End of Year</i>	<u>\$42,831,530</u>	<u>\$16,362,315</u>	<u>\$59,193,845</u>

See accompanying notes to the general purpose financial statements

**CITY OF YOUNGSTOWN
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, 1999**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for Services	\$27,633,318	\$27,645,220	\$11,902
Interest		339	339
Capital Grants	2,406,652	2,446,867	40,215
Other	15,000	20,330	5,330
Sale of Fixed Assets	25,842	25,842	
<i>Total Revenues</i>	<u>30,080,812</u>	<u>30,138,598</u>	<u>57,786</u>
Expenses			
Personal Services	9,767,425	9,531,916	235,509
Contractual Services	15,456,991	13,792,157	1,664,834
Materials and Supplies	2,278,942	2,058,184	220,758
Capital Outlay	6,246,485	4,489,002	1,757,483
Intergovernmental	275,000	275,000	
Debt Service:			
Principal Retirement	1,161,409	1,161,409	
Interest and Fiscal Charges	1,032,213	1,032,213	
<i>Total Expenses</i>	<u>36,218,465</u>	<u>32,339,881</u>	<u>3,878,584</u>
<i>Excess of Revenues Under Expenses</i>	(6,137,653)	(2,201,283)	3,936,370
Operating Transfers In	<u>310,188</u>	<u>310,188</u>	
<i>Excess of Revenues Under Expenses and Operating Transfers</i>	(5,827,465)	(1,891,095)	3,936,370
<i>Fund Equity Beginning of Year</i>	5,342,860	5,342,860	
Unexpended Prior Year Encumbrances	<u>279,627</u>	<u>279,627</u>	
<i>Fund Equity (Deficit) End of Year</i>	<u><u>(\$204,978)</u></u>	<u><u>\$3,731,392</u></u>	<u><u>\$3,936,370</u></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, 1999**

	<u>Proprietary Fund Type</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Component Unit</u>	
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$27,645,220	\$539,214	\$28,184,434
Cash Payments to Suppliers for			
Goods and Services	(2,021,554)	(2,655,924)	(4,677,478)
Cash Payments for Contractual Services	(12,326,112)		(12,326,112)
Cash Payments for Employee Services and Benefits	(9,531,916)	(2,306,670)	(11,838,586)
Other Operating Revenues	20,330		20,330
	<u>3,785,968</u>	<u>(4,423,380)</u>	<u>(637,412)</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>			
Cash Flows from Noncapital Financing Activities			
Repayment of Interfund	310,187		310,187
Operating Grants		2,133,666	2,133,666
Property Taxes		2,692,810	2,692,810
Other		31,684	31,684
	<u>310,187</u>	<u>4,858,160</u>	<u>5,168,347</u>
<i>Net Cash Provided by Noncapital Financing Activities</i>			
Cash Flows from Capital and Related Financing Activities			
Capital Grants	2,446,868	641,312	3,088,180
Principal Payments on General Obligation Bonds	(10,000)		(10,000)
Interest Payments on General Obligation Bonds	(78,752)		(78,752)
Principal Payments on OWDA Loans	(1,031,409)		(1,031,409)
Interest Payments on OWDA Loans	(900,861)		(900,861)
Principal Payments on Revenue Bonds	(120,000)		(120,000)
Interest Payments on Revenue Bonds	(52,600)		(52,600)
Sale of a Fixed Asset	25,842		25,842
Acquisition of Capital Assets	(3,275,251)	(830,180)	(4,105,431)
	<u>(2,996,163)</u>	<u>(188,868)</u>	<u>(3,185,031)</u>
<i>Net Cash Used for Capital and Related Financing Activities</i>			
Cash Flows from Investing Activities			
Interest on Investments	339	94,567	94,906
	<u>1,100,331</u>	<u>340,479</u>	<u>1,440,810</u>
<i>Net Increase in Cash and Cash Equivalents</i>			
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>6,068,851</u>	<u>2,526,491</u>	<u>8,595,342</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$7,169,182</u>	<u>\$2,866,970</u>	<u>\$10,036,152</u>

(continued)

**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, 1999**

	Proprietary Fund Type	Component Unit	Totals (Memorandum Only)
	Enterprise		
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
<i>Operating Income (Loss)</i>	\$2,893,675	(\$5,756,708)	(\$2,863,033)
Adjustments:			
Depreciation	2,172,270	1,271,592	3,443,862
(Increase) Decrease in Assets:			
Accounts Receivable	(1,722,518)	(96,925)	(1,819,443)
Due to Other Funds	586,941		586,941
Materials and Supplies Inventory	13,950	(19,645)	(5,695)
Prepaid Items		(1,176)	(1,176)
Increase (Decrease) in Liabilities:			
Accounts Payable	507,386	58,122	565,508
Contracts Payable	202,937		202,937
Accrued Wages and Benefits	27,218	119,685	146,903
Compensated Absences Payable	72,705		72,705
Due to Other Funds	(412,819)		(412,819)
Due to Other Government	(458,431)		(458,431)
Early Retirement Incentive Payable	(97,346)		(97,346)
Other Liabilities		1,675	1,675
<i>Total Adjustments</i>	892,293	1,333,328	2,225,621
<i>Net Cash Provided By (Used for) Operating Activities</i>	\$3,785,968	(\$4,423,380)	(\$637,412)

See accompanying notes to the general purpose financial statements

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**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999**

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 and related organization. These organizations are presented in Note 14 and Note 15 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
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

1. REPORTING ENTITY - (Continued)

Related Organization

Youngstown Employment and Training Corporation

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:

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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, 1999, 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.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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 1999.

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.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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 public works capital projects and the central fuel agency fund to eliminate the funds' negative cash balances. The capital projects funds and the agency 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 1999, 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 Star Bank 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, 1999 share price.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 1999 amounted to \$758,043, which includes \$461,675 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 (Star Bank) to collect revenue and retire principal and interest on its industrial development revenue bonds. 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.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

E. Inventory of Supplies

Primary Government Inventory is valued at cost on a first-in, first-out basis. At December 31, 1999, 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, 1999, 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.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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 1999, 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.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

3. RESTATEMENT OF PRIOR YEAR'S FUND EQUITY

For 1999, the City had adjustments to the special revenue funds. The effect of these changes on the excess of revenues and other financing sources over expenditures and other financing uses as previously reported for the year ended December 31, 1998, is as follows:

	Special Revenue
Excess as Previously Reported	\$1,259,078
Overstated Due From Other Governments	(23,810)
Excess as Restated for the Year Ended 12/31/98	<u>\$1,235,268</u>

The effect of these changes on fund balance as it was previously reported as of December 31, 1998, are as follows:

	Special Revenue
Balances as Previously Reported	\$7,406,069
Overstated Due From Other Governments	(23,810)
Restated Balance December 31, 1998	<u>\$7,382,259</u>

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).

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING - (Continued)

- 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.

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	\$2,044,761	\$2,779,404	(\$619,060)	(\$1,159,029)
Net Adjustment for Revenue Accruals	(81,195)	(18,592)	409,291	1,675,606
Unreported Cash	(56,025)			
Net Adjustment for Expenditure Accruals	(738,495)	(2,259,904)		813,513
Interfund Receivable		310,188		
Disbursement Against Prior Year	123,275	549,282		3,091
Encumbrances	(356,838)	(1,089,798)		16,509
Budget Basis	\$935,483	\$270,580	(\$209,769)	\$1,349,690

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

	Enterprise	Component Unit
GAAP Basis	\$1,845,919	(\$469,664)
Net Adjustment for Revenue Accruals	1,352,275	
Repayment of Interfund	310,188	
Net Adjustment for Expense Accruals	(919,434)	
Capital Outlay	(2,499,478)	
Principal Retirement	(1,161,409)	
Disbursement Against Prior Year Encumbrances	446,364	
Depreciation Expense	2,172,270	
Net Income - Non-Budgeted Funds		469,664
Encumbrances	(3,437,790)	
Budget Basis	(\$1,891,095)	\$

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

5. ACCOUNTABILITY AND COMPLIANCE

A. Fund Deficits

The following funds had deficit fund balances/retained earnings at December 31, 1999:

Special Revenue Funds	
SCMR Fund	\$1,105,823
Revolving Demolition	750,000
Local Homes Trust	75,429
Debt Service Fund	\$120,664
Capital Projects Funds	
Industrial Land Acquisition	\$3,227,240
Public Works	223,837
Enterprise Funds	
Sewer	\$493,957

Special revenue, debt service and capital projects 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 enterprise fund deficit was caused by expenditures being higher than revenues and the recognition of expenditures on the accrual basis of accounting. The general fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

As of December 31, 1999, the following funds has deficit cash balances which violates Ohio Revised Code Section 5705.10;

<u>Fund Type/Fund</u>	<u>Amount</u>
Special Revenue	
Dental Sealant Grant Fund	\$12,459
Capital Projects	
Capital Projects Public Works	73,379
Agency	
Central Fuel Fund	4,170
Debt Service	
Ameritech Trust Fund	183,732

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

5. ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Compliance

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

<u>Fund</u>	<u>Estimated</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Funds			
Parks and Recreation	\$2,318,638	\$2,734,364	\$415,726
Street Construction, Maintenance & Repair	5,309,507	5,339,100	29,593
Auto License Fee	661,857	1,065,000	401,143
CDBG Grant	9,180,547	16,174,721	6,994,174
CDBG Rehabilitation	5,348	15,858	10,510
Local Homes Trust	1,032,021	2,896,636	1,864,615
Litter Control Program	224,420	336,042	111,622
CCA Private Prison	21,500	65,000	43,500
Debt Service Fund			
Ameritech Trust Fund	30,364	190,200	159,836
Capital Projects Funds			
Capital Projects Public Works	2,914,715	5,511,389	2,596,674
Industrial Land Acquisition	3,495,914	6,307,468	2,811,554

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

5. ACCOUNTABILITY AND COMPLIANCE - (Continued)

The following accounts had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.41, Ohio Revised Code:

Fund/Function	Appropriation	Expenditure	Excess
<i>General Fund</i>			
General Government			
Current:			
<i>Human Relations Commission</i>			
Materials and Supplies	\$105	\$3,176	\$3,071
<i>General Accounting</i>			
Personal Services	304,375	305,706	1,331
Contractual Services	6,812	6,866	54
Capital Outlay	6,300	6,467	167
<i>City Income Tax Department</i>			
Personal Services	\$204,800	\$215,525	\$10,725
Materials and Supplies	33,350	33,960	610
Contractual Services	28,371	52,464	24,093
<i>Purchasing Office</i>			
Personal Services	37,100	38,845	1,745
<i>Computer Services</i>			
Personal Services	293,000	295,576	2,576
Capital Outlay	0	52,393	52,393
<i>Economic Development</i>			
Personal Services	114,400	118,204	3,804
Contractual Services	42,162	46,629	4,467
<i>Bailiff Office</i>			
Materials and Supplies	\$711,500	\$744,018	\$32,518
<i>Clerk of Clerks</i>			
Personal Services	780,225	817,187	36,962
<i>Unclaimed Monies</i>	0	1,240	1,240
<i>Miscellaneous</i>			
Other	0	560	560
Public Health and Welfare			
<i>V.D. Clinic</i>			
Personal Services	22,675	22,989	314
<i>Nursing Division</i>			
Personal Services	273,500	283,343	9,843
Materials and Supplies	759	1,015	256
Community Development			
<i>Air Pollution</i>			
Personal Services	85,050	86,752	1,702
Other Financing Sources and Uses			
Transfers Out	18,734,123	19,081,205	347,082

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

Fund/Function	Appropriation	Expenditure	Excess
Special Revenue Funds			
Parks and Recreation			
Current:			
<i>Pools and Playground</i>			
Capital Outlay	714,320	719,277	4,957
Fire Levy			
Current:			
<i>Security of Persons and Property</i>			
Miscellaneous			
Personal Services	2,586,902	2,647,015	60,113
Capital Outlay	0	75,194	75,194
Indigent Alcohol Treatment			
Current:			
<i>Security of Persons and Property</i>			
Contractual Services	0	8,830	8,830
Emergency Shelter Grant			
Current:			
<i>Community Environment</i>			
Personal Services	\$0	\$209,370	\$209,370
CDBG Grant			
Current:			
<i>Community Environment</i>			
CDA 21 st Year Demolition			
Other	36,392	36,932	540
CDA Program Income			
Other	264,118	799,841	535,723
Capital Projects Funds			
Street Improvement			
<i>Capital Outlay</i>			
Contractual Services	\$0	\$17,663	\$17,663
Industrial Land Acquisition			
<i>Intergovernmental</i>			
Principal Retirement	0	170,000	170,000
Interest and Fiscal Charges	8,811	48,168	39,357
Bond Retirement			
Current:			
<i>General Government</i>			
Contractual Service	36,901	120,079	83,178
<i>Debt Service</i>			
Interest and Fiscal Charges	770,769	969,912	199,143

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

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

6. DEPOSITS AND INVESTMENTS

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,

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

6. DEPOSITS AND INVESTMENTS - (Continued)

6. The State Treasurer's investment pool (STAR Ohio).

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 \$9,895,230 and the bank balance was \$9,668,105. Of the bank balance:

1. \$339,505 was covered by federal depository insurance.
2. \$9,328,600 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.

	<u>Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Repurchase Agreement	\$6,928,594	\$6,928,594	\$6,928,594
Star Bank Cash Management Fund	<u>0</u>	<u>299,657</u>	<u>299,657</u>
Total Investments	<u>\$6,928,594</u>	<u>\$7,228,251</u>	<u>\$7,228,251</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
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

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
GASB Statement 9	\$17,123,481	\$0
Investments:		
Repurchase Agreement	(6,928,594)	6,928,594
Star Bank Cash Management Fund	(299,657)	299,657
GASB Statement 3	\$9,895,230	\$7,228,251

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 \$101,335 at December 31, 1999 with a \$128,169 bank balance. Of the bank balance, \$100,000 was covered by depository insurance and \$28,169 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
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

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, 1999. 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	\$2,765,635	\$2,765,635	\$2,765,635

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 for 1997. Of this additional one-quarter percent 50 percent is credited to the police levy special revenue fund, 25 percent to the fire levy special revenue fund, and 25 percent to the 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 1999 for real and public property taxes represents collections of 1998 taxes. Property tax payments received during 1999 for tangible personal property (other than public utility property) is for 1999 taxes.

1999 real property taxes are levied after October 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at 35 percent of true value. 1999 real property taxes are collected in and intended to finance 2000.

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. 1999 public utility property taxes became a lien December 31, 1998, are levied after October 1, 1999, and are collected in 2000 with real property taxes.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

8. PROPERTY TAX - (Continued)

1999 tangible personal property taxes are levied after October 1, 1998, on the values as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 1999, was \$3.70 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$445,965,440
Tangible Personal	92,380,690
Public Utility	75,578,500
Total	<u><u>\$613,924,630</u></u>

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, 1999. 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 1999 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.

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.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

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, 1999, 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 20 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, 1999 is \$96,741. The outstanding balance of other loans is \$9,179,106 for a total of \$9,275,847, in notes receivable.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivable	Amount
General	
Undivided Local Government	336,958
Special Revenue Funds	
Litter Control	53,465
Police Levy	82,452
Health	7,000
Street Construction, Maintenance & Repair	266,245
\$5 Auto License	31,371
Total Special Revenue Funds	440,533
Capital Projects	
Capital Projects Public Works	326,144
Total	\$1,103,635

**CITY OF YOUNGSTOWN
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**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

10. RECEIVABLES - (Continued)

B. Component Unit

Receivables at December 31, 1999, consisted of taxes, accounts, and intergovernmental receivables arising from operating, capital, and planning grants. All receivables are considered fully collectible.

Intergovernmental Receivable	Amount
Federal	
FTA Capital Assistance - reimbursement of operating expenses	\$1,625,028
FTA Planning Grants	40,000
Total Federal	\$1,665,028
State	
ODOT Maintenance and Other Assistance	\$626,320
ODOT Elderly Fare Assistance	99,404
ODOT Fuel Tax Reimbursement	50,601
Total State	\$776,325

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, 1999, for the two funds were as follows:

Buildings	\$34,251,125
Improvements Other than Buildings	2,048,877
Machinery and Equipment	20,735,140
Construction in Progress	775,773
Infrastructure	19,312,398
Vehicles	2,380,833
Total	79,504,146
Less: Accumulated Depreciation	(38,800,769)
Net Fixed Assets	\$40,703,377

Changes in general fixed assets during 1999 were as follows:

	Balance 12/31/98	Additions	Reductions	Balance 12/31/99
Buildings	\$11,254,896	\$289,305	\$0	\$11,544,201
Improvements Other than Buildings	1,087,362	112,471	0	1,199,833
Machinery and Equipment	4,293,745	493,131	75,625	4,711,251
Vehicles	6,547,945	1,119,029	571,165	7,095,809
Total	\$23,183,948	\$2,013,936	\$646,790	\$24,551,094

**CITY OF YOUNGSTOWN
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**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

11. FIXED ASSETS - (Continued)

B. Component Unit

The fixed assets of the WRTA as of December 31, 1999, were as follows:

Land	\$693,004
Buildings and Improvements	6,324,518
Transportation Equipment	10,691,964
Other Equipment	<u>1,052,422</u>
Total	18,761,908
Less: Accumulated Depreciation	<u>(10,169,510)</u>
Net Fixed Assets	<u><u>\$8,592,398</u></u>

12. RISK MANAGEMENT

A. Primary Government

The City is a participant in the Ohio Municipal League Joint Self-Insurance Pool (Pool). The Pool was established in 1987 and is administered under contract by the Ohio Municipal League to provide a program of property and casualty insurance for its member organizations throughout the State of Ohio.

The Pool's general objectives are to formulate, develop and administer a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program on behalf of the member political subdivisions. Political subdivisions joining the Pool may withdraw at the end of any coverage period upon 60 days prior written notice to the Pool. Under agreement, members who terminate participation in the Pool, as well as current members, are subject to a supplemental assessment or a refund, at the discretion of the board of trustees, depending on the ultimate loss experience of all the entities it insures for each coverage year. To date, there have been no assessments or refunds, due to the limited period of time that the Pool has been in existence and the nature of the coverage that is afforded to the participants.

The City obtained insurance coverage from the Pool for losses related to general liability, errors and omissions, property, inland marine, and automobiles in 1999.

Each participant makes an annual "contribution" to the Pool for the coverage they are provided, based on rates established by the Pool, using anticipated and actual results of operation for the various coverages provided. Participants are also charged for a "surplus contribution" that is used to build the Pool's retained earning account to fund the activities of the Pool. During 1999, the City made contributions to the Pool in the amount of \$354,758. The City pays up to a \$25,000 deductible per each claim. During 1999, the City paid \$128,677 in deductibles.

In the ordinary course of business, the Pool cedes a portion of its exposure to other insurers. These arrangements limit the Pool's maximum net loss on individual risks.

**CITY OF YOUNGSTOWN
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**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

12. RISK MANAGEMENT - (Continued)

Treaty basis casualty excess of loss contracts in force at December 31, 1993, generally protects the Pool against losses over \$150,000. From November 1, 1992 to October 31, 1993, the Pool was generally reinsured for casualty losses in excess of \$200,000. From November 1, 1991 to October 31, 1992, the Pool was generally reinsured for casualty losses in excess of \$150,000.

Additionally, treaty basis property coverage protects the Pool against losses subject to a deductible of the lesser of \$50,000 per location or \$100,000 per occurrence. Since November 1, 1990, the Pool is limited to an annual aggregate loss of \$300,000 (\$150,000 prior to November 1, 1990) under this treaty.

The Pool is, and ultimately the participants are, contingently liable should any reinsurer become unable to meet its obligations under the reinsurance agreements.

Settled claims have not exceeded this coverage in any of the past three years. There were no significant reductions in coverage from the prior year.

\$1,000,000 performance bonds are maintained for the mayor, finance director, and law director. Performance bonds having no deductibles for the clerk of courts, chief bailiff and bailiffs are maintained in the amounts of \$25,000, \$2,000 and \$1,000, respectively. All performance bonds are maintained through the Hartford Fire Insurance Company.

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.

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
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

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 1999. 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. 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.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

14. JOINTLY GOVERNED ORGANIZATIONS - (Continued)

In 1999, the City contributed \$63,145 which represents 21 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. RELATED ORGANIZATION

Youngstown Employment and Training Corporation The Youngstown Employment and Training Corporation (YETC) was organized to implement the Comprehensive Employment and Training Act (CETA) and the Job Training Partnership Act (JTPA) for the City. The YETC is the authorized grant recipient of the City's JTPA funds. The YETC helps to prepare youth and unskilled adults for entry into the labor force. The twelve-member board consists of four members appointed by the mayor of Youngstown and eight members appointed by the Youngstown City Council. The YETC serves as custodian of its own funds and maintains all records and accounts independent of the City.

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
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

17. LONG-TERM OBLIGATIONS

Changes in long-term obligations of the City during the year ended December 31, 1999, were as follows:

	Balance 12/31/98	Issued	Retired	Balance 12/31/99
Enterprise Debt				
General Obligation Bonds				
3.10 - 5.10% 1998 Refunding Water Fund Portion	\$1,150,000	\$0	\$5,000	\$1,145,000
3.10 - 5.10% 1998 Refunding Sewer Fund Portion	570,000	0	5,000	565,000
<i>Total General Obligation Bonds</i>	<u>1,720,000</u>	<u>0</u>	<u>10,000</u>	<u>1,710,000</u>
Revenue Bonds				
5.75% 1976 Waterworks System	480,000	0	120,000	360,000
OWDA Loans				
9.99% Wastewater Treatment Plant Improvement - Phase I	1,375,131	0	178,264	1,196,867
10.84% Wastewater Treatment Plant Improvement - Phase II	986,177	0	83,641	902,536
8.97% Wastewater Treatment Plant Improvement - Phase III	5,573,004	0	428,526	5,144,478
8.09% Water Meter Conversion	2,245,788	0	340,978	1,904,810
<i>Total OWDA Loans</i>	<u>10,180,100</u>	<u>0</u>	<u>1,031,409</u>	<u>9,148,691</u>
Early Retirement Incentive	97,346	0	97,346	0
<i>Total Enterprise Funds Obligations</i>	<u>12,477,446</u>	<u>0</u>	<u>1,258,755</u>	<u>11,218,691</u>
 General Long-term Obligations Account Group				
General Obligations Bonds				
7.25% 1975 Airport Improvements	\$90,000	\$0	\$45,000	\$45,000
13.25% 1982 Airport Improvements	55,000	0	55,000	0
5.50% 1977 Offstreet Parking	1,200,000	0	300,000	900,000
3.60 - 7.50% 1995 Various Purpose Improve	4,685,000	0	320,000	4,365,000
3.10 - 5.10% 1998 Advance Refunding	8,025,000	0	650,000	7,375,000
<i>Total General Obligations Bonds</i>	<u>14,055,000</u>	<u>0</u>	<u>1,370,000</u>	<u>12,685,000</u>
Industrial Development Revenue Bonds				
6.0% 1992 Salt Spring Industrial Park Proj.	680,000	0	170,000	510,000
6.0% 1993 Ohio Bell Project	1,200,000	0	120,000	1,080,000

**CITY OF YOUNGSTOWN
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**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

	Balance 12/31/98	Issued	Retired	Balance 12/31/99
<i>Total Industrial Development Revenue Bonds</i>	1,880,000	0	290,000	1,590,000
HUD Section 108 Loans				
6.52% Exal Project	3,735,000	0	275,000	3,460,000
6.84 - 8.27% Forte Mfg.	580,000	0	80,000	500,000
6.84 - 8.27% Beachwood Village	420,000	0	65,000	355,000
6.84 - 9.03% Youngstown CIC	2,250,000	0	80,000	2,170,000
6.84 - 9.03% Far Art	225,000	0	30,000	195,000
6.84 - 9.03% Cantar/Polyair	1,920,000	0	210,000	1,710,000
6.0125% Youngstown CIC	1,414,950	0	40,000	1,374,950
6.84 - 9.03% Mahoning County Chemical Dependency Program	199,950	0	39,950	160,000
<i>Total HUD Section 108 Loans</i>	10,744,900	0	819,950	9,924,950
Other Long-Term Obligation				
Notes Payable	600,000	600,000	600,000	600,000
Police and Fire Pension	12,708,330	0	150,268	12,558,062
Due to Other Governments	1,253,786	1,530,306	1,253,786	1,530,306
Early Retirement Incentive	310,616	0	310,616	0
Compensated Absences	4,671,323	201,567	0	4,872,890
<i>Total Other Long-Term Obligations</i>	19,544,055	2,331,873	2,314,670	19,561,258
<i>Total General Long-term Obligations</i>	46,223,955	2,331,873	4,794,620	43,761,208
<i>Total</i>	<u>\$58,701,401</u>	<u>\$2,331,873</u>	<u>\$6,053,375</u>	<u>\$54,979,899</u>

The City's overall legal debt margin was \$38,760,752 at December 31, 1999. Principal and interest requirements to retire the enterprise funds' long-term debt obligations outstanding at December 31, 1999, are as follows:

Year	General Obligation Bonds	Revenue Bonds	OWDA Loans	Total
2000	\$88,422	\$140,700	\$1,957,268	\$2,186,390
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
2005-2009	1,156,600	0	3,166,356	4,322,956
2010-2014	457,895	0	0	457,895
Totals	<u>\$2,356,485</u>	<u>\$401,400</u>	<u>\$12,691,364</u>	<u>\$15,449,249</u>

**CITY OF YOUNGSTOWN
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**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

17. LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the general long-term debt obligations outstanding at December 31, 1999, are as follows:

Year	General Obligation Bonds	Industrial Development Revenue Bonds	HUD Section 108 Loans	Police and Fire Pension	Total
2000	\$1,912,810	\$383,600	\$1,500,209	\$688,792	\$4,485,411
2001	1,851,468	366,200	1,503,160	688,792	4,409,620
2002	1,565,062	348,800	1,511,465	688,792	4,114,119
2003	1,231,513	161,400	1,664,865	688,792	3,746,570
2004	1,218,525	154,200	1,295,105	688,792	3,356,622
2005-2009	5,954,615	484,800	4,328,707	3,443,962	14,212,084
2010-2014	3,682,502	0	1,812,514	3,443,962	8,938,978
2015-2019	0	0	0	3,443,962	3,443,962
2019-2035	0	0	0	10,645,293	10,645,293
Totals	<u>\$17,416,495</u>	<u>\$1,899,000</u>	<u>\$13,616,025</u>	<u>\$24,421,139</u>	<u>\$57,352,659</u>

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 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 paragraph below).

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, 1999, \$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.

**CITY OF YOUNGSTOWN
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**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

17. LONG-TERM OBLIGATIONS - (Continued)

The police and fire pension liability will be paid from taxes receipted in the police and fire levy special revenue funds. 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 and early retirement incentive will be paid from the fund from which the employees' salaries are paid. The early retirement incentive was paid off during 1999.

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

	Water	Sewer	Total
Outstanding balance of General Obligation Bonds	\$1,145,000	\$565,000	\$1,710,000
Unamortized Premium	17,698	8,811	26,509
Unamortized Accounting Loss	(118,599)	(59,342)	(177,941)
Net Bonds Payable	<u>\$1,044,099</u>	<u>\$514,469</u>	<u>\$1,558,568</u>

18. DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

Primary Government All City full-time employees, other than non-administrative full-time uniformed police officers and firemen 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 and the City is required to contribute 9.35 percent. As of December 31, 1999, the City picks up 50% of the required employees contribution for management employees, members of AFSCME Local 82312, members of the Ohio Patrolmen's Benevolent Association Local 0282, Teamsters Local 0377, and 100% of the required employees share for members of AFSCME Local 2627. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contribution to PERS for the years ended December 31, 1999, 1998, and 1997 were \$1,710,831, \$1,574,463 and \$1,356,665, respectively. The full amount has been contributed for 1998 and 1997, 69.77 percent has been contributed for 1999 with the remainder being reported as a liability within 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, 1999, 1998 and 1997 were \$254,000, \$196,300 and \$191,700, respectively.

**CITY OF YOUNGSTOWN
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**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
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(Continued)**

18. DEFINED BENEFIT PENSION PLANS

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, 1999 was \$3,900.

B. Police and Firemen's Disability and Pension Fund

The City contributes to the Police and Firemen's Disability and Pension Fund of Ohio (PFDPF), a cost-sharing multiple employer public employee retirement system administered by PFDPF's Board of Trustees. The PFDPF 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. The PFDPF issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215.

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 12.50 percent for police and 17 percent for firefighters. As of December 31, 1999, the City picks up 50% of the required employees contribution for management employees in the police department. For 1998 the City contributions were 13 percent for police and 17.5 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$1,064,127 and \$1,058,908 for the year ended December 31, 1998, \$1,056,853 and \$1,028,300 for 1997, and \$1,041,081 and \$1,005,541 for 1996. The full amount has been contributed for 1998 and 1997. 69.65 percent and 66.80 percent, respectively, have been contributed for 1999 with the remainder being reported as a liability within the general long-term obligations account group.

In addition to the current contribution, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. As of December 31, 1999, the unfunded liability of the City was \$12,558,062, payable in semiannual payments through the year 2035. This is an accounting liability of the City which will not vary. The liability is reported in the general long-term obligations account group.

19. POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System

Primary Government 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 and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) 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 1999 employer contribution rate was 13.55 percent of covered payroll for employees; 4.2 percent was the portion that was used to fund health care.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

19. POSTEMPLOYMENT BENEFITS - (Continued)

Benefits are funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The City's actual contributions for 1999 which were used to fund OPEB were \$768,502.

During 1997, PERS adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2 percent of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health coverage.

Component Unit The actuarially determined and statutorily required contribution requirement from the WRTA for the year ended December 31, 1999 was approximately \$64,400.

B. Police and Firemen's Disability and Pension Fund

The Police and Firemen's Disability and Pension Fund (the "Fund") 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 as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Police and Firemen's Disability and Pension Fund's Board of Trustees to provide health care coverage and states that health care cost paid from the Police and Firemen's Disability and 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 percent of covered payroll is applied to the postemployment health care program during 1999. For 1999, the percent used to fund healthcare was 6.5 percent. This allocation will be raised to 7.25 percent in 2000. 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 1999 that were used to fund post employment benefits were \$595,911 for police and \$436,021 for fire. PFDPF's total health care expenses for the year ending December 31, 1998, (the latest information available) were \$78,596,790, which was net of member contributions of \$5,331,515. The number of PFDPF participants eligible to receive health care benefits as of December 31, 1998, was 11,424 for police and 9,186 for firefighters.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

20. EMPLOYEE BENEFITS

A. Compensated Absences

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

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

For governmental funds, the current portion of unpaid compensated absences is recorded as a current liability in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability. As of December 31, 1999, the liability for unpaid compensated absences was \$6,048,678 for the entire City.

B. Special Termination Benefits

The City has approved an Early Retirement Incentive program. Participation is open to 5 percent of civilian employees who are eligible to retire, with the purchased service credit, on or before the date of termination of the plan. Also, the employee agrees to retire within 90 days after receiving notice from PERS and gives 30 day written notice of the availability of the plan and shall within 90 days notify the City in writing the employees desire to participate in the plan.

Pursuant to the terms of the plan, service credit for each participating employee shall be purchased by the City in an amount equal to the lessor of the following:

1. Three years of service credit, or,
2. An amount of service credit equal to 1/5 of the total service of recorded credit to the participating employee in PERS, exclusive of the service credit purchased under this plan.

The enrollment period for the PERS employees was March 1, 1996 through February 28, 1997. During this enrollment period 67 employees elected to participate in this program, amounting to \$3,138,708. This amount was paid from 1996 through 1999.

21. OUTSTANDING CONTRACTUAL COMMITMENTS

The City had the following outstanding contractual commitments at December 31, 1999:

Contractor	Original Contract	Amount Paid to Date	Amount Remaining
MS Consultants	\$3,430,936	\$2,358,996	\$1,071,940
Finkbeiner, Pettis & Strout	123,832	49,953	73,879
A. P. & O'Horo	498,000	408,360	89,640
Hardrives Paving & Construction, Inc.	846,054	148,220	697,834
Patrierno Contracting	64,650	34,413	30,237
Total	\$4,963,472	\$2,999,942	\$1,963,530

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

22. SHORT-TERM DEBT

Note activity during 1999 consisted of the following:

	Balance 12/31/98	Issued	Retired	Balance 12/31/99
General Obligation Notes				
5.63% Street Improvements	\$0	\$2,000,000	\$0	\$2,000,000
7.20% Taxable Street Improvements	1,750,000	0	1,750,000	0
4.92% Street Improvements	150,000	0	150,000	0
8.25% Taxable Street Improvement	0	1,750,000	0	1,750,000
5.63% Street Improvement	0	150,000	0	150,000
Total General Obligation Notes	<u>\$1,900,000</u>	<u>\$3,900,000</u>	<u>\$1,900,000</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.

23. INTERFUND ASSETS AND LIABILITIES

Interfund balances at December 31, 1999, consist of the following individual fund receivables and payables.

Fund Type/Fund	Receivable		Payable	
	Interfund	Due From	Interfund	Due To
General Fund	\$273,740	\$0	\$0	\$0
Special Revenue Funds				
Street Construction and Maintenance	0	0	1,583,863	0
Health	0	0	12,459	0
<i>Total Special Revenue Funds</i>	<u>0</u>	<u>0</u>	<u>1,596,322</u>	<u>0</u>
Debt Service Fund				
Bond Retirement	0	0	333,732	0
Capital Projects Funds				
Capital Projects Public Works	0	0	73,379	0
Street Improvements	150,000	0	0	0
<i>Total Capital Projects Funds</i>	<u>150,000</u>	<u>0</u>	<u>73,379</u>	<u>0</u>
Enterprise Fund				
Sewer	1,583,863	0	0	0
Agency Fund				
Central Fuel	0	0	4,170	
Municipal Court	0	0	0	0
<i>Total Agency Funds</i>	<u>0</u>	<u>0</u>	<u>4,170</u>	<u>0</u>
<i>Total</i>	<u>\$2,007,603</u>	<u>\$0</u>	<u>\$2,007,603</u>	<u>\$0</u>

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

24. CONTINGENT LIABILITIES

A. Litigation

Primary Government The City of Youngstown is attempting to settle a civil lawsuit brought by the US Environmental Protection Agency 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 National Pollutant Discharge Elimination System 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 those improvements.

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.

B. Federal and State Grants

Primary Government For the period January 1, 1999, to December 31, 1999, 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, 1999, 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.

25. 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, 1999, for the Water Fund, the Sewer Fund and component unit is presented below:

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999**

25. SEGMENT INFORMATION - ENTERPRISE FUNDS - (Continued)

	Water	Sewer	Total Primary Government	Component Unit	Total Reporting Entity
Operating Revenues	\$16,703,107	\$12,082,877	\$28,785,984	\$636,139	\$29,422,123
Depreciation Expense	341,808	1,830,462	2,172,270	1,271,592	3,443,862
Operating Income (Loss)	1,680,625	1,213,050	2,893,675	(5,756,708)	(2,863,033)
Property Tax Revenues	0	0	0	2,719,440	2,719,440
Grants	0	0	0	2,441,353	2,441,353
Net Income (Loss)	1,408,194	437,725	1,845,919	(469,664)	1,376,255
Current Capital Contributions	0	2,446,868	2,446,868	671,302	3,118,170
Fixed Asset Additions	1,857,360	1,417,891	3,275,251	830,180	4,105,431
Fixed Asset Deletions	0	25,842	25,842	0	25,842
Net Working Capital	3,776,234	9,419,178	13,195,412	7,575,361	20,770,773
Total Assets	14,141,768	42,761,173	56,902,941	17,332,137	74,235,078
Total Long-term Liabilities	3,308,909	7,758,350	11,067,259	66,977	11,134,236
Total Equity	8,972,739	33,858,791	42,831,530	16,362,315	59,193,845
Encumbrances Outstanding at December 31, 1999	1,435,929	2,001,861	3,437,790	0	3,437,790

26. SUBSEQUENT EVENTS

On May 6, 2000, the City of Youngstown issued a \$600,000 note for urban renewal at a 5.25% interest rate with a maturity date of May 5, 2001.

On May 22, 2000, Youngstown City Council authorized the issuance of up to \$10,355,000 in general obligation bonds to satisfy the City's obligation to the Police and Firemen's Disability Pension Board. The City issued general obligation bonds in the aforementioned amount which were dated July 15, 2000 and bear interest ranging from 4.400% to 6.000%.

On June 14, 2000, the City took out a HUD 108 Loan payable to the U.S. Department of Housing and Urban Development in the amount of \$1,000,000. The proceeds of the loan are to be used for housing rehabilitation.

On September 5, 2000, the City of Youngstown City Council authorized the Board of Control to apply to the U.S. Department of Housing and Urban Development, (HUD) for a \$25,000,000 federal grant under the Emergency Supplemental Act for site acquisition, planning, architectural design and construction of a convocation and community center. HUD awarded the grant to the City. On September 20, 2000, City Council authorized the creation of a 13 member non profit board to oversee construction and operation of the convocation and community center.

As of November 30, 2000, the deficit cash balances in the Ameritech Trust Fund and the Dental Sealant Grant Fund that existed at December 31, 1999 and referred to in Note 5 to the general purpose financial statements have been funded.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Direct Programs</i>			
Community Development Block Grant/ Entitlement Grants	B-92-MC-39-0023	14.218	\$86,721
Community Development Block Grant/ Entitlement Grants	B-95-MC-39-0023	14.218	156,179
Community Development Block Grant/ Entitlement Grants	B-96-MC-39-0023	14.218	154,191
Community Development Block Grant/ Entitlement Grants	B-97-MC-39-0023	14.218	1,485,639
Community Development Block Grant/ Entitlement Grants	B-98-MC-39-0023	14.218	3,341,665
Community Development Block Grant/ Entitlement Grants	B-99-MC-39-0023	14.218	<u>3,786,415</u>
<i>Subtotal</i>		14.218	9,010,810
Emergency Shelter Grants Program	S-99-MC-39-0023	14.231	19,378
Emergency Shelter Grants Program	S-98-MC-39-0023	14.231	185,295
Emergency Shelter Grants Program	S-97-MC-39-0023	14.231	<u>4,698</u>
<i>Subtotal</i>		14.231	209,371
HOME Investment Partnerships Program	M-99-MC-39-0023	14.239	77,422
HOME Investment Partnerships Program	M-98-MC-39-0023	14.239	300,316
HOME Investment Partnerships Program	M-97-MC-39-0023	14.239	508,146
HOME Investment Partnerships Program	-	14.239	<u>289,527</u>
<i>Subtotal</i>		14.239	1,175,411
Homeless Outreach and Care Nurse	OH16B97-1004	-	<u>36,422</u>
Total U.S. Department of Housing and Urban Development			10,432,014

The accompanying notes to this schedule are an integral part of this schedule.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Direct Programs</i>			
Local Law Enforcement Block Grants Program	98-LB-VX-3811	16.592	222,113
Local Law Enforcement Block Grants Program	97-LB-VX-3811	16.592	230,255
<i>Subtotal</i>		16.592	452,368
Public Safety Partnership and Community Policing Grants	97-UM-WX-0661	16.710	177,329
<i>Passed Through Governor's Office of Criminal Justice Services</i>			
Violence Against Women Formula Grants	97-WF-VA6-8220	16.588	37,405
Violence Against Women Formula Grants	98-WF-VA6-8220	16.588	25,430
<i>Subtotal</i>		16.588	62,835
Total U.S. Department of Justice			692,532
<u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u>			
<i>Passed Through Governor's Office of Highway Safety</i>			
State and Community Highway Safety	894.0	20.600	21,622
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Ohio Department of Health</i>			
HIV Care Formula Grants	50-2-01-F-BV-392	93.917	12,454
HIV Care Formula Grants	329 - G - 96	93.917	
HIV Care Formula Grants	329 - G - 98	93.917	6,521
<i>Subtotal</i>		93.917	18,975
Immunization Grants	329 - A	93.268	1,837
Immunization Grants	50201PAZ392	93.268	62,168
<i>Subtotal</i>		93.268	64,005

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Ohio Department of Health</i>			
HIV Prevention Activities Health Department Based	50-2-01-P-AS-392	93.940	710
HIV Prevention Activities Health Department Based	50-2-01-P-AS-392	93.940	196,603
HIV Prevention Activities Health Department Based	329-I	93.940	<u>38,823</u>
<i>Subtotal</i>		93.940	236,136
Preventive Health Services Sexually Transmitted Diseases	50201PBX392	93.977	45,112
Preventive Health Services Sexually Transmitted Diseases	329-F	93.977	<u>251</u>
<i>Subtotal</i>		93.977	45,363
Maternal and Child Health Services Block Grants to the States	50-2-01-F-AJ-320	93.994	<u>29,458</u>
Total U.S. Department of Health and Human Services			393,937
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Passed Through Ohio Environmental Protection Agency</i>			
Air Pollution Control Program Support	SFY 2000	66.001	122,369
Air Pollution Control Program Support	SFY 1999	66.001	146,390
Air Pollution Control Program Support	SFY 1998	66.001	<u>166</u>
<i>Subtotal</i>		66.001	<u>268,925</u>
Total U.S. Environmental Protection Agency			<u>268,925</u>
Total Expenditures of Federal Awards			<u><u>\$11,809,030</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**CITY OF YOUNGSTOWN
MAHONING COUNTY
FOR THE YEAR ENDED DECEMBER 31, 1999**

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 Government'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 Government 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 Government. 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, 1999, the net amount of loans outstanding under this program were \$9,275,847.

NOTE C -- MATCHING REQUIREMENTS

Certain Federal programs require that the Government contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has not complied with the matching requirements for the Local Law Enforcement Block Grant, CFDA number 16.592. The City has complied with the matching requirements for all other 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 programs. Consequently, in certain cases, federal financial assistance expenditures reflected in the Schedule of Federal Awards Expenditures based on the FIFO method, i.e. first in, first out.

NOTE E -- SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City of Youngstown provided federal awards to subrecipients as follows;

<i>Program Title</i>	<i>CFDA Number</i>	<i>Amount Provided To Subrecipients</i>
Community Development Block Grant - Entitlement Grants	14.218	\$2,777,897
HOME Investment Partnerships Program	14.239	657,064

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

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

To City Council:

We have audited the financial statements of the City of Youngstown (the City) as of and for the year ended December 31, 1999, and have issued our report thereon dated December 8, 2000, 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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 1999-21150-001 through 1999-21150-006 and 1999-21150-010. We also noted certain immaterial instances of noncompliance that we have reported to management of the City of Youngstown in a separate letter dated December 8, 2000.

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 1999-21150-007 through 1999-21150-009.

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 1999-21150-007 and 1999-21150-008 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 December 8, 2000.

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

December 8, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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**REPORT 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 City 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, 1999. 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 generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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, 1999. However, we noted certain 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 December 8, 2000.

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 1999-21150-011.

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 1999-21150-011, 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 December 8, 2000.

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

December 8, 2000

CITY OF YOUNGSTOWN
MAHONING COUNTY
DECEMBER 31, 1999

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505

1. SUMMARY OF AUDITOR'S RESULTS
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(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)(iii)	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 - #14.218 HOME Investment Partnerships Program - # 14.239 Local Law Enforcement Block Grants Program - # 16.592
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 354,271 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

**CITY OF YOUNGSTOWN
MAHONING COUNTY
DECEMBER 31, 1999**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

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

Finding Number	1999-21150-001 *
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Finding for Recovery Repaid Under Audit

Pursuant to Criminal Rule 19, Civil Rule 53 and Traffic Rule 14 of the Ohio Supreme Court Rules of Superintendence, the Youngstown Municipal Court employed two Magistrates. Ohio Rev. Code Section 1925.01(B) provides that a municipal court Magistrate shall be compensated from the same sources and in the same manner as provided in Ohio Rev. Code Section 1901.11. Section 1901.11 provides that the Magistrates' salary shall be paid three-fifths from the city treasury and two-fifths from the county in which the municipal corporation is situated.

In 1999, the Magistrates' salaries totaled \$103,083.33 for which they were paid entirely from the treasury of the City of Youngstown. Based on the abovementioned section of the Revised Code, Mahoning County's portion should have been \$41,233.33.

The first magistrate was hired in 1980 and the City has never requested reimbursement from the County. We recommend Municipal Court Officials negotiate with County Officials to reach a possible settlement for the years prior to 1999.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public moneys due but not collected is hereby issued against Mahoning County in the amount of \$41,233.33.

Mahoning County paid \$41,233.33 to the City of Youngstown in settlement of the Finding for Recovery on July 5, 2000.

Finding Number	1999-21150-002
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Finding for Recovery Repaid Under Audit

During the year ended December 31, 1999, GBS Computer & Communication Systems submitted invoices related to a contract with the City for the installation of a computerized accounting system for the Youngstown Municipal Court. According to the disbursement ledger and supporting vouchers GBS was paid \$1,352.38 in excess of the contract.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against GBS Computer & Communication Systems in favor of the City of Youngstown in the amount of one thousand three hundred fifty two dollars and thirty eight cents.

GBS Computer & Communication Systems paid \$1,352.38 to the City of Youngstown in settlement of the Finding for Recovery on November 24, 2000.

**CITY OF YOUNGSTOWN
MAHONING COUNTY
DECEMBER 31, 1999**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

Finding Number	1999-21150-003
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Finding for Recovery

From January 1, 1995 through December 31, 1998, the City of Youngstown has been paying Municipal Court's court appointed attorney fees for indigent defendants out of the City's General Fund to the court appointed attorneys based on their fee slip submissions. The fees paid are for all local ordinance cases and some ORC cases. Eighty-six percent of the fees have been for cases cited under the Ohio Revised Code. Section 120.33 (A)(4) of the Ohio Revised Code provides that attorneys fees for indigent defendants appearing before the municipal court that have been charged under the Ohio Revised Code, except for counsel appointed to represent a person charged with any violation of an ordinance of a municipal corporation that has not contracted with the county commissioners for the payment of appointed counsel, shall be paid by the county and shall receive the compensation and expenses the court approves.

In 1999, the City of Youngstown paid attorney fees of \$15,400.00 out of the City's general fund to defend indigent defendants that appeared before the Youngstown Municipal Court and were charged with an offense under the Ohio Revised Code. Based on the abovementioned section of the Ohio Revised Code, Mahoning County should have paid the \$15,400.00 in attorney's fees for these cases.

It was noted that the City has never requested reimbursement from the County. The City paid approximately \$227,000 in court appointed attorney fees for indigent defendants appearing before the Youngstown Municipal Court for the period from January 1, 1995 through December 31, 1998. We recommend Municipal Court Officials negotiate with County Officials to reach a possible settlement for the years prior to 1999.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public moneys due but not collected is hereby issued against Mahoning County in the amount of \$15,400.00.

Finding Number	1999-21150-004 *
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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, 1999, the Ameritech Trust Fund, a Debt Service Fund, had a negative cash balance of (\$183,732), with total receipts of \$134,757, the Dental Sealant Grant Fund, a special revenue fund, had a negative cash balance of (\$12,459), with total receipts of \$17,000, Health Services for the Homeless Fund, a special revenue fund, had a negative cash balance of (\$3,785), with total receipts of \$32,637, Capital Projects - Public Works, a capital projects fund, had a negative cash balance of (\$73,378), with total receipts of \$2,768,900, Central Fuel Fund, an internal service fund, had a negative cash balance of (\$4,170), which had no receipts. We recommend the City consider advancing money to these funds to meet short term cash flow needs.

**CITY OF YOUNGSTOWN
MAHONING COUNTY
DECEMBER 31, 1999**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

Finding Number	1999-21150-005	*
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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:

- A. Then an Now Certificates - If no certificate is furnished as required, upon receipt 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.
- B. 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, all had purchase orders, but none were found to be certified by the Finance Director. There were also instances whereby direct pay orders and purchase orders were dated subsequent to the invoice date. We noted exceptions in 66% of the vouchers tested for the months of January, February and March of 2000. These expenditures were for goods and services ordered and received in 1999, however purchase orders were not issued until 2000.

Finding Number	1999-21150-006	*
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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>Special Revenue</u>				
Community Development	901	\$15,653,017	\$8,322,606	\$7,330,411
<u>Capital Projects</u>				
Public Works Projects	250	5,511,389	2,914,715	2,596,674
Industrial Land Acquisition	417	6,307,468	3,495,914	2,811,554
<u>Debt Service</u>				
Ameritech Trust Fund	562	190,200	30,364	159,836

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 1999**

Finding Number	1999-21150-006 (Continued) *
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Actual receipts for the aforementioned funds were as follows; Community Development Agency Fund (fund 901) \$8,603,422, Public Works Projects (fund 250) \$2,773,436, Industrial Land Acquisition (fund 417) \$4,486,160, Ameritech Trust Fund (fund 562) \$134,757.

A contributing factor for these variances is the fact the City budgets for its grant funds on a project length basis as opposed to an annual basis. Auditor of State Audit Bulletin 97-012 indicates that if a subdivision has budgeted on a project length basis pursuant to Ohio Rev. Code § 9.34(B) the fiscal officer must obtain an official certificate of estimated resources for the entire project length fiscal period. The City obtained a certificate for the calendar year rather than on a project length fiscal year for the Community Development Agency Fund.

Finding Number	1999-21150-007 *
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The following weaknesses existed in the disbursement cycle:

1. The City does not consistently apply the encumbrance method of accounting. There were several instances whereby direct pay orders and purchase orders were dated subsequent to the invoice date. We noted exceptions in 66% of the vouchers tested for the months of January, February and March of 2000. These expenditures were for goods and services ordered and received in 1999, however purchase orders were not issued until 2000. Additionally, testes indicated purchase orders were not authorized nor certified for all purchases. Of the 60 vouchers tested 60 were not certified.
2. Several employees in the City finance department are able to override the computer system to enter expenditures that exceed the amount appropriated within line items. There were six (6) funds in which total expenditures exceeded appropriations.
3. Packing slips or receiving slips were not always attached to vouchers as supporting documentation for payments. Of the vouchers tested, 68% 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. Only appropriate City personnel (e.g., Finance Director) should have access to override the budgetary controls built into the system.
3. 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.

**CITY OF YOUNGSTOWN
MAHONING COUNTY
DECEMBER 31, 1999**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

Finding Number	1999-21150-008	*
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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	1999-21150-009
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While the City does obtain amended certificates of estimated resources, the final amendments are not posted to the City's ledgers after the proposed changes have been submitted to the County Budget Commission and a final amended certificate has been issued.

This internal control weakness could result in preparation of inaccurate budgeted receipts and resulting variances between budgeted and actual receipts in the budget versus actual statements in the City's general purpose financial statements.

To enhance internal accounting control, we recommend the City post adjustments to budgeted receipts upon receipt of a final amended certificate from the County Budget Commission.

Finding Number	1999-21150-010
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Section 5705.41 (B), Ohio Revised Code, prohibits a subdivision from making an expenditure unless it has been properly appropriated. The debt service fund had total appropriations of \$2,107,470 and expenditures of \$2,365,638. This could result in a deficit fund balance.

**CITY OF YOUNGSTOWN
MAHONING COUNTY
DECEMBER 31, 1999**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	1999-21150- 011	*
CFDA Title and Number	Community Development Block Grant CFDA # 14.218	
Federal Award Number / Year	B-99-MC-39-0023/1999	
Federal Agency	U.S. Department of Housing and Urban Development	
Pass-Through Agency	N/A	

Material Internal Control Weakness

The following weaknesses existed in the disbursement cycle:

1. Invoices are not canceled when paid. Of the 60 invoices we tested, 60 were not canceled when paid. This practice can lead to duplicate payments to vendors or improper payments for merchandise never received or services not rendered.
2. The City does not consistently apply the encumbrance method of accounting. Purchase orders are not being authorized nor certified for all purchases. Of the vouchers tested 88% were not certified.
3. Several employees in the City finance department are able to override the computer system to enter expenditures that exceed the amount appropriated within line items. There were two (2) funds which had total expenditures that exceeded line item appropriations.

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

1. Invoices should be canceled when payment is made in order to avoid double payments being made.
2. 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.

CITY OF YOUNGSTOWN

**MAHONING COUNTY
DECEMBER 31, 1999**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

Finding Number	1999-21150- 011 (Continued) *
CFDA Title and Number	Community Development Block Grant CFDA # 14.218
Federal Award Number / Year	B-99-MC-39-0023/1999
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	N/A

3. Only appropriate City personnel (e.g., Finance Director) should have access to override the budgetary controls built into the system. If sufficient funds are not in the line item appropriation to cover the proposed expenditure, the City should not incur the expenditure or should transfer appropriations from other line items sufficient to cover the proposed expenditure or should seek additional sources of revenue in order to obtain an amended certificate of estimated resources to increase line item appropriations to a level sufficient to cover all expenditures within the line item appropriations.
4. 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.

**CITY OF YOUNGSTOWN
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 1999**

SCHEDULE OF STATUS OF 1998 AUDIT FINDINGS

<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
1998-21150 -001	Finding for Recovery against Mahoning County for County share of Magistrate's salary pursuant to Ohio Revised Code Section 1901.11.	No	
1998-21150- 002	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	
1998-21150 -003	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	
1998-21150-004	Section 5705.39, Revised Code, provides that appropriations not exceed amounts certified as available by the budget commission.	No	
1998-21150 -005	Internal control weaknesses in the City disbursement cycle.	No	
1998-21150-006	City was unable to provide cost data for City owned land.	No	
1998-21150-007	Same as finding 1998-21150-005.	No	
1998-21150-008	The City was using outdated wage determinations and was not monitoring contractor's payrolls for compliance with Davis Bacon Act.	Yes	

**CITY OF YOUNGSTOWN
MAHONING COUNTY
FOR THE YEAR ENDED DECEMBER 31, 1999**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133.315 (C)**

- 1999-21150-001** Both the 1998 amount of \$38,014.32 and the 1999 amount of \$41,233.33 were paid to the City by Mahoning County in 2000.
- 1999-21150-002** GBS Computer & Communication Systems reimbursed the City \$1,352.38 on 11/28/00.
- 1999-21150-003** Finding has not yet been repaid. Situation has been corrected for 2000.
- 1999-21150-004** All deficit fund balances have been eliminated as of 12/31/99, 12/31/00 with the following exceptions:
- Fund 562- Ameritech Trust Fund - Deficit (\$183,731.90)**
In September, 2000, the amount of \$262,500 was transferred from General Fund 101 by Ordinance #00-300.
- Fund 667 - Dental Sealant Grant Fund - Deficit (\$12,458.97)**
This is a grant fund - City makes expenditures from the Fund and then is reimbursed by Ohio Department of Health Federal Grant Pass-through. In January, 2000, the amount of \$13,000 was received from the Auditor of State.
- Fund 665- Health Services for the Homeless - Deficit (\$3,785.01)**
This is a grant fund- City makes expenditures from the Fund and then is reimbursed by HUD. The City received the amount of \$8,274 from HUD in March, 2000.
- Fund 250 - Capital Projects -Public Works - Deficit (\$73,378.33)**
This is a reimbursement - type fund; the City must make payments on various Capital Improvement projects and then requests reimbursement from the State of Ohio. In January, 2000, the City received a total of \$439,540.26 in this fund.
- Fund 569 - Central Fuel Fund - Deficit (\$4,169.63)**
This is an internal service type fund. Fuel is purchased and paid for from this Fund, and subsequently each department is billed its fuel usage. There were receipts into this fund; however, the receipts are recorded in the journal as negative expenditures (otherwise, the expenditure would be recorded both in Fund 526 and in the paying department's fund). Attached is the journal for March 2000 showing how these reimbursement are recorded.
- 1999-21150-005** We believe that this problem can be resolved by re-establishing a Central Purchasing system; some very preliminary steps toward this end have been implemented in 2000 and we hope to resolve these issues in 2001. 12/31/01

**CITY OF YOUNGSTOWN
MAHONING COUNTY
FOR THE YEAR ENDED DECEMBER 31, 1999**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133.315 (C)**

1999-21150-006	These issues seem to result 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.	<u>12/31/01</u>
1999-21150-007	<p>We believe that these problems will be substantially eliminated by implementing a Central Purchasing system.</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> <p>This override capability is necessary in cases where an appropriation has been approved by council but not yet put on the system; additionally, it must be available for payments from non-budgetary (agency) funds. Overrides must be approved by either the Finance Director for the General Accounting Manager.</p>	<u>12/31/01</u>
1999-21150-008	The City has purchased an updated Fixed Asset Accounting System, and a physical inventory is currently underway. Additionally, the Finance Dept. is working with Public Works and the County Treasurer's office to determine the cost of all land owned by the City.	<u>12/31/01</u>
1999-21150-009	This will be corrected in 2001.	
1999-21150-010	This was a result of my failure to budget for interest on 2 City notes; interest was not paid until 12/31/99 and I did not request additional appropriation to cover the expenditure. However, the problem will not exist in 2000, as the appropriation was made.	<u>12/31/01</u>



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
JANUARY 18, 2001**