



**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Youngstown City School District
Mahoning County
20 West Wood Street
Youngstown, Ohio 44501

To the Board of Education:

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

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

The general-purpose financial statements referred to above do not include the General Fixed Asset Account Group. Additionally, the District has not recorded property, buildings and equipment or related depreciation for its Proprietary Fund Types. Generally accepted accounting principles require that property, buildings, and equipment be reported at cost or estimated cost, and that such proprietary fund type assets be reduced by depreciation. The amounts that should have been reported in order to comply with generally accepted accounting principles are not known.

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 Youngstown City School District, Mahoning County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District 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 12, 2000

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YOUNSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$198,250	\$3,824,339	\$50,134	\$448,785
Cash and Cash Equivalents With Fiscal Agents	1,960,234			
Receivables:				
Taxes	22,362,752		515,400	1,607,440
Accounts	43,736	3,564,623		
Intergovernmental	62,118	411,655		
Interfund Receivable	3,253,834			
Due from Other Funds	13,674			
Inventory Held for Resale				
Materials and Supplies Inventory	253,600			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	582,946			
Other Debits				
Amount Available in Debt Service Fund for Retirement of General Obligations				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	\$28,731,144	\$7,800,617	\$565,534	\$2,056,225

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Group</u>	
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Long-Term Obligations</u>	<u>Totals (Memorandum Only)</u>
\$1,007,738	\$2,347,710	\$373,482		\$8,250,438
				1,960,234
				24,485,592
2,894				3,611,253
511,025				984,798
0				3,253,834
2,370				16,044
175,483				175,483
5,567				259,167
				582,946
			50,134	50,134
			6,847,507	6,847,507
<u>\$1,705,077</u>	<u>\$2,347,710</u>	<u>\$373,482</u>	<u>\$6,897,641</u>	<u>\$50,477,430</u>

(Continued)

**YOUNSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities,				
Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$428,641	\$368,069		\$65,287
Contracts Payable		46,501		80,165
Accrued Wages and Benefits	6,575,095	1,522,213		
Compensated Absences Payable	493,364	51,220		
Interfund Payable		3,103,834		
Due to Other Funds		16,044		
Intergovernmental Payable	1,425,280	356,028		
Deferred Revenue	22,362,752		515,400	1,607,440
Undistributed Monies				
Due to Students				
Accrued Interest Payable	217,213			98,365
Loans Payable				
Claims Payable				
Energy Conservation Loan Payable				4,990,000
Asbestos Removal Loan Payable				
State Operating Loan Payable	19,549,000			
General Obligation Bonds Payable				
<i>Total Liabilities</i>	51,051,345	5,463,909	515,400	6,841,257
Fund Equity and Other Credits				
Retained Earnings:				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	334,220	673,873		143,837
Reserved for Inventory	253,600			
Reserved for Bus Purchases Program	103,314			
Reserved for Budget Stabilization	476,555			
Reserved for Textbooks	3,077			
Unreserved, Undesignated (Deficit)	(23,490,967)	1,662,835	50,134	(4,928,869)
<i>Total Fund Equity (Deficit) and Other Credits</i>	(22,320,201)	2,336,708	50,134	(4,785,032)
Total Liabilities, Fund Equity and Other Credits	\$28,731,144	\$7,800,617	\$565,534	\$2,056,225

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Types	Account Group	Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Long-Term Obligations	
\$34,065	\$94,203	\$5,833		\$996,098
				126,666
99,880				8,197,188
270,691			4,009,788	4,825,063
150,000				3,253,834
				16,044
254,409			746,363	2,782,080
16,560				24,502,152
		5,128		5,128
		115,939		115,939
				315,578
			141,165	141,165
	1,207,642		561,765	1,769,407
				4,990,000
			268,560	268,560
				19,549,000
			1,170,000	1,170,000
<u>825,605</u>	<u>1,301,845</u>	<u>126,900</u>	<u>6,897,641</u>	<u>73,023,902</u>
879,472	1,045,865			1,925,337
		19,144		1,171,074
				253,600
				103,314
				476,555
				3,077
		227,438		(26,479,429)
<u>879,472</u>	<u>1,045,865</u>	<u>246,582</u>		<u>(22,546,472)</u>
<u>\$1,705,077</u>	<u>\$2,347,710</u>	<u>\$373,482</u>	<u>\$6,897,641</u>	<u>\$50,477,430</u>

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL TYPES AND SIMILIAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Revenues						
Taxes	\$20,085,104		\$184,829	\$1,607,060		\$21,876,993
Intergovernmental	56,288,563	16,378,990		2,216,527		74,884,080
Interest	1,129,723	15,772	165,144			1,310,639
Tuition and Fees	504,352					504,352
Extracurricular Activities		363,122				363,122
Contributions and Donations	500	185,985			115,538	302,023
Customer Services	10,838					10,838
Rentals	116,278					116,278
Miscellaneous	576,048	220,037		1,600		797,685
Total Revenues	<u>78,711,406</u>	<u>17,163,906</u>	<u>349,973</u>	<u>3,825,187</u>	<u>115,538</u>	<u>100,166,010</u>
Expenditures						
Current:						
Instruction:						
Regular	24,281,570	2,944,729				27,226,299
Special	12,573,577	5,097,672				17,671,249
Vocational	3,006,263	243,778			55,433	3,305,474
Adult/Continuing		294,374				294,374
Support Services:						
Pupils	3,829,395	1,382,895				5,212,290
Instructional Staff	3,068,461	2,466,679				5,535,140
Board of Education	363,000	4,655				367,655
Administration	4,929,297	1,121,445				6,050,742
Fiscal	1,131,793	361,827				1,493,620
Business	978,516	1,000			1,360	980,876
Operation and Maintenance of Plant	8,799,569	543,428			7,967	9,350,964
Pupil Transportation	4,205,433	88,458				4,293,891
Central	909,315	39,413				948,728
Operation of Non-Instructional Services	19,467	3,042,141			500	3,062,108
Extracurricular Activities	519,825	226,857				746,682
Capital Outlay	15,561	88,750		2,878,091		2,982,402
Debt Service:						
Principal Retirement	132,842		295,422			428,264
Interest and Fiscal Charges	2,053,976		48,722	358,942		2,461,640
Total Expenditures	<u>70,817,860</u>	<u>17,948,101</u>	<u>344,144</u>	<u>3,237,033</u>	<u>65,260</u>	<u>92,412,398</u>
Excess of Revenues Over (Under) Expenditures	<u>7,893,546</u>	<u>(784,195)</u>	<u>5,829</u>	<u>588,154</u>	<u>50,278</u>	<u>7,753,612</u>
Other Financing Sources (Uses)						
Proceeds from Sale of Fixed Assets	10,005			5,000		15,005
Operating Transfers In			43,769			43,769
Operating Transfers Out	(43,769)					(43,769)
Total Other Financing Sources (Uses)	<u>(33,764)</u>		<u>43,769</u>	<u>5,000</u>		<u>15,005</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>7,859,782</u>	<u>(784,195)</u>	<u>49,598</u>	<u>593,154</u>	<u>50,278</u>	<u>7,768,617</u>
Fund Balances (Deficit)						
Beginning of Year (Restated Note 3)	(30,173,413)	3,120,903	536	(5,378,186)	196,304	(32,233,856)
Decrease in Reserve for Inventory	(6,570)					(6,570)
Fund Balances (Deficit) End of Year	<u>(\$22,320,201)</u>	<u>\$2,336,708</u>	<u>\$50,134</u>	*****	<u>\$246,582</u>	<u>(\$24,471,809)</u>

See accompanying notes to the general purpose financial statements

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YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (Non-GAAP Basis) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$22,231,337	\$19,887,891	(\$2,343,446)
Intergovernmental	40,735,205	40,694,385	(40,820)
Interest	1,000,000	1,113,284	113,284
Tuition and Fees	174,350	467,690	293,340
Extracurricular Activities			
Contributions and Donations		500	500
Rentals	67,670	79,945	12,275
Miscellaneous	508,350	579,480	71,130
<i>Total Revenues</i>	<u>64,716,912</u>	<u>62,823,175</u>	<u>(1,893,737)</u>
Expenditures			
Current:			
Instruction:			
Regular	23,558,015	23,556,452	1,563
Special	12,481,203	12,481,191	12
Vocational	3,041,524	3,037,464	4,060
Adult/Continuing			
Support Services:			
Pupils	3,586,769	3,586,769	
Instructional Staff	2,949,234	2,948,237	997
Board of Education	388,693	388,693	
Administration	4,930,831	4,930,831	
Fiscal	1,397,444	1,372,473	24,971
Business	1,009,655	1,009,655	
Operation and Maintenance of Plant	8,869,851	8,869,847	4
Pupil Transportation	4,492,666	4,352,552	140,114
Central	1,059,127	1,059,127	
Operation of Non-Instructional			
Services	12,409	12,409	
Extracurricular Activities	520,816	520,816	
Capital Outlay	15,561	15,561	
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
<i>Total Expenditures</i>	<u>68,313,798</u>	<u>68,142,077</u>	<u>171,721</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(3,596,886)</u>	<u>(5,318,902)</u>	<u>(1,722,016)</u>
Other Financing Sources (Uses)			
Proceeds of Notes	2,574,250	2,574,000	(250)
Proceeds from Sale of Fixed Assets	10,500	10,005	(495)
Advances In	113,317	113,317	
Advances Out			
Operating Transfers In			
Operating Transfers Out	(43,769)	(43,769)	
<i>Total Other Financing Sources (Uses)</i>	<u>2,654,298</u>	<u>2,653,553</u>	<u>(745)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(942,588)</u>	<u>(2,665,349)</u>	<u>(1,722,761)</u>
Fund Balances			
Beginning of Year	6,281,446	6,281,446	
Prior Year Encumbrances Appropriated	524,626	524,626	
Fund Balances (Deficit) End of Year	<u>\$5,863,484</u>	<u>\$4,140,723</u>	<u>(\$1,722,761)</u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
17,509,170	18,131,610	622,440	\$1,989,102	\$1,989,102	
15,772	15,772		17,445,286	17,518,215	72,929
			165,144	165,144	
316,022	357,803	41,781			
186,335	185,985	(350)			
86,613	220,037	133,424			
18,113,912	18,911,207	797,295	19,599,532	19,672,461	72,929
3,182,487	2,634,539	547,948			
6,727,055	5,748,120	978,935			
310,842	300,717	10,125			
411,281	322,631	88,650			
1,922,132	1,614,227	307,905			
3,149,731	2,544,076	605,655			
5,726	5,375	351			
1,196,053	1,119,509	76,544			
391,184	361,828	29,356			
6,000	1,000	5,000			
593,168	525,959	67,209			
207,958	108,080	99,878			
115,212	109,180	6,032			
3,984,792	3,550,790	434,002			
271,469	239,047	32,422			
269,342	139,107	130,235			
			16,994,589	16,994,589	
			2,672,045	2,672,043	2
22,744,432	19,324,185	3,420,247	19,666,634	19,666,632	2
(4,630,520)	(412,978)	4,217,542	(67,102)	5,829	72,931
(24,020)	(63,317)	(39,297)	43,769	43,769	
(24,020)	(63,317)	(39,297)	43,769	43,769	
(4,654,540)	(476,295)	4,178,245	(23,333)	49,598	72,931
2,165,263	2,165,263		536	536	
858,524	858,524				
(\$1,630,753)	\$2,547,492	\$4,178,245	(\$22,797)	\$50,134	\$72,931

(Continued)

YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (Non-GAAP Basis) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes			
Intergovernmental	2,878,409	2,216,527	(661,882)
Interest			
Tuition and Fees			
Extracurricular Activities			
Contributions and Donations			
Rentals			
Miscellaneous	1,600	1,600	
<i>Total Revenues</i>	<u>2,880,009</u>	<u>2,218,127</u>	<u>(661,882)</u>
Expenditures			
Current:			
Instruction:			
Regular			
Special			
Vocational			
Adult/Continuing			
Support Services:			
Pupils	14,289	14,281	8
Instructional Staff	1,476,011	1,760,792	(284,781)
Board of Education			
Administration			
Fiscal			
Business			
Operation and Maintenance of Plant	22,342	947	21,395
Pupil Transportation			
Central	20,706	20,706	
Operation of Non-Instructional			
Services			
Extracurricular Activities			
Capital Outlay	1,164,919	1,179,512	(14,593)
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
<i>Total Expenditures</i>	<u>2,698,267</u>	<u>2,976,238</u>	<u>(277,971)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>181,742</u>	<u>(758,111)</u>	<u>(939,853)</u>
Other Financing Sources (Uses)			
Proceeds of Notes			
Proceeds from Sale of Fixed Assets		5,000	5,000
Advances In			
Advances Out			
Operating Transfers In			
Operating Transfers Out			
<i>Total Other Financing Sources (Uses)</i>		<u>5,000</u>	<u>5,000</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>181,742</u>	<u>(753,111)</u>	<u>(934,853)</u>
Fund Balances			
Beginning of Year	516,141	516,141	
Prior Year Encumbrances Appropriated	445,656	445,656	
Fund Balances (Deficit) End of Year	<u>\$1,143,539</u>	<u>\$208,686</u>	<u>(\$934,853)</u>

See accompanying notes to the general purpose financial statements

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			\$24,220,439	\$21,876,993	(\$2,343,446)
			78,568,070	78,560,737	(7,333)
			1,180,916	1,294,200	113,284
			174,350	467,690	293,340
			316,022	357,803	41,781
100,000	115,541	15,541	286,335	302,026	15,691
			67,670	79,945	12,275
			596,563	801,117	204,554
100,000	115,541	15,541	105,410,365	103,740,511	(1,669,854)
			26,740,502	26,190,991	549,511
			19,208,258	18,229,311	978,947
160,665	125,550	35,115	3,513,031	3,463,731	49,300
3,100	3,038	62	414,381	325,669	88,712
			5,523,190	5,215,277	307,913
			7,574,976	7,253,105	321,871
			394,419	394,068	351
4,000	3,522	478	6,130,884	6,053,862	77,022
			1,788,628	1,734,301	54,327
1,400	1,360	40	1,017,055	1,012,015	5,040
10,303	7,967	2,336	9,495,664	9,404,720	90,944
			4,700,624	4,460,632	239,992
			1,195,045	1,189,013	6,032
1,000	500	500	3,998,201	3,563,699	434,502
			792,285	759,863	32,422
			1,449,822	1,334,180	115,642
			16,994,589	16,994,589	
			2,672,045	2,672,043	2
180,468	141,937	38,531	113,603,599	110,251,069	3,352,530
(80,468)	(26,396)	54,072	(8,193,234)	(6,510,558)	1,682,676
			2,574,250	2,574,000	(250)
			10,500	15,005	4,505
			113,317	113,317	
			(24,020)	(63,317)	(39,297)
			43,769	43,769	
			(43,769)	(43,769)	
			2,674,047	2,639,005	(35,042)
(80,468)	(26,396)	54,072	(5,519,187)	(3,871,553)	1,647,634
193,501	193,501		9,156,887	9,156,887	
57,540	57,540		1,886,346	1,886,346	
\$170,573	\$224,645	\$54,072	\$5,524,046	\$7,171,680	\$1,647,634

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
Operating Revenues			
Tuition	\$768,661		\$768,661
Sales	371,612		371,612
Charges for Services		7,584,632	7,584,632
Other	4,609		4,609
<i>Total Operating Revenues</i>	<u>1,144,882</u>	<u>7,584,632</u>	<u>8,729,514</u>
Operating Expenses			
Salaries	1,929,789		1,929,789
Fringe Benefits	739,666		739,666
Purchased Services	143,816	513,807	657,623
Materials and Supplies	78,350		78,350
Cost of Sales	1,679,964		1,679,964
Claims		6,197,104	6,197,104
Other	15,348		15,348
<i>Total Operating Expenses</i>	<u>4,586,933</u>	<u>6,710,911</u>	<u>11,297,844</u>
<i>Operating Income (Loss)</i>	<u>(3,442,051)</u>	<u>873,721</u>	<u>(2,568,330)</u>
Non-Operating Revenues			
Federal Donated Commodities	326,598		326,598
Interest	14,412		14,412
Operating Grants	3,359,042		3,359,042
<i>Total Non-Operating Revenues</i>	<u>3,700,052</u>		<u>3,700,052</u>
<i>Net Income</i>	258,001	873,721	1,131,722
<i>Retained Earnings</i>			
<i>Beginning of Year</i>	<u>621,471</u>	<u>172,144</u>	<u>793,615</u>
<i>Retained Earnings End of Year</i>	<u>\$879,472</u>	<u>\$1,045,865</u>	<u>\$1,925,337</u>

See accompanying notes to the general purpose financial statements

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**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (Non-GAAP Basis) AND ACTUAL
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Tuition	\$940,715	\$768,791	(\$171,924)
Sales	346,042	380,503	34,461
Charges for Services			
Interest	14,412	14,412	
Operating Grants	3,368,368	3,367,677	(691)
Other	3,613	3,613	
Total Revenues	4,673,150	4,534,996	(138,154)
Expenses			
Salaries	1,874,746	1,867,828	6,918
Fringe Benefits	742,659	725,239	17,420
Purchased Services	146,098	128,787	17,311
Materials and Supplies	1,435,603	1,477,042	(41,439)
Claims			
Other	16,206	15,348	858
Total Expenses	4,215,312	4,214,244	1,068
Excess of Revenues Over (Under) Expenses	457,838	320,752	(137,086)
Advances Out	(50,000)	(50,000)	
Excess of Revenues Over (Under) Expenses and Advances	407,838	270,752	(137,086)
Fund Equity Beginning of Year	556,579	556,579	
Prior Year Encumbrances Appropriated	61,437	61,437	
Fund Equity End of Year	\$1,025,854	\$888,768	(\$137,086)

See accompanying notes to the general purpose financial statements

Internal Service Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			\$940,715	\$768,791	(\$171,924)
			346,042	380,503	34,461
9,999,438	7,588,076	(2,411,362)	9,999,438	7,588,076	(2,411,362)
			14,412	14,412	
			3,368,368	3,367,677	(691)
			3,613	3,613	
9,999,438	7,588,076	(2,411,362)	14,672,588	12,123,072	(2,549,516)
			1,874,746	1,867,828	6,918
544,325	510,073	34,252	742,659	725,239	17,420
			690,423	638,860	51,563
6,685,000	6,281,426	403,574	1,435,603	1,477,042	(41,439)
			6,685,000	6,281,426	403,574
			16,206	15,348	858
7,229,325	6,791,499	437,826	11,444,637	11,005,743	438,894
2,770,113	796,577	(1,973,536)	3,227,951	1,117,329	(2,110,622)
			(50,000)	(50,000)	
2,770,113	796,577	(1,973,536)	3,177,951	1,067,329	(2,110,622)
1,370,947	1,370,947		1,927,526	1,927,526	
6,870	6,870		68,307	68,307	
\$4,147,930	\$2,174,394	(\$1,973,536)	\$5,173,784	\$3,063,162	(\$2,110,622)

YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$380,503		\$380,503
Cash Received from Tuition Payments	768,791		768,791
Cash Received from Charges for Services		7,588,076	7,588,076
Cash Payments to Suppliers for Goods and Services	(1,565,629)	(455,827)	(2,021,456)
Cash Payments to Employees for Services	(1,868,146)		(1,868,146)
Cash Payments for Employee Benefits	(725,239)		(725,239)
Cash Payments for Claims		(6,162,356)	(6,162,356)
Cash Received from Other Operating Revenues	3,613		3,613
Cash Payments for Other Operating Expenses	(15,348)		(15,348)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(3,021,455)</u>	<u>969,893</u>	<u>(2,051,562)</u>
Cash Flows from Noncapital Financing Activities			
Operating Grants Received	3,367,677		3,367,677
Advance Out	(50,000)		(50,000)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>3,317,677</u>		<u>3,317,677</u>
Cash Flows from Investing Activities			
Interest on Investments	14,412		14,412
<i>Net Increase in Cash and Cash Equivalents</i>	310,634	969,893	1,280,527
<i>Cash and Cash Equivalents Beginning of Year</i>	697,104	1,377,817	2,074,921
<i>Cash and Cash Equivalents End of Year</i>	<u>\$1,007,738</u>	<u>\$2,347,710</u>	<u>\$3,355,448</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
<i>Operating Income (Loss)</i>	<u>(\$3,442,051)</u>	<u>\$873,721</u>	<u>(\$2,568,330)</u>
<i>Adjustments:</i>			
Donated Commodities Used During Year	326,598		326,598
(Increase)/Decrease in Assets:			
Accounts Receivable	(1,774)	3,444	1,670
Intergovernmental Receivable	130		130
Due from Other Funds	3,653		3,653
Inventory Held for Resale	27,223		27,223
Materials and Supplies Inventory	59		59
Increase/(Decrease) in Liabilities:			
Accounts Payable	(17,843)	57,980	40,137
Accrued Wages and Benefits	(1,382)		(1,382)
Compensated Absences Payable	75,973		75,973
Intergovernmental Payable	7,959		7,959
Claims Payable		34,748	34,748
Total Adjustments	<u>420,596</u>	<u>96,172</u>	<u>516,768</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$3,021,455)</u>	<u>\$969,893</u>	<u>(\$2,051,562)</u>

See accompanying notes to the general purpose financial statements

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999**

1. DESCRIPTION OF THE SCHOOL DISTRICT

Youngstown City School District (School District) operates under a locally-elected seven-member Board and provides educational services as authorized by State and/or federal agencies. The Board controls the School District's instructional support facilities staffed by 533 non-certificated and 833 certified full-time teaching personnel and 68 administrative employees who provide services to students and other community members.

The School District is located in Youngstown, Ohio, Mahoning County, including an area extending roughly five miles around the City. The enrollment for the School District during the 1999 fiscal year was 11,541. The School District operates thirteen elementary schools (K-5), four middle schools (6-8), three high schools (9-12), and a vocational school.

On September 20, 1996, the School District was declared to be in a state of "Fiscal Emergency" by the Auditor of State. New legislation effective September 1996, permitted this declaration due to the School District's declining financial condition. In accordance with the new law, a seven-member Financial Planning and Supervision Commission was established to oversee all financial affairs of the School District. The Commission's primary charge is to develop, adopt, and implement a five year financial recovery plan (Plan). The Commission accordingly adopted the School District's Plan in June 1998. The Commission is comprised of the State Superintendent of Public Instruction, the School District Superintendent, State Director of Budget and Management, an appointee of the Superintendent of Public Instruction, an appointee of the governor, an appointee of the mayor of the City of Youngstown and a parent appointee of the State Superintendent of Public Instruction. The elected Board of Education may not take actions that are not authorized by the Plan.

Reporting Entity

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. This includes general operations, food service, and related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

1. DESCRIPTION OF THE SCHOOL DISTRICT (Continued)

The following activities are included within the reporting entity:

Non-Public Schools - Within the School District boundaries, there are various non-public schools. Current State legislation provides funding to these parochial schools. These monies are received and disbursed by the School District on behalf of the parochial school by the treasurer of the School District, as directed by the parochial school. The activity of these monies is reflected in a special revenue fund for financial reporting purposes.

The School District is associated with the Area Cooperative Computerized Educational Service System, a jointly governed organization. This organization is presented in Note 16 to the General Purpose Financial Statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements of the School District 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 School District also applies Financial Accounting Standards Board (FASB) statements 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 School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

The School District 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 School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special 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 School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Capital Projects Funds Capital projects 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 Types Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

Enterprise Funds Enterprise funds are used 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 goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

Fiduciary Fund Type Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Account Group To make a clear distinction between long-term liabilities related to specific funds and those of a general nature, the following account group is used:

General Long-Term Obligations Account Group This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds 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.

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

The School District reports deferred revenues for governmental funds on its combined balance sheet when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Data

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

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

The School District has funds which are agency funds for budgetary reporting, but are included in the various governmental and proprietary funds for GAAP reporting purposes.

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

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

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, except for agency funds, consistent with statutory provisions.

Encumbrances As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. 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 reported in the notes to the financial statements for proprietary funds.

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 appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Cash Equivalents

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

During fiscal year 1999, investments were limited to Money Market mutual funds, Federal Home Loan Notes, United States Treasury Notes, repurchase agreements, and STAR Ohio. These investments are reported at fair value which is based on quoted market prices, except for repurchase agreements which are reported at cost. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$1,129,723, which includes \$636,376 assigned from other School District funds.

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. These monies are presented on the combined balance sheet as "cash and cash equivalents with fiscal agents."

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 maturities of three months or less at the time they were purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of an inventory item is recorded as an expenditure in the governmental fund types when purchased.

Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

F. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks, and to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

G. Fixed Assets

General fixed assets are long-lived assets of the School District as a whole. As a departure from generally accepted accounting principles, the School District does not report fixed assets.

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. 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" or "due to other funds". Short-term interfund loans are classified as "interfund receivables/payables".

J. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected 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 compensated absences is reported as a fund liability.

K. 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 obligation account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than sixty days after year end are generally considered not to have been paid with current available resources. Bonds and long-term loans are reported as liabilities to 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 funds.

L. Interfund Transactions

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

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

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventory, budget stabilization, textbook purchases, and school bus purchases.

The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

N. 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.

O. Total Columns on General Purpose Financial Statements

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.

3. RESTATEMENT OF PRIOR YEAR FUND BALANCES

The general fund's fund balance increased as of June 30, 1998, due to the restatement of interfund receivable. The special revenue's fund balance decreased due to the understatement of interfund payable from the previous year.

	General	Special Revenue
Fund Balance as Previously Reported	(\$30,197,433)	\$3,144,923
Understatement of Interfund Receivable	24,020	0
Understatement of Interfund Payable	0	(24,020)
Restated Fund Balance at June 30, 1998	(\$30,173,413)	\$3,120,903

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

4. ACCOUNTABILITY AND COMPLIANCE

A. Accountability

Fund balance/retained earnings at June 30, 1999, included the following individual fund deficits:

	<u>Deficit Fund Balance/Retained</u>
<i>General Fund:</i>	\$22,320,201
<i>Special Revenue Funds:</i>	
Education Mobility	166
Adult Basic Education	132,499
Chapter One	96,611
Drug Free	30,544
Preschool Grants	12,219
<i>Capital Projects Fund:</i>	
Permanent Improvement	5,061,931
Emergency School Building Repair	48,868
<i>Adult Education Enterprise Fund</i>	102,399

The general fund concluded fiscal year 1999 with a fund balance of (\$22,320,201). The general fund deficit balance resulted from the conversion to generally accepted accounting principles and from the requirement to report the State loan as a liability in the fund that received the note proceeds. The School District was placed in a state of fiscal emergency by the Auditor of State in 1996. A state oversight commission is in place to oversee all fiscal decisions and activities of the School District.

The deficits in special revenue and capital projects funds resulted from accrual accounting. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

The deficit retained earnings in the adult education enterprise fund resulted from adjustments for accrued liabilities. Management is analyzing these operations to determine appropriate steps to alleviate the deficit.

B. Legal Compliance

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

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Amount</u>
<i>Special Revenue Funds:</i>			
Public School Support Fund:			
Non-Instructional Services:			
Other	\$0	\$1,505	\$1,505
Local Grants Fund:			
Support Services - Pupil Transportation:			
Purchased Services	360	4,277	3,917
Venture Capital Fund:			
Extracurricular Activities:			
Purchased Services	3,991	5,854	1,863
District Managed Activity Fund:			

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

	Appropriations	Expenditures	Amount
Extracurricular Activities:			
Salaries	15,423	17,737	2,314
Fringe Benefits	2,270	2,602	332
Materials and Supplies	\$31,574	\$36,659	\$5,085
Capital Outlay - New	20,000	22,629	2,629
Auxiliary Services Fund:			
Non-Instructional Services:			
Materials and Supplies	950,294	1,076,804	126,510
Consumer Education:			
Extracurricular Activities:			
Materials and Supplies	11,001	11,582	581
Teacher Development:			
Regular Instruction:			
Purchased Services	7,129	8,633	1,504
Operation and Maintenance of Plant:			
Purchased Services	0	1,460	1,460
Gifted Education Fund:			
Special Instruction:			
Salaries	0	127	127
Fringe Benefits	0	119	119
Emergency Management Information Systems:			
Support Services - Central:			
Purchased Services	9,179	11,804	2,625
DPIA Fund:			
Support Services - Pupils:			
Salaries	166,730	170,149	3,419
Purchased Services	64,633	64,642	9
Support Services - Administration:			
Other	14,081	16,738	2,657
Impact Aid Grant Fund:			
Support Service - Administration:			
Purchased Services	15,282	21,394	6,112
Eisenhower Grant:			
Non-Instructional Services:			
Materials and Supplies	13,737	15,239	1,502
Title VI-B:			
Support Services - Pupils:			
Purchased Services	45,888	84,175	38,287
Support Services - Instructional Staff:			
Fringe Benefits	181,796	188,859	7,063
Purchased Services	45,484	45,825	341
Operation and Maintenance of Plant:			
Materials and Supplies	4,357	7,799	3,442
Chapter One:			
Support Services - Administration:			

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

	Appropriations	Expenditures	Amount
Salaries	36,460	178,200	141,740
Fringe Benefits	20,591	41,395	20,804
Materials and Supplies	5,544	9,287	3,743
Support Services - Fiscal:			
Other	289,074	299,500	10,426
Chapter Two:			
Support Services - Instructional Staff:			
Purchased Service	95,286	107,583	12,297
Drug Free Schools:			
Support Services - Pupils:			
Salaries	19,600	20,141	541
Purchased Services	26,138	39,561	13,423
Support Services - Instructional Staff:			
Fringe Benefits	5,397	5,462	65
Preschool Grants:			
Support Services - Instructional Staff:			
Salaries	35,793	41,578	5,785
Purchased Services	1,754	1,921	167
Support Services - Pupil Transportation:			
Purchased Services	532	1,732	1,200
Miscellaneous Federal Grants:			
Support Services - Instructional Staff:			
Materials and Supplies	34,744	45,652	10,908
Non-Instructional Services:			
Purchased Services	224,954	253,846	28,892
<i>Capital Projects Funds:</i>			
SchoolNet Plus:			
Support Services - Instructional Staff:			
Capital Outlay - New	1,288,282	1,606,214	317,932
Tech Equity Fund:			
Operation and Maintenance of Plant:			
Materials and Supplies	908	947	39
School Building Assistance Fund:			
Site Improvement Services:			
Capital Outlay - New	695,637	720,335	24,698
<i>Enterprise Funds:</i>			
Food Service:			
Materials and Supplies	1,341,854	1,395,448	53,594
<i>Internal Service Fund:</i>			
Self Insurance:			
Fringe Benefits	91,230	95,847	4,617

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

4. ACCOUNTABILITY AND COMPLIANCE (Continued)

The District was not certifying its purchase orders and the invoice obligation date preceded the purchase order date in violation of Ohio Revised Code Section 5705.41 (D).

The following funds had total appropriations in excess of estimated resources plus carryover balances in violation of Section 5705.39, Ohio Revised Code:

	Revenues plus Carryover Balances	Appropriations	Amount
<i>Special Revenue Funds:</i>			
Local Grants Fund	\$65,472	\$119,902	\$54,430
Consumer Education	7,175	11,641	4,466
Career Development	42,000	81,480	39,480
Education Mobility	0	166	166
Training Ohio's Parents	7,000	14,235	7,235
Disadvantaged Pupil Impact Aid	6,023,633	6,178,723	155,090
Power Up Technology	0	257,670	257,670
Emergency School	0	449,677	449,677
Adult Basic Education	463,751	470,123	6,372
Title III	101,923	109,609	7,686
Title VI-B	686,243	1,012,322	326,079
Vocational Education	660,614	743,308	82,694
Chapter One	8,153,064	9,116,196	963,132
Title VI	219,332	262,937	43,605
Drug Free Schools	291,992	346,288	54,296
Preschool Grants	75,059	157,094	82,035
Telecommunications Act Grant	0	46,020	46,020
Miscellaneous Federal Grant	362,748	551,095	188,347
<i>Bond Retirement Debt Service Fund</i>	19,643,838	19,666,634	22,796
<i>Tech Equity Capital Projects Fund</i>	175,138	179,432	4,294

The District had one fund in which estimated receipts exceeded actual receipts plus beginning fund balance at July 1st and a reduced amended certificate was not obtained, in violation of Ohio Revised Code Section 5705.36.

5. BUDGETARY BASIS OF ACCOUNTING

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

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund type (GAAP basis).
4. Proceeds from and principal payment on tax and revenue anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
5. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$7,859,782	(\$784,195)	\$49,598	\$593,154	\$50,278
Revenue Accruals	1,827,197	1,747,301	0	0	3
Note Proceeds	2,574,000	0	0	0	0
Revenue for Debt Repayment	(17,715,428)	0	19,322,488	(1,607,060)	0
Advances In	113,317	0	0	0	0
Expenditure Accruals	907,641	(71,821)	0	298,524	(54,737)
Debt Service:					
Principal	0	0	(16,699,167)	0	0
Interest	2,246,261	0	(2,623,321)	377,060	0
Advances Out	0	(63,317)	0	0	0
Encumbrances	(478,119)	(1,304,263)	0	(414,789)	(21,940)
Budget Basis	<u>(\$2,665,349)</u>	<u>(\$476,295)</u>	<u>\$49,598</u>	<u>(\$753,111)</u>	<u>(\$26,396)</u>

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

	Net Income/Excess of Revenues and Advances Over Expenses Proprietary Fund Types	
	Enterprise	Internal Service
GAAP Basis	\$258,001	\$873,721
Revenue Accruals	16,660	3,444
Expense Accruals	115,590	(58,645)
Advance Out	(50,000)	0
Encumbrances	(69,499)	(21,943)
Budget Basis	\$270,752	\$796,577

6. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

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

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

Interim deposits are deposits of interim moneys. Interim moneys are those moneys 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 deposits maturing not more than one year from the date of deposit or by savings accounts including passbook accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), 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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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;
6. The State Treasurer's investment pool (STAR Ohio); and,
7. Certain Banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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 School District, and must be purchased with the expectation that it will be held to maturity.

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

Cash on Hand At fiscal year-end, the School District had \$250 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents."

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

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

Deposits At year-end, the carrying amount of the School District's deposits was (\$2,405,813) and the bank balance was \$1,460,728. Of the bank balance, \$171,811 was covered by federal depository insurance and \$1,288,917 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institutions trust department or agent in the School District's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District invests in STAR Ohio, the State Treasurer's Investment Pool, and a Money Market Mutual Fund which are not classified by degree of credit risk since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$1,430,158	\$1,430,158	\$1,430,158
Federal Home Loan Bank	249,728	249,728	249,728
United States Treasury Notes	1,596,480	1,596,480	1,596,480
Money Market Mutual Fund	0	114,845	114,845
STAR Ohio	0	9,807,970	9,807,970
Total Investments	\$3,276,366	\$13,199,181	\$13,199,181

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, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting." A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement No. 9</i>	\$10,793,618	\$0
Cash on Hand	(250)	
Investments which are part of a cash management pool:		
Repurchase Agreement	(1,430,158)	1,430,158
Federal Home Loan Bank	(249,728)	249,728
United States Treasury Notes	(1,596,480)	1,596,480
Money Market Mutual Fund	(114,845)	114,845
STAR Ohio	(9,807,970)	9,807,970
<i>GASB Statement No. 3</i>	(\$2,405,813)	\$13,199,181

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

7. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999 and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which fiscal year 1999 taxes were collected are:

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$413,810,330	69.19%	\$424,905,210	70.45%
Public Utility	85,684,400	14.33	83,731,530	13.88
Tangible Personal Property	98,591,280	16.48	94,506,670	15.67
Total Assessed Value	<u>\$598,086,010</u>	<u>100.00%</u>	<u>\$603,143,410</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$46.60		\$46.60	

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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 semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

7. PROPERTY TAXES (Continued)

The School District receives property taxes from Mahoning County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Youngstown City School District. The County Auditor periodically remits to the School District its portion of taxes. Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. There was no amount available to the School District as an advance at June 30, 1999.

8. RECEIVABLES

Receivables at June 30, 1999, consisted of taxes, accounts (rent and student fees), interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<i>General Fund:</i>	
Tuition from Area Schools	\$62,118
<i>Special Revenue Funds:</i>	
Chapter I	
Ohio Department of Education	321,948
Career Development	
Ohio Department of Education	11,198
Title II	
Ohio Department of Education	41,362
Miscellaneous State Grants	
Jobs 2000	37,147
<i>Total Special Revenue Funds</i>	411,655
<i>Enterprise Funds:</i>	
Food Service	
State School Lunch Program	\$511,025
<i>Total Intergovernmental Receivable - All Funds</i>	\$984,798

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

9. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 1999, the School District contracted with the Nationwide Insurance Company for property insurance with a \$1,000 deductible. Professional liability is protected by the Nationwide Insurance Company with a \$3,000,000 aggregate limit.

Vehicles are covered by the Nationwide Insurance Company and hold \$250 deductibles for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability.

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

\$50,000 performance bonds are maintained for the board president, superintendent, treasurer and business manager. A \$25,000 per position blanket bond is maintained for all other employees. All bonds are maintained by the Fidelity & Deposit Company of Maryland, and the blanket bond is maintained by the Grange Mutual Casualty Company.

The School District participates in the State Workers' Compensation retrospective rating and payment system. This plan involves payment of a minimum premium for administrative services and stop-loss coverage plus the actual claims cost for employees injured. The balance of claims payable at June 30, 1999, represents an estimate of the liability for unpaid claims costs provided by Workers' Compensation. The claims liability for the Workers' Compensation retrospective rating and payment system at June 30, 1999, was \$561,765.

The School District is self-insured for prescription drug, dental and vision insurance. National Prescription Administrators is the third party administrator for the prescription drug program. Premiums for this plan are \$31.41 for single coverage and \$83.77 for family coverage. The School District pays into the insurance reserve internal service fund \$156.90 for single coverage and \$371.70 for family per month for prescription coverage. Anthem administers the dental plan for the School District. Monthly premiums for the dental plan are \$21.17 for single coverage and \$54.82 for family coverage. Mutual Health Services is the third party administrator for vision insurance. The monthly premium for the vision plan is \$5.75 for single and family coverage.

The claims liability of \$1,207,642 reported in the internal service fund at June 30, 1999, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in total claims liability during fiscal years 1998 and 1999 was:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1998	\$1,484,243	\$7,574,292	\$7,221,344	\$1,837,191
1999	1,837,191	6,197,104	6,264,888	1,769,407

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

10. DEFINED BENEFIT PENSION PLAN

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$947,137, \$1,176,380 and \$1,209,691, respectively; 54.6 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$458,822 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$2,265,072, \$3,606,433 and \$3,864,050, respectively; 80.63 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$438,819 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

10. DEFINED BENEFIT PENSION PLAN (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, one of the Board of Education members has elected Social Security. The board's liability is 6.2 percent of wages paid.

11. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 230 days for certified employees and 220 days for classified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation for certified employees. Classified employees receive payment for one-fourth of accumulated sick leave up to 180 days and one-eighth of accumulated sick leave between 180 and 220 days. An employee receiving such payment must meet the retirement provisions set by STRS or SERS and must also have ten years of service with the District.

B. Insurance

The School District provides life insurance to its employees. Coverage is equal to the employees's salary (rounded to nearest thousand dollars). The maximum amount of coverage is \$25,000 for non-certified employees and \$50,000 for certified employees. Life insurance coverage is provided through the Ohio National Life Insurance Company.

12. LONG TERM OBLIGATIONS

Changes in long-term obligations of the School District during fiscal year 1999 were as follows:

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
<i>General Long-Term Obligations:</i>				
General Obligation Bonds	\$1,420,000	\$0	(\$250,000)	\$1,170,000
Asbestos Abatement Loan 0%	25,348	0	(5,000)	20,348
Asbestos Abatement Loan 0%	242,882	0	(34,698)	208,184
Asbestos Abatement Loan 0%	45,752	0	(5,724)	40,028
Installment Loans Payable	274,007	0	(132,842)	141,165
Claims Payable	664,297	0	(102,532)	561,765
Compensated Absences	3,923,329	86,459	0	4,009,788
Pension Obligation	703,288	746,363	(703,288)	746,363
<i>General Long-Term Obligations:</i>	<u>\$7,298,903</u>	<u>\$832,822</u>	<u>(\$1,234,084)</u>	<u>\$6,897,641</u>

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

The general obligation bonds and interest-free asbestos loans will be paid from the debt service fund. The claims payable, compensated absences and pension obligation will be paid from the fund from which the person is paid. The installment loan will be paid from the general fund.

The School District's overall debt margin was \$52,894,490 with an unvoted debt margin of \$603,144 at June 30, 1999.

Principal and interest requirements to retire the general obligation bonds and asbestos removal loan follow:

Fiscal year Ending June	General Obligation Bonds		Asbestos Removal Loans	Installment Loan Payable	
	Principal	Interest	Principal	Principal	Interest
2000	\$265,000	\$71,370	\$45,422	\$141,165	\$6,566
2001	285,000	55,205	45,422	0	0
2002	300,000	37,820	45,422	0	0
2003	320,000	19,520	45,422	0	0
2004	0	0	86,872	0	0
<i>Total</i>	<u>\$1,170,000</u>	<u>\$183,915</u>	<u>\$268,560</u>	<u>\$141,165</u>	<u>\$6,566</u>

13. SHORT TERM DEBT

The School District's note activity for the fiscal year ended June 30, 1999, is as follows:

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
<i>General Fund:</i>				
State Loan 1995, 6.40%	\$9,020,000	\$0	\$1,045,000	\$7,975,000
State Loan 1997, 7.77%	6,224,167	0	6,224,167	0
State Loan 1998, 4.75%	17,200,000	0	8,200,000	9,000,000
<i>Total State Loans</i>	<u>32,444,167</u>	<u>0</u>	<u>15,469,167</u>	<u>16,975,000</u>
Solvency Assistance 1999, 0%	0	2,574,000	0	2,574,000
<i>Total General Fund</i>	<u>32,444,167</u>	<u>2,574,000</u>	<u>15,469,167</u>	<u>19,549,000</u>
<i>Permanent Improvement Capital Projects Fund:</i>				
Energy Conservation Loans	4,280,000	0	495,000	3,785,000
Energy Conservation Loans	1,940,000	0	735,000	1,205,000
<i>Total Permanent Improvement Capital Projects Fund:</i>	<u>6,220,000</u>	<u>0</u>	<u>1,230,000</u>	<u>4,990,000</u>
<i>Total Notes</i>	<u>\$38,664,167</u>	<u>\$2,574,000</u>	<u>\$16,699,167</u>	<u>\$24,539,000</u>

The State operating loans will be paid from the general fund with school foundation revenue. A liability for the energy conservation tax anticipation loans is reflected in the permanent improvement capital projects fund which received the proceeds.

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

13. SHORT TERM DEBT (Continued)

Principal and interest payments to retire the State operating loan and energy conservation loans are as follows:

Fiscal year Ending June 30,	State Operating Loans		State Solvency Loan	Energy Conservation Loans	
	Principal	Interest	Principal	Principal	Interest
2000	\$10,120,000	\$1,025,523	\$1,287,000	\$1,310,000	\$297,440
2001	1,200,000	503,843	1,287,000	995,000	224,570
2002	1,280,000	415,643	0	605,000	172,550
2003	1,365,000	321,563	0	650,000	130,560
2004	1,455,000	221,235	0	690,000	85,680
2005-2007	1,555,000	109,212	0	740,000	37,910
<i>Total</i>	<u>\$16,975,000</u>	<u>\$2,597,019</u>	<u>\$2,574,000</u>	<u>\$4,990,000</u>	<u>\$948,710</u>

14. INTERFUND TRANSACTIONS

Interfund balances at June 30, 1999, consist of the following individual fund receivables and payables:

Fund Type/Fund	Interfund Receivable	Interfund Payable
General Fund	\$3,253,834	\$0
Special Revenue Funds:		
Education Mobility	0	166
Adult Basic Education	0	121,331
Chapter One	0	2,915,809
Chapter Two	0	35,272
Drug Free School Grant	0	20,814
Preschool Grants	0	10,442
<i>Total Special Revenue Funds</i>	<u>0</u>	<u>3,103,834</u>
Adult Education Enterprise Fund	0	150,000
<i>Total All Funds</i>	<u>\$3,253,834</u>	<u>\$3,253,834</u>

Due from other funds and due to other funds at June 30, 1999, consist of the following individual balances:

Fund Type/Fund	Due From	Due To
General Fund	\$13,674	\$0
Special Revenue Funds:		
Chapter One	0	595
DPIA	0	2,978
Drug Free Grant	0	460
Miscellaneous State Grant	0	11,500
Public School Support	0	511
<i>Total Special Revenue Funds</i>	<u>0</u>	<u>16,044</u>
Food Service Enterprise Fund	2,370	0
<i>Total All Funds</i>	<u>\$16,044</u>	<u>\$16,044</u>

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

15. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$3,020,095 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$997,964.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

16. JOINTLY GOVERNED ORGANIZATION

The Area Cooperative Computerized Educational Service System (ACCESS) is a jointly governed organization among twenty-three school districts. The jointly governed organization was formed to provide data service among member districts. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge. In fiscal year 1999, the School District paid \$195,739 to ACCESS. The degree of control exercised by any participating school district is limited to its representation on the assembly. To obtain the financial information write to Area Cooperative Computerized Educational Service System, 2801 Market Street, Youngstown, Ohio 44507.

17. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$56,102,881 of school foundation support for its general fund.

The Court also declared the emergency school loan assistance program unconstitutional. The emergency school loan program allowed the School District to borrow money from a commercial financial institution with repayment going directly to the lender from the State through withholding a portion of the School District's future school foundation payments. During fiscal year 1999, the School District paid \$15,469,167 under this program bringing the total loans outstanding under this program to \$16,975,000; the final payment of these loans will be made in fiscal year 2005. The terms of the debt are further described in Note 13 to these financial statements.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

18. CONTINGENCIES

A. Grants

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

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

18. CONTINGENCIES - (Continued)

B. Litigation

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

19. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of its food service operations, adult education and summer school. The following table reflects in a summarized format the more significant financial data relating to the enterprise funds of the Youngstown City School District as of and for the fiscal year ended June 30, 1999.

	Food Service	Adult Education	Special Enterprise	Total Enterprise Funds
Operating Revenues	\$368,325	\$727,680	\$48,877	\$1,144,882
Operating Loss	(3,326,867)	(89,030)	(26,154)	(3,442,051)
Donated Commodities	326,598	0	0	326,598
Operating Grants	3,138,914	220,128	0	3,359,042
Net Income (Loss)	153,057	131,098	(26,154)	258,001
Net Working Capital	1,106,677	(6,248)	49,734	1,150,163
Total Assets	1,430,397	223,995	50,685	1,705,077
Total Equity	944,224	(89,931)	25,179	879,472
Encumbrances				
at June 30, 1999	63,068	6,431	0	69,499

20. SET ASIDES

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization. The School District also receives State grant monies for bus purchases. Amounts remaining at year end are also reported as restricted assets with a corresponding reserve of fund balance.

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

20. SET ASIDES (Continued)

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition and budget stabilization. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$476,555	\$476,555
Current Year Set-aside Requirement	962,295	962,295	0	1,924,590
Qualifying Disbursements	<u>(959,218)</u>	<u>(962,295)</u>	<u>0</u>	<u>(1,921,513)</u>
Total	<u>\$3,077</u>	<u>(\$962,295)</u>	<u>\$476,555</u>	<u>(482,663)</u>
Cash Balance Carried Forward to FY 2000	<u>\$3,077</u>	<u>\$0</u>	<u>\$476,555</u>	<u>\$479,632</u>
Bus Purchase Allowance				<u>103,314</u>
Total Restricted Assets				<u>\$582,946</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

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**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 1999
(Cash Basis)**

<u>FEDERAL GRANTOR/ SUB GRANTOR: PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>
<u>U.S. Department of Agriculture</u>		
<i>Passed-through the Ohio Department of Education:</i>		
Food Distribution	10.550	-
National School Breakfast Program	10.553	05-PU
National School Lunch Program	10.555	03, 04-PU
Child Care Food Program	10.558	21-ML
Total U.S. Department of Agriculture - Nutrition Cluster		
<u>U.S. Department of Labor</u>		
<i>Passed through Local Employment Associations:</i>		
Employment and Training Assistance- Dislocated Workers:	17.246	-
Employment Services (School to Work)	17.249	-
Total U.S. Department of Labor		
<u>U.S. Department of Education</u>		
<i>Passed through Ohio Department of Education:</i>		
Handicapped - State Grants (Part B, Education of the Handicapped Act)	84.027	045161-6B-SF-98 045161-6B-SF-99
Total VI-B		
EHA Preschool Grants for the Handicapped	84.173	045161-PG-S1-98 045161-PG-S1-99
Total Preschool Grants		
Total Special Education Cluster		

The accompanying notes are an integral part of this schedule.

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 1999
(Cash Basis)**

<u>FEDERAL CASH RECEIPTS</u>	<u>OTHER FEDERAL RECEIPTS</u>	<u>FEDERAL CASH DISBURSEMENTS</u>	<u>OTHER FEDERAL DISBURSEMENTS</u>
-	323,391	-	323,731
664,399	-	664,399	-
2,218,047	-	2,218,047	-
<u>6,114</u>	<u>-</u>	<u>6,114</u>	<u>-</u>
2,888,560	323,391	2,888,560	323,731
48,881	-	48,881	-
<u>31,084</u>	<u>-</u>	<u>68,317</u>	<u>-</u>
79,965	-	117,198	-
154,944		229,032	-
<u>652,675</u>		<u>598,893</u>	<u>-</u>
807,619		827,925	-
18,160		43,221	-
<u>34,375</u>	<u>-</u>	<u>44,815</u>	<u>-</u>
52,535		88,036	-
860,154	-	915,961	-

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 1999
(Cash Basis)**

<u>FEDERAL GRANTOR/ SUB GRANTOR: PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>
<u>U.S. Department of Education (Continued)</u>		
<i>Passed through the Ohio Department of Education:</i>		
Adult Basic Education	84.002	045161-AB-S1-97 045161-AB-S1-98 045161-AB-S1-99 Carryover - 97 Carryover - 98
Total Adult Basic Education		
Educationally Deprived Children Local Education Agencies (Title I, Part A IASA)	84.010	045161-C1-S1-98 045161-C1-ND-98 045161-HC-S1-98 045161-C1-SS-98 045161-C1-S1-99 045161-C1-SD-99 045161-C1-SM-99 045161-C1-SS-99 045161-C1-S1-97
Total Title I		
Vocational Education - Basic Grants to States	84.048	045161-20-C1-96 045161-20-C1-97 045161-20-C1-98 045161-20-C2-98 045161-20-C2-98 045161-20-C2-99
Total Vocational Education		

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 1999
(Cash Basis)**

<u>FEDERAL CASH RECEIPTS</u>	<u>OTHER FEDERAL RECEIPTS</u>	<u>FEDERAL CASH DISBURSEMENTS</u>	<u>OTHER FEDERAL DISBURSEMENTS</u>
-	-	1,810	-
(4,375)	-	28,381	-
203,855	-	306,266	-
4,375	-	4,375	-
<u>-</u>	<u>-</u>	<u>6,137</u>	<u>-</u>
203,855	-	346,969	-
1,454,856	-	1,604,798	-
-	-	14,465	-
(13,283)	-	23,483	-
6,000	-	5,668	-
2,149,041	-	5,174,819	-
47,998	-	67,221	-
-	-	5,268	-
<u>389,016</u>	<u>-</u>	<u>-</u>	<u>-</u>
4,033,628	-	6,895,722	-
-	-	24,020	-
-	-	19,810	-
78,828	-	157,372	-
5,294	-	3,457	-
(6,652)	-	3,548	-
463,103	-	372,882	-
<u>23,260</u>	<u>-</u>	<u>27,700</u>	<u>-</u>
563,833	-	608,789	-

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 1999
(Cash Basis)**

<u>FEDERAL GRANTOR/ SUB GRANTOR: PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>
<u>U.S. Department of Education (Continued)</u>		
<i>Passed through the Ohio Department of Education:</i>		
DPIA Impact Aid	84.041	-----
Federal Pell Grant Program	84.063	FY99 FY00
Total Pell Grant		
Drug Free Schools Grants	84.186	045161-DR-S1-97 045161-DR-S1-98 045161-DR-S1-99 97 Carryover
Total Drug Free Schools		
Education for Homeless Children and Youth-Grants for State and Activities	84.196	045161-HC-S1-98 045161-HC-S1-99
Total Homeless Care Subsidy		
Improvement of Education Grant	84.215	045161-PL-S1-99
Private Schools Capital Expenses	84.216	045161-CX-S1-97
Goals 2000 - Subsidy Grant	84.276	045161-G2-S1-97 045161-G2-S1-98 045161-G2-S4-99
Total Goals 2000		

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 1999
(Cash Basis)**

<u>FEDERAL CASH RECEIPTS</u>	<u>OTHER FEDERAL RECEIPTS</u>	<u>FEDERAL CASH DISBURSEMENTS</u>	<u>OTHER FEDERAL DISBURSEMENTS</u>
16,590	-	31,516	-
435	-	435	-
<u>215,424</u>	<u>-</u>	<u>215,424</u>	<u>-</u>
215,859	-	215,859	-
24,586	-	-	-
122,362	-	43,467	-
53,668	-	136,360	-
<u>24,339</u>	<u>-</u>	<u>-</u>	<u>-</u>
224,955	-	179,827	-
23,483	-	23,483	-
<u>33,000</u>	<u>-</u>	<u>46,933</u>	<u>-</u>
56,483	-	70,416	-
23,329	-	19,649	-
-	-	24,487	-
69,650	-	31,039	-
88,500	-	26,605	-
<u>12,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
170,150	-	57,644	-

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 1999
(Cash Basis)**

<u>FEDERAL GRANTOR/ SUB GRANTOR: PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>
<u>U.S. Department of Education (Continued)</u>		
<i>Passed through the Ohio Department of Education:</i>		
Innovative Education Program Strategies Grant	84.298	045161-C2-S1-96 045161-C2-S1-97 045161-C2-S1-98 045161-C2-S1-99
Total Innovative Education Program		
Eisenhower Professional Development State Grant	84.281	045161-MS-S1
E-Rate Grant - Direct Program	84.xxx	-----
Total U.S. Department of Education		
<u>U.S. Department of Health and Human Services</u>		
<i>Passed Through the Ohio Department of Education:</i>		
School Age Child Care	93.037	-----
Job Opportunities and Basic Skills Training	93.561	045161-JB-S1-97
Total U.S. Department of Health and Human Services		
 Total Federal Financial Assistance		

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 1999
(Cash Basis)**

<u>FEDERAL CASH RECEIPTS</u>	<u>OTHER FEDERAL RECEIPTS</u>	<u>FEDERAL CASH DISBURSEMENTS</u>	<u>OTHER FEDERAL DISBURSEMENTS</u>
-	-	12,048	-
-	-	6,038	-
85,061	-	53,037	-
<u>49,161</u>	<u>-</u>	<u>84,200</u>	<u>-</u>
134,222	-	155,323	-
124,079	-	98,982	-
<u>119,015</u>	<u>-</u>	<u>-</u>	<u>-</u>
6,746,152	-	9,621,144	-
318,858	-	301,119	-
<u>23,688</u>	<u>-</u>	<u>3,427</u>	<u>-</u>
342,546	-	304,546	-
<u><u>10,057,223</u></u>	<u><u>323,391</u></u>	<u><u>12,931,448</u></u>	<u><u>323,731</u></u>

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.



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

Youngstown City School District
Mahoning County
20 West Wood Street
Youngstown, Ohio 44501

To the Board of Education:

We have audited the general-purpose financial statements of the Youngstown City School District, Mahoning County, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 12, 2000, which was qualified due to the omission of amounts representing property, buildings and equipment and related depreciation, which should be included in order to conform with generally accepted accounting principles. 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 Youngstown City School District's general-purpose 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 1999-11150-002 through 1999-11150-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Youngstown City School District in a separate letter dated December 12, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Youngstown City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting 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 financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 1999-11150-001.

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, we consider the reportable condition described above to be a material weakness. 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 District in a separate letter dated December 12, 2000.

This report is intended for the information and use of the fiscal oversight commission, management, Board of Education, 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 12, 2000



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

Youngstown City School District
Mahoning County
20 West Wood Street
Youngstown, Ohio 44501

To the Board of Education:

Compliance

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

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 Youngstown City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

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

Internal Control Over Compliance

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

**Internal Control Over Compliance
(Continued)**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We 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 District in a separate letter dated December 12, 2000.

This report is intended for the information and use of the fiscal oversight commission, management, Board of Education, 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 12, 2000

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Qualified - Omission of General Fixed Account Group and Proprietary Fund Type Fixed Assets
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	YES
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	NO
(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?	NO
(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?	NO
(d)(1)(vii)	Major Programs (list):	-Nutrition Cluster: #10.550 Food Distribution #10.555 National Lunch Program #10.553 National Breakfast Program #84.010 Title I #84.027 Title VI-B #84.048 Vocational Education
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 397,655 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	NO

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	1999-11150-001
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Material Weakness - Fixed Assets

The District has not maintained documentation to support the valuation of fixed assets that should have been recorded in the General Fixed Asset Account Group and the Proprietary Fund Types. Also, the District has not determined the estimated historical or actual cost of its land and buildings. Accordingly, the District's financial statements omit the General Fixed Asset Account Group and the Proprietary Fund fixed assets. Generally Accepted Accounting Principles require the presentation of the General Fixed Asset Account Group and the Proprietary Fund fixed assets.

The District does have an approved, written policy (Resolution 54-92) to govern the accounting of its property, plant, and equipment. This Resolution does provide for a consistent approach needed by management to exercise proper control over the acquisition, disposal, and maintenance of the District's property, plant, and equipment. However, the District has not maintained accountability of its property, plant, and equipment as provided for in Resolution 54-92.

We recommend that the District determine the estimated costs of their fixed assets and adhere to the procedures and guidelines as established by Resolution 54-92.

Finding Number	1999-11150-002
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Noncompliance Citation

Ohio Revised Code § 5705.41 (D) states that no subdivision shall make any contract or order any 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 and Now Certificate - 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 taxing authority 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 the taxing authority.

Finding Number - Continued	1999-11150-002
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Purchase orders were used which contained the required certification language. However, for 100% of the transactions tested the purchase orders did not reflect the signature of the Treasurer which validates the Certificate. The required certification was not otherwise attached to these transactions.

Furthermore, the invoice obligation date preceded the purchase order date in 42.5% of the expenditures tested to determine compliance with this provision. As noted above, these transactions did not bear the Treasurer's certification and should have been certified at the time of obligation.

Incurring obligations prior to the fiscal officer's certification of the availability of funds for such obligations, could result in the District expending more than was appropriated.

We recommend that the Board create a control policy and procedures, such as instituting the use of Then and Now Certificates to ensure that purchases are certified by the Treasurer upon entering into a contract or order involving the expenditure of the District's money as per the requirements set forth in Ohio Revised Code § 5705.41 (D).

Late in fiscal year 1999, the District implemented a 7-Part purchase order, whereby a Treasurer's copy is retained that contains the signature of the Treasurer verifying fiscal certification.

Finding Number	1999-11150-003
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Noncompliance Citation

Ohio Revised Code § 5705.36, requires the District to obtain a reduced amended certificate of estimated resources when it is known that estimated receipts will exceed actual receipts. Once a reduced amended certificate is obtained, Ohio Revised Code § 5705.39 requires a corresponding reduction in appropriations.

The District should obtain a reduced amended certificate of estimated resources from the county auditor when it is known that estimated receipts will exceed actual receipts. The District should also review corresponding appropriations to insure that they do not exceed resources.

The following fund within the District had estimated receipts greater than actual receipts plus beginning fund balances at July 1st:

FUND / NUMBER	ESTIMATED REVENUES	7/1/98 CASH BALANCE	ACTUAL REVENUES	TOTAL	VARIANCE
Title I - 572	8,000,000	(108,210)	4,090,111	3,981,901	4,018,099

Since the appropriations are dictated by the estimated revenues, the effect of this condition could result in overspending and a deficit fund cash balance, which is a violation of Ohio Revised Code § 5705.10.

Finding Number	1999-11150-004
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Noncompliance Citation

Ohio Revised Code § 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 fund was found to have appropriations in excess of the amount certified as available by the budget commission:

FUND / NUMBER	APPROPRIATIONS	07/01/99		TOTAL	VARIANCE
		CASH BALANCE	ESTIMATED REVENUES		
Emergency Repair - 497	449,677	0	0	0	449,677

This condition can cause the district to expend monies that are not received nor in the process of being collected. Since monies were available in the Emergency Repair fund, the District should have requested an increased amended certificate from the County Auditor.

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY
JUNE 30, 1999**

SCHEDULE OF PRIOR 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.
1998-11150-001	The District has not maintained documentation to support the valuation of fixed assets that should have been recorded in the General Fixed Asset Account Group and the Proprietary Fund Types.	No	Not Corrected, but the District did contract to have fixed assets evaluated for FY 2000.
1998-11150-002	The District did not file their GAAP annual report within 150 days of fiscal year end, and publish certain sections in a local newspaper.	Yes	The District has corrected this situation, the FY99 GAAP annual report was filed with the State in a timely manner.
1998-11150-003	Ohio Rev. Code Section 5705.10, negative fund balances.	No	Partially Corrected - citation is no longer material.
1998-11150-004	Ohio Rev. Code Section 5705.41 (D) requires the Treasurer's certification and the encumbrance method of accounting.	No	Not Corrected, citation is repeated.
1998-11150-005	The final expenditure reports for Title I and Title VI-B were not completed within a timely manner.	No	Partially Corrected - late filing is no longer a material item.
1998-11150-006	Certification of Contractors for suspension or disbarment.	Yes	Corrected
1998-11150-007	Level of effort for Title VI-B could not be supported.	Yes	Corrected

