



Mary Taylor, CPA
Auditor of State

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

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MAHONING COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Youngstown City School District, Mahoning County, Ohio (the "District"), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Youngstown City School District, Mahoning County, Ohio as of June 30, 2009 and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and Food Service Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note 1 to the financial statements, the Auditor of State has determined a fiscal emergency exists, and a financial planning and supervision commission has assumed certain management responsibilities for the duration of this emergency pursuant to Chapter 3316 of the Ohio Revised Code. Note 1 describes Management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2010, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards receipts and expenditures schedule is 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 basic financial statements. We subjected the federal awards receipts and expenditures schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Robert R. Hinkle, CPA
Chief Deputy Auditor

September 29, 2010

Youngstown City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The discussion and analysis of Youngstown City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the 2009 fiscal year are as follows:

- In total, net assets increased due to reductions in the solvency assistance advance payable and long-term liabilities.
- The School District relies heavily on general revenues to support its operations. General revenues remained consistent with the previous fiscal year.
- Program expenses decreased due to decreases in instructional expenses as well as support services resulting from staff reductions.
- The general fund had an increase in fund balance due mainly to an increase in foundation monies as well as a decrease in instructional expenses. The increase in foundation monies resulted from an increase in formula aid due to lower assessed valuations and subsequently a lower charge-off amount and also an increase in parity aid as funding was shifted more to lower wealth districts.
- Outstanding general obligation bonded debt decreased during fiscal year 2009 due to annual debt payments.

Using this Annual Financial Report

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. The most significant funds of the School District are the general fund, food service fund, bond retirement fund and the classroom facilities fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The Statement of Net Assets and the Statement of

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Activities answer this question. These statements include *all non-fiduciary assets and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include current property tax laws in Ohio restricting revenue growth, facility conditions, the School District's performance, required educational programs, demographic and socio-economic factors, the willingness of the community to support the School District and other factors.

In the Statement of Net Assets and Statement of Activities, all of the School District's programs are classified as governmental activities. All programs and services of the School District are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service operation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds include the general fund, food service fund, bond retirement fund and classroom facilities fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds that focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. These funds are reported using the *modified accrual* accounting method that measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

The School District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service fund accounts for medical and prescription drug self-insurance. The proprietary fund uses the accrual basis of accounting.

Fiduciary Funds

The School District is the trustee, or fiduciary, for its college scholarship programs. This activity is presented as a private purpose trust fund. The School District also acts as an agent for individuals, private organizations and/or other governmental units. These activities are reported in agency funds. All of the

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School District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

The School District as a Whole

The Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's Net Assets for 2009 compared to 2008:

Table 1
 Net Assets
 Governmental Activities

	2009	2008	Change
Assets			
Current and Other Assets	\$73,552,012	\$99,249,629	(\$25,697,617)
Capital Assets, Net	157,008,883	140,606,720	16,402,163
Total Assets	230,560,895	239,856,349	(9,295,454)
Liabilities			
Current Liabilities	44,438,995	54,365,267	(9,926,272)
Long-Term Liabilities			
Due Within One Year	2,162,081	2,901,728	(739,647)
Due in More Than One Year	45,726,171	48,605,594	(2,879,423)
Total Liabilities	92,327,247	105,872,589	(13,545,342)
Net Assets			
Invested in Capital Assets, Net of Related Debt	125,313,432	135,797,702	(10,484,270)
Restricted for:			
Capital Projects	30,774,905	19,260,908	11,513,997
Debt Service	4,590,456	4,928,990	(338,534)
Other Purposes	7,454,088	6,595,108	858,980
Unrestricted (Deficit)	(29,899,233)	(32,598,948)	2,699,715
Total Net Assets	\$138,233,648	\$133,983,760	\$4,249,888

Current assets decreased mainly due to a decrease in cash and cash equivalents and intergovernmental receivables. The increase in capital assets was due to the construction and remodeling of three school buildings. The increase in capital assets was partially offset by an additional year of depreciation.

Total liabilities decreased during fiscal year 2009 which can be attributed to annual payments on the School District's general obligation bonds. The School District also retired the fiscal year 2007 and fiscal year 2008 solvency assistance loan advances.

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Table 2 shows the changes in net assets from fiscal year 2009 to 2008.

Table 2
 Change in Net Assets
 Governmental Activities

	2009	2008	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$2,491,698	\$2,182,659	\$309,039
Operating Grants and Contributions	32,354,240	33,777,787	(1,423,547)
Capital Grants and Contributions	2,282,885	73,799	2,209,086
<i>Total Program Revenues</i>	<u>37,128,823</u>	<u>36,034,245</u>	<u>1,094,578</u>
<i>General Revenues</i>			
Property Taxes	21,039,557	21,649,410	(609,853)
Grants and Entitlements	74,739,067	71,807,267	2,931,800
Investment Earnings	757,927	3,401,739	(2,643,812)
Gain on Sale of Capital Assets	0	36,577	(36,577)
Miscellaneous	263,758	315,462	(51,704)
<i>Total General Revenues</i>	<u>96,800,309</u>	<u>97,210,455</u>	<u>(410,146)</u>
<i>Total Revenues</i>	<u>\$133,929,132</u>	<u>\$133,244,700</u>	<u>\$684,432</u>

(continued)

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Management's Discussion and Analysis
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Table 2
 Change in Net Assets (continued)
 Governmental Activities

	2009	2008	Change
Program Expenses			
Instruction:			
Regular	\$50,955,911	\$64,787,013	\$13,831,102
Special	14,425,937	15,339,489	913,552
Vocational	3,206,945	3,601,535	394,590
Adult/Continuing	356,429	311,475	(44,954)
Student Intervention Services	8,559,198	0	(8,559,198)
Support Services:			
Pupil	6,127,585	8,333,543	2,205,958
Instructional Staff	9,225,815	10,500,838	1,275,023
Board of Education	433,461	452,766	19,305
Administration	7,458,041	9,098,691	1,640,650
Fiscal	1,458,078	1,447,253	(10,825)
Business	857,196	1,003,668	146,472
Operation and Maintenance of Plant	12,461,855	14,579,091	2,117,236
Pupil Transportation	5,623,107	6,529,085	905,978
Central	997,804	1,130,972	133,168
Operation of Non-Instructional Services	1,800,014	2,352,412	552,398
Food Service Operation	3,354,136	3,781,652	427,516
Extracurricular Activities	1,029,574	1,926,796	897,222
Interest and Fiscal Charges	1,348,158	1,366,424	18,266
<i>Total Program Expenses</i>	<u>129,679,244</u>	<u>146,542,703</u>	<u>16,863,459</u>
<i>Decrease in Net Assets</i>	4,249,888	(13,298,003)	17,547,891
Net Assets Beginning of Year	<u>133,983,760</u>	<u>147,281,763</u>	<u>(13,298,003)</u>
Net Assets End of Year	<u><u>\$138,233,648</u></u>	<u><u>\$133,983,760</u></u>	<u><u>\$4,249,888</u></u>

Governmental Activities

The School District relies heavily upon property taxes and the State Foundation Program to support its operations. The School District also actively solicits and receives additional grant and entitlement funds to help offset operating costs.

Program expenses decreased due to decreases in instructional activities and support services resulting from reductions in staff.

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During fiscal year 2009 the primary sources of revenue for governmental activities were derived from property taxes and grants and entitlements. Real estate property is revalued every six years. The Board of Education's policy to disallow 100 percent abatements has resulted in minor growth in real estate valuation. House Bill 920, enacted in 1976, does not allow real property tax revenue to increase because of inflationary growth in the value of real property. Increases in valuation of carry-over property prompt corresponding annual reductions in the "effective millage," the tax rates applied to real property. New construction in the School District is not subject to the reduction factors of HB920. These increases, though, are usually offset by decreases in valuation caused by the economic condition of the area. These conditions have resulted in business closings, property abandonment, demolitions, and valuation appeals from existing property owners seeking to reduce their taxes usually by claiming market value decreases resulting from area economic forces.

The following table illustrates the low rate of growth in property values which has negatively impacted the School District:

<u>Property Growth - Last Ten Years</u>		
<u>Calendar Year</u>	<u>Total Valuation</u>	<u>Growth Rate</u>
2009	\$619,587,080	(2.94) %
2008	638,379,642	(4.14)
2007	665,968,624	2.68
2006	648,611,187	(1.04)
2005	655,454,960	(2.19)
2004	670,122,208	3.50
2003	647,474,020	(0.10)
2002	648,128,280	(1.12)
2001	655,454,960	0.61
2000	651,482,280	

The average rate of growth over the last 10 years is (0.53) percent.

Because of the low per pupil valuation, the School District is highly dependent on State funding to maintain financial stability. In recent years, support from the State in terms of foundation increases, weighted funding for special education students and career-tech students, equity aid, parity aid and other new State funding mechanisms have helped to improve the financial condition of the School District.

The Statement of Activities shows the cost of program services and the charges for services and grants and contributions offsetting those services. The following table shows the total cost of services and the net cost of services. The table identifies the cost of services supported by tax revenue and unrestricted State grants and entitlements.

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Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Program Expenses				
Instruction:				
Regular	\$50,955,911	(\$42,378,282)	\$64,787,013	(\$53,283,816)
Special	14,425,937	(11,344,204)	15,339,489	(12,502,326)
Vocational	3,206,945	(1,854,277)	3,601,535	(2,575,809)
Adult/Continuing	356,429	10,583	311,475	8,460
Student Intervention Services	8,559,198	(7,699,270)	0	0
Support Services:				
Pupil	6,127,585	(2,054,734)	8,333,543	(4,834,978)
Instructional Staff	9,225,815	(4,729,976)	10,500,838	(5,807,555)
Board of Education	433,461	(175,144)	452,766	(448,000)
Administration	7,458,041	(5,993,065)	9,098,691	(7,165,535)
Fiscal	1,458,078	(1,230,900)	1,447,253	(975,767)
Business	857,196	(638,263)	1,003,668	(995,534)
Operation and Maintenance of Plant	12,461,855	(7,875,022)	14,579,091	(12,241,070)
Pupil Transportation	5,623,107	(3,290,469)	6,529,085	(5,250,589)
Central	997,804	(936,283)	1,130,972	(961,978)
Operation of Non-Instructional Services	1,800,014	41,842	2,352,412	(546,346)
Food Service Operation	3,354,136	(129,934)	3,781,652	247,108
Extracurricular Activities	1,029,574	(924,865)	1,926,796	(1,808,299)
Interest and Fiscal Charges	1,348,158	(1,348,158)	1,366,424	(1,366,424)
<i>Total</i>	<u>\$129,679,244</u>	<u>(\$92,550,421)</u>	<u>\$146,542,703</u>	<u>(\$110,508,458)</u>

The School District's Funds

Information about the School District's major funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting. The general fund had an increase in fund balance due mainly to an increase in foundation monies as well as a decrease in instructional expenses. The increase in foundation monies resulted from an increase in formula aid due to lower assessed valuations and subsequently a lower charge-off amount and also an increase in parity aid as funding was shifted more to lower wealth districts. The food service special revenue fund had a decrease in fund balance due to decreases in grant monies. The bond retirement fund also had a decrease in fund balance due to the continuation of making principal and interest payments on outstanding obligations with less revenues being deposited into the fund. The classroom facilities capital projects fund had a decrease in fund balance due to expenditures from the construction and remodeling of several school buildings outpacing revenues in fiscal year 2009.

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General Fund Revenues and Expenditures
(Modified Accrual)

	2009	2008	Change
Revenues			
Property Taxes	\$18,997,047	\$19,464,034	(\$466,987)
Intergovernmental	74,598,099	70,850,386	3,747,713
Interest	330,053	1,518,738	(1,188,685)
Other Revenues	1,611,144	1,213,608	397,536
<i>Total</i>	<u>\$95,536,343</u>	<u>\$93,046,766</u>	<u>\$2,489,577</u>
Expenditures			
Instruction	\$63,148,895	\$60,703,430	\$2,445,465
Support Services	28,446,551	33,648,624	(5,202,073)
Operation of Non-Instructional Services	9,434	69,999	(60,565)
Extracurricular Activities	471,293	459,041	12,252
Capital Outlay	242,596	203,492	39,104
Debt Service	180,031	146,307	33,724
<i>Total</i>	<u>\$92,498,800</u>	<u>\$95,230,893</u>	<u>(\$2,732,093)</u>

General Fund Budgeting Highlights

The School District's appropriations are prepared according to Ohio law and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant and the only fund appropriated at the object level is the general fund.

During the course of fiscal year 2009, the School District amended its general fund budget numerous times.

For the general fund, the final budget basis revenue was lower than the original budget estimate. The change was attributed to decreases in estimates for all revenues due to the overall poor economy.

The final budget appropriations were higher than the original budget appropriations of the general fund. The change was attributed to increases in estimates for all expenditure categories.

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Management's Discussion and Analysis
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Capital Assets and Debt Administration

Capital Assets

The following table shows fiscal 2009 balances compared to 2008.

Table 4
 Capital Assets at June 30
 (Net of Depreciation)
 Governmental Activities

	2009	2008
Land	\$1,002,781	\$1,002,781
Construction in Progress	14,077,246	21,213,525
Buildings and Improvements	138,056,586	114,453,265
Furniture and Equipment	2,349,176	2,734,850
Vehicles	470,910	470,910
Textbooks	1,052,184	731,389
<i>Total Capital Assets</i>	\$157,008,883	\$140,606,720

The increase in capital assets was due to the current construction and remodeling of several school buildings. The School District also completed construction on several buildings during fiscal year 2009. The completion of these projects represents the decrease in construction in progress and the increase in buildings and improvements. The increase in capital assets was partially offset by an additional year of depreciation. For more information about the School District's capital assets, see Note 10 to the basic financial statements.

Debt

Table 5 below summarizes the School District's long-term obligations.

Table 5
 Outstanding Long-Term Obligations at Fiscal Year End
 Governmental Activities

	2009	2008
Compensated Absences	\$10,572,962	\$11,841,671
Early Retirement Incentive	315,000	1,345,000
Claims	163,602	192,376
Capital Leases	5,062,152	5,204,871
Classroom Facilities Bonds	31,774,536	32,923,404
Total	\$47,888,252	\$51,507,322

The classroom facilities bonds were issued in March 2005 for the construction of new schools. The bonds will be paid using tax revenue from the debt service fund. The bonds were issued for a twenty-two year period with a final maturity of December 1, 2028. For additional information on long-term obligations see Note 17 to the basic financial statements.

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Challenges and Opportunities

The goal of the Youngstown City School District continues to be to maintain the highest standards of service to our students, parents and community. In keeping with its mission statement the Board of Education has adopted a Comprehensive Continuous School Improvement Plan through which the School District intends to satisfy the rigorous requirements of the Leave No Child Behind Act.

The mission of the Youngstown City School District, a School District determined to be a beacon of hope and encouragement, is to develop caring, life-long learners with a vision, who are well prepared and productive citizens, by respecting individuality and utilizing all resources available.

To meet our goals it is imperative that the School District's management and staff continue to carefully and prudently plan in order to provide the resources and education required to meet student needs over the next several years.

Youngstown City School District has committed itself to financial reporting excellence for many years. The School District has received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting since fiscal year 2000. The School District did not participate in this program for fiscal years 2006 through 2009. The School District chose not to prepare a Comprehensive Annual Financial Report as a cost saving measure.

Contacting the School District's Financial Management Personnel

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact William Johnson, Treasurer, Youngstown City School District, 20 W. Wood St., PO Box 550, Youngstown, OH 44501, 330-744-6996.

Youngstown City School District

Statement of Net Assets

June 30, 2009

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$43,641,487
Cash and Cash Equivalents With Fiscal Agents	1,203,536
Accounts Receivable	27,317
Intergovernmental Receivable	6,438,139
Prepaid Items	60,989
Inventory Held for Resale	18,231
Materials and Supplies Inventory	421,439
Property Taxes Receivable	21,364,173
Deferred Charges	376,701
Nondepreciable Capital Assets	15,080,027
Depreciable Capital Assets, net	141,928,856
<i>Total Assets</i>	<u>230,560,895</u>
Liabilities	
Accounts Payable	679,125
Accrued Wages and Benefits	7,156,658
Contracts Payable	2,310,089
Intergovernmental Payable	3,023,067
Matured Compensated Absences Payable	649,028
Deferred Revenue	19,683,526
Accrued Interest Payable	143,402
Claims Payable	2,604,100
Solvency Assistance Advance Payable	8,190,000
Long-Term Liabilities:	
Due Within One Year	2,162,081
Due In More Than One Year	45,726,171
<i>Total Liabilities</i>	<u>92,327,247</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	125,313,432
Restricted for:	
Capital Projects	30,774,905
Debt Service	4,590,456
Other Purposes	7,454,088
Unrestricted (Deficit)	(29,899,233)
<i>Total Net Assets</i>	<u><u>\$138,233,648</u></u>

See accompanying notes to the basic financial statements

Youngstown City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2009

	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants, Contributions and Interest		
Governmental Activities:					
Instruction:					
Regular	\$50,955,911	\$625,720	\$7,951,909	\$0	(\$42,378,282)
Special	14,425,937	160,880	2,920,853	0	(11,344,204)
Vocational	3,206,945	621,642	731,026	0	(1,854,277)
Adult/Continuing	356,429	0	367,012	0	10,583
Student Intervention Services	8,559,198	117,050	742,878	0	(7,699,270)
Support Services:					
Pupil	6,127,585	95,258	3,969,716	7,877	(2,054,734)
Instructional Staff	9,225,815	67,854	4,423,215	4,770	(4,729,976)
Board of Education	433,461	6,512	0	251,805	(175,144)
Administration	7,458,041	180,902	1,284,074	0	(5,993,065)
Fiscal	1,458,078	17,742	209,436	0	(1,230,900)
Business	857,196	11,747	0	207,186	(638,263)
Operation and Maintenance of Plant	12,461,855	178,099	2,863,609	1,545,125	(7,875,022)
Pupil Transportation	5,623,107	59,251	2,057,942	215,445	(3,290,469)
Central	997,804	13,521	48,000	0	(936,283)
Operation of Non-Instructional Services	1,800,014	1,027	1,790,152	50,677	41,842
Food Service Operation	3,354,136	237,727	2,986,475	0	(129,934)
Extracurricular Activities	1,029,574	96,766	7,943	0	(924,865)
Interest and Fiscal Charges	1,348,158	0	0	0	(1,348,158)
<i>Total Governmental Activities</i>	<u>\$129,679,244</u>	<u>\$2,491,698</u>	<u>\$32,354,240</u>	<u>\$2,282,885</u>	<u>(92,550,421)</u>
General Revenues					
Property Taxes Levied for:					
					19,005,949
					1,814,390
					219,218
Grants and Entitlements not Restricted to Specific Programs:					
					74,445,181
					293,886
					757,927
					263,758
<i>Total General Revenues</i>					96,800,309
Change in Net Assets					4,249,888
<i>Net Assets Beginning of Year</i>					133,983,760
<i>Net Assets End of Year</i>					\$138,233,648

See accompanying notes to the basic financial statements

Youngstown City School District

Balance Sheet

Governmental Funds

June 30, 2009

	General	Food Service	Bond Retirement	Classroom Facilities
Assets				
Equity in Pooled Cash and Cash Equivalents	\$136,375	\$1,156,066	\$11,148	\$29,519,045
Cash and Cash Equivalents With Fiscal Agents	0	0	0	1,203,536
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	740,962	0	0	0
Property Taxes Receivable	19,212,747	0	1,903,506	0
Accounts Receivable	23,168	558	0	0
Interfund Receivable	161,547	0	5,290,000	0
Intergovernmental Receivable	132,959	465,480	0	4,878,252
Prepaid Items	60,989	0	0	0
Materials and Supplies Inventory	390,679	30,760	0	0
Inventory Held for Resale	0	18,231	0	0
Total Assets	\$20,859,426	\$1,671,095	\$7,204,654	\$35,600,833
Liabilities				
Accounts Payable	\$164,213	\$5,890	\$0	\$55,967
Contracts Payable	12,789	0	0	2,286,839
Accrued Wages and Benefits	5,532,269	68,569	0	0
Interfund Payable	5,290,000	0	0	0
Intergovernmental Payable	2,408,272	101,985	0	0
Matured Compensated Absences Payable	559,437	0	0	0
Accrued Interest Payable	33,724	0	0	0
Deferred Revenue	19,212,747	0	1,903,506	4,878,252
Solvency Assistance Advance Payable	8,190,000	0	0	0
Total Liabilities	41,403,451	176,444	1,903,506	7,221,058
Fund Balances				
Reserved for Encumbrances	212,669	14,668	0	14,397,005
Reserved for Bus Purchases	620,797	0	0	0
Reserved for Unclaimed Monies	120,165	0	0	0
Reserved for Long-Term Advances	0	0	5,290,000	0
Undesignated, Reported in:				
General Fund (Deficit)	(21,497,656)	0	0	0
Special Revenue Funds	0	1,479,983	0	0
Debt Service Fund	0	0	11,148	0
Capital Projects Funds	0	0	0	13,982,770
Total Fund Balances (Deficit)	(20,544,025)	1,494,651	5,301,148	28,379,775
Total Liabilities and Fund Balances	\$20,859,426	\$1,671,095	\$7,204,654	\$35,600,833

See accompanying notes to the basic financial statements

Youngstown City School District
*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2009*

Other Governmental Funds	Total Governmental Funds
\$11,389,879	\$42,212,513
0	1,203,536
0	740,962
247,920	21,364,173
3,591	27,317
0	5,451,547
961,448	6,438,139
0	60,989
0	421,439
0	18,231
<u>\$12,602,838</u>	<u>\$77,938,846</u>
\$453,055	\$679,125
0	2,299,628
1,555,820	7,156,658
161,547	5,451,547
512,810	3,023,067
89,591	649,028
0	33,724
307,920	26,302,425
0	8,190,000
<u>3,080,743</u>	<u>53,785,202</u>
1,494,218	16,118,560
0	620,797
0	120,165
0	5,290,000
0	(21,497,656)
7,131,796	8,611,779
0	11,148
896,081	14,878,851
<u>9,522,095</u>	<u>24,153,644</u>
<u>\$12,602,838</u>	<u>\$77,938,846</u>

Total Governmental Fund Balances	\$24,153,644
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	157,008,883
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property Taxes	1,680,647
School Facilities Monies	4,878,252
Grants	<u>60,000</u>
Total	6,618,899
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	(1,926,549)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(109,678)
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.	376,701
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Classroom Facilities Bonds	(31,774,536)
Claims Payable	(163,602)
Compensated Absences	(10,572,962)
Early Retirement Incentive	(315,000)
Capital Lease	<u>(5,062,152)</u>
Total	<u>(47,888,252)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$138,233,648</u>

Youngstown City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Food Service	Bond Retirement	Classroom Facilities
Revenues				
Property Taxes	\$18,997,047	\$0	\$1,813,834	\$0
Intergovernmental	74,598,099	3,270,062	293,886	5,842,623
Interest	330,053	10,500	0	427,874
Tuition and Fees	1,332,217	0	0	0
Extracurricular Activities	0	0	0	0
Contributions and Donations	0	0	0	0
Charges for Services	0	261,137	0	0
Rentals	33,919	0	0	0
Miscellaneous	245,008	700	0	0
<i>Total Revenues</i>	<u>95,536,343</u>	<u>3,542,399</u>	<u>2,107,720</u>	<u>6,270,497</u>
Expenditures				
Current:				
Instruction:				
Regular	42,305,911	0	0	0
Special	10,748,026	0	0	0
Vocational	2,460,574	0	0	0
Adult/Continuing	0	0	0	0
Student Intervention Services	7,634,384	0	0	0
Support Services:				
Pupil	2,040,039	0	0	0
Instructional Staff	3,903,638	0	0	0
Board of Education	432,768	0	0	0
Administration	5,923,873	0	0	0
Fiscal	1,180,778	0	45,671	0
Business	804,919	0	0	0
Operation and Maintenance of Plant	9,726,607	317,828	0	0
Pupil Transportation	3,525,541	1,392	0	0
Central	908,388	0	0	0
Operation of Non-Instructional Services	9,434	0	0	0
Operation of Food Services	0	3,253,764	0	0
Extracurricular Activities	471,293	0	0	0
Capital Outlay	242,596	0	0	19,214,975
Debt Service:				
Principal Retirement	142,719	0	1,110,000	0
Interest and Fiscal Charges	37,312	0	1,332,782	555
<i>Total Expenditures</i>	<u>92,498,800</u>	<u>3,572,984</u>	<u>2,488,453</u>	<u>19,215,530</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,037,543</u>	<u>(30,585)</u>	<u>(380,733)</u>	<u>(12,945,033)</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	(37,196)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(37,196)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	3,000,347	(30,585)	(380,733)	(12,945,033)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(23,544,372)</u>	<u>1,525,236</u>	<u>5,681,881</u>	<u>41,324,808</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$20,544,025)</u>	<u>\$1,494,651</u>	<u>\$5,301,148</u>	<u>\$28,379,775</u>

See accompanying notes to the basic financial statements

Youngstown City School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2009*

Other Governmental Funds	Total Governmental Funds		
		Net Change in Fund Balances - Total Governmental Funds	(\$7,218,517)
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
\$219,194	\$21,030,075	Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
31,558,195	115,562,865	Capital Outlay	21,832,754
0	768,427	Depreciation	(5,430,591)
678,976	2,011,193		
185,449	185,449		
408,987	408,987		
0	261,137		
0	33,919		
18,050	263,758	Total	16,402,163
<u>33,068,851</u>	<u>140,525,810</u>	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
		Property Taxes	9,482
		School Facilities Monies	(3,779,953)
		Grants	(2,826,207)
		Total	(6,596,678)
8,058,918	50,364,829	Repayment of long-term debt are expenditures in the governmental funds, but the repayment reduced long-term liabilities in the statement of net assets.	
2,967,505	13,715,531	Classroom Facilities Bonds	1,110,000
1,193,233	3,653,807	Capital Lease	142,719
356,331	356,331		
901,861	8,536,245	Total	1,252,719
3,925,703	5,965,742	Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable (which represents contractually required pension contributions), do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
4,710,505	8,614,143	Compensated Absences	1,268,709
0	432,768	Early Retirement Incentive	1,030,000
1,488,538	7,412,411	Claims Payable	28,774
220,511	1,446,960		
0	804,919	Total	2,327,483
2,124,676	12,169,111	The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated of the internal service fund is allocated among the governmental activities.	(1,939,773)
1,958,453	5,485,386		
48,000	956,388		
1,721,400	1,730,834		
0	3,253,764		
191,179	662,472		
101,747	19,559,318		
0	1,252,719		
0	1,370,649		
<u>29,968,560</u>	<u>147,744,327</u>		
		In the statement of activities, interest is accrued on outstanding bonds, bond premium and bond issuance cost are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.	
3,100,291	(7,218,517)	Accrued Interest	2,775
		Amortization of Issuance Costs	(19,152)
37,196	37,196	Bond Premium Amortization	38,868
0	(37,196)		
37,196	0	Total	22,491
3,137,487	(7,218,517)		
6,384,608	31,372,161	<i>Change in Net Assets of Governmental Activities</i>	<u>\$4,249,888</u>
<u>\$9,522,095</u>	<u>\$24,153,644</u>		

Youngstown City School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$19,261,509	\$18,953,140	\$18,997,047	\$43,907
Intergovernmental	75,958,493	74,742,430	74,915,580	173,150
Interest	349,707	344,109	344,906	797
Tuition and Fees	1,326,714	1,305,474	1,308,498	3,024
Rentals	34,391	33,840	33,919	79
Miscellaneous	245,475	241,532	242,094	562
<i>Total Revenues</i>	<u>97,176,289</u>	<u>95,620,525</u>	<u>95,842,044</u>	<u>221,519</u>
Expenditures				
Current:				
Instruction:				
Regular	42,037,118	42,391,288	42,391,288	0
Special	10,588,186	10,677,706	10,677,706	0
Vocational	2,464,219	2,484,944	2,484,944	0
Student Intervention Services	7,413,583	7,477,992	7,477,992	0
Support Services:				
Pupil	2,145,459	2,163,578	2,163,578	0
Instructional Staff	3,794,284	3,826,256	3,826,256	0
Board of Education	380,387	383,523	383,523	0
Administration	5,649,269	5,697,028	5,697,028	0
Fiscal	1,559,676	1,572,856	1,572,856	0
Business	921,686	929,478	929,478	0
Operation and Maintenance of Plant	9,574,313	9,654,880	9,654,880	0
Pupil Transportation	3,481,390	3,510,699	3,510,699	0
Central	908,014	915,674	915,674	0
Operation of Non-Instructional Services	7,492	7,556	7,556	0
Extracurricular Activities	413,293	416,768	416,768	0
Capital Outlay	257,533	257,621	257,621	0
Debt Service	12,596,005	12,702,500	12,702,500	0
<i>Total Expenditures</i>	<u>104,191,907</u>	<u>105,070,347</u>	<u>105,070,347</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(7,015,618)</u>	<u>(9,449,822)</u>	<u>(9,228,303)</u>	<u>221,519</u>
Other Financing Sources (Uses)				
General Obligation Notes Issued	5,290,000	5,290,000	5,290,000	0
Solvency Assistance Advance Proceeds	3,000,000	3,000,000	3,000,000	0
Advances In	203,494	203,494	203,494	0
Advances Out	(101,059)	(101,059)	(101,059)	0
Transfers Out	(37,196)	(37,196)	(37,196)	0
<i>Total Other Financing Sources (Uses)</i>	<u>8,355,239</u>	<u>8,355,239</u>	<u>8,355,239</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,339,621	(1,094,583)	(873,064)	221,519
<i>Fund Balance Beginning of Year</i>	1,167,764	1,167,764	1,167,764	0
Prior Year Encumbrances Appropriated	353,119	353,119	353,119	0
<i>Fund Balance End of Year</i>	<u>\$2,860,504</u>	<u>\$426,300</u>	<u>\$647,819</u>	<u>\$221,519</u>

See accompanying notes to the basic financial statements

Youngstown City School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$3,464,498	\$3,034,188	\$3,059,075	\$24,887
Interest	11,892	10,414	10,500	86
Charges for Services	295,746	259,013	261,137	2,124
Miscellaneous	1,086	951	959	8
<i>Total Revenues</i>	<u>3,773,222</u>	<u>3,304,566</u>	<u>3,331,671</u>	<u>27,105</u>
Expenditures				
Current:				
Support Services:				
Operation and Maintenance of Plant	7,346	329,202	329,202	0
Pupil Transportation	25	1,678	1,678	0
Operation of Food Services	3,433,049	3,170,165	3,170,165	0
<i>Total Expenditures</i>	<u>3,440,420</u>	<u>3,501,045</u>	<u>3,501,045</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	332,802	(196,479)	(169,374)	27,105
<i>Fund Balance Beginning of Year</i>	1,228,234	1,228,234	1,228,234	0
Prior Year Encumbrances Appropriated	<u>76,978</u>	<u>76,978</u>	<u>76,978</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,638,014</u></u>	<u><u>\$1,108,733</u></u>	<u><u>\$1,135,838</u></u>	<u><u>\$27,105</u></u>

See accompanying notes to the basic financial statements

Youngstown City School District

Statement of Fund Net Assets

Internal Service Fund

June 30, 2009

	<u>Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$688,012</u>
Liabilities	
Contracts Payable	10,461
Claims Payable	<u>2,604,100</u>
<i>Total Liabilities</i>	<u>2,614,561</u>
Net Assets	
Unrestricted (Deficit)	<u><u>(\$1,926,549)</u></u>

See accompanying notes to the basic financial statements

Youngstown City School District
*Statement of Revenues,
 Expenses and Changes in Fund Net Assets
 Internal Service Fund
 For the Fiscal Year Ended June 30, 2009*

	Insurance
Operating Revenues	
Charges for Services	\$13,065,096
Operating Expenses	
Purchased Services	1,292,961
Claims	13,711,908
<i>Total Operating Expenses</i>	15,004,869
<i>Change in Net Assets</i>	(1,939,773)
<i>Net Assets Beginning of Year</i>	13,224
<i>Net Assets (Deficit) End of Year</i>	(\$1,926,549)

See accompanying notes to the basic financial statements

Youngstown City School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2009

	Insurance
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$14,095,096
Cash Payments for Goods and Services	(2,321,510)
Cash Payments for Claims	(13,977,208)
<i>Net Decrease in Cash and Cash Equivalents</i>	(2,203,622)
<i>Cash and Cash Equivalents Beginning of Year</i>	2,891,634
<i>Cash and Cash Equivalents End of Year</i>	\$688,012
 Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$1,939,773)
Adjustments:	
Increase in Contracts Payable	1,451
Decrease in Claims Payable	(265,300)
Total Adjustments	(263,849)
<i>Net Cash Used for Operating Activities</i>	(\$2,203,622)

See accompanying notes to the basic financial statements

Youngstown City School District

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2009

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$176,483	\$149,558
Accounts Receivable	136	0
<i>Total Assets</i>	<u>176,619</u>	<u>\$149,558</u>
Liabilities		
Undistributed Monies	0	\$17,609
Due to Students	0	131,949
<i>Total Liabilities</i>	<u>0</u>	<u>\$149,558</u>
Net Assets		
Held in Trust for Scholarships	<u>\$176,619</u>	

See accompanying notes to the basic financial statements

Youngstown City School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2009

	<u>Scholarship</u>
Additions	
Contributions and Donations	\$67,710
Deductions	
Scholarships Awarded	<u>51,509</u>
<i>Change in Net Assets</i>	16,201
<i>Net Assets Beginning of Year</i>	<u>160,418</u>
<i>Net Assets End of Year</i>	<u><u>\$176,619</u></u>

See accompanying notes to the basic financial statements

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 1 - Description of the School District

Youngstown City School District (the School District) operates under a locally-elected seven-member Board form of government and provides educational services as authorized by State and Federal agencies. The Board controls the School District's instructional and support facilities staffed by 483 non-certified employees, 677 certified full-time teaching personnel and 55 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 2009 fiscal year was 6,819. The School District operates seven elementary schools, five middle/junior high schools, two high schools, one vocational school, one early college high school, one alternative school and one community school.

On November 16, 2006, the School District was declared to be in a state of "Fiscal Emergency" by the Auditor of State under section 3316.03B(5), Revised Code. In accordance with the law, a five-member Financial Planning and Supervision Commission was established to oversee all financial affairs of the School District. The Commission is comprised of two appointees of the State Superintendent of Public Instruction, an appointee of the State Director of the Office of Budget and Management, an appointee of the Governor, and an appointee of the Mayor of Youngstown. The Commission's primary charge is to develop, adopt and implement a financial recovery plan. Once the plan is adopted, the Board of Education's discretion is limited in that all financial activity of the School District must be in accordance with the plan.

The School District adopted its original financial recovery plan on March 15, 2007. Under State law, the School District must annually update its financial recovery plan. The Commission issued its most current revised plan on April 9, 2009. The revised plan includes the reduction of 79 full-time equivalents for fiscal year 2010. The plan also includes reductions in utility expenditures.

Reporting Entity

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Youngstown City School District, this includes the agencies and departments that provide the following services: general operations, food service and student 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
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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. These transactions are reported in a special revenue fund and as a governmental activity of the School District.

The School District participates in two jointly governed organizations, the Access Council of Governments and the Tech Prep Consortium. These organizations are discussed in Note 20 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The 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 and interpretations issued on or before November 30, 1989, to its governmental activities and to its internal service fund unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

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

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

B. Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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.

Food Service Fund The food service fund accounts for the grants and charges for services related to the food service operations of the School District.

Bond Retirement Fund The bond retirement fund accounts for property tax revenues that are used for payment of principal and interest and fiscal charges on general obligation debt.

Classroom Facilities Fund The classroom facilities fund accounts for property tax revenues, grants and interest received and expended in connection with contracts entered into by the School District and the Ohio School Facilities Commission for the building and equipping of classroom facilities.

The other governmental funds of the School District account for grants and other resources whose uses are restricted to a particular purpose.

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net asset, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The School District has no enterprise funds.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund is a self-insurance fund that accounts for medical, prescription drug, dental and vision claims of the School District's employees.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Fiduciary Fund Type Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust fund which accounts for the Youngstown Board of Education's college scholarship fund. The money in the fund is used to grant scholarships to certain eligible School District students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for student activities.

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund.

The private purpose trust fund is accounted for using the economic resources measurement focus.

D. Basis of Accounting

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

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

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, fees and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

E. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the object level for the general fund and at the fund level for all other funds. The treasurer has been given the authority to allocate Board appropriations to the function and object level within all funds except the general fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were passed by the Board of Education.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to June 30, the Board passed an appropriation resolution which matched actual expenditures during the fiscal year plus encumbrances outstanding at fiscal year end in the majority of categories.

F. Cash and Cash Equivalents

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

During fiscal year 2009, investments were limited to STAR Ohio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2009.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$330,053, of which \$314,785 was assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of donated and purchased food held for resale and materials and supplies held for consumption.

I. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund include unspent resources restricted for the purchase of buses and unclaimed monies.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

J. Capital Assets

All capital assets of the School District are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by back trending (i.e. estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	40 years
Furniture and Equipment	5 - 10 years
Vehicles	10 years
Textbooks	5 years

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net assets.

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the 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. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

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

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have resigned or retired will be paid. The non-current portion of the liability is not reported.

M. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

N. Bond Issuance Costs

Issuance costs for underwriting fees and bond insurance for the classroom facilities bonds are being amortized using the straight-line method over the life of the obligations in the School District's governmental activities. The straight-line method of amortization is not materially different from the effective-interest method.

As permitted by State statute, the School District paid bond issuance costs from the bond proceeds and therefore does not consider that portion of the debt to be capital-related. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of the unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

O. Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an increase of the face amount of the bonds payable. On the fund financial statements, bond premiums are recognized as an other financing source in the year the bonds are issued.

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for instruction, support services, operation of non-instructional services, food service operations and extracurricular activities.

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

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Q. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for 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 are established for encumbrances, bus purchases, unclaimed monies and long-term advances.

Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs that are incurred to provide the good or service that is the primary activity of the fund. Any revenue or expense not meeting the definition of operating is reported as non-operating.

S. Interfund Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

U. Estimates

The preparation of 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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 3 – Change in Accounting Principles

For fiscal year 2009, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 49, “Accounting and Financial Reporting for Intangible Assets,” Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments”, Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” and Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards.”

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities such as site assessments and cleanup. The implementation of this statement did not result in any change to the School District’s financial statements.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants’ and auditing literature into the GASB’s accounting and financial reporting literature for state and local governments. The statement’s guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the School District’s financial statements.

Note 4 – Fund Deficits

Fund balances at June 30, 2009, included the following individual fund deficits:

<i>Special Revenue Funds:</i>	
Poverty Based Assistance	\$176,878
Vocational Education	7,582
Entry Year Programs	322

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. A Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual is presented in the basic financial statements for the general fund and major special revenue funds. The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budgetary statements, but which are reported on the operating statement prepared using GAAP.
5. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and for the major special revenue funds.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Net Change in Fund Balance
General and Major Special Revenue Funds

	General	Food Service
GAAP Basis	\$3,000,347	(\$30,585)
Revenue Accruals	5,629,041	(210,728)
Advance In	203,494	0
Beginning Unrecorded Cash	(33,340)	0
State Solvency Assistance		
Advance Proceeds	3,000,000	0
Expenditure Accruals	(12,342,029)	92,167
Advance Out	(101,059)	0
Encumbrances	(229,518)	(20,228)
Budget Basis	(\$873,064)	(\$169,374)

Note 6 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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 securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$16,046,435 of the School District's bank balance of \$17,046,435 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all 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.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2009, the School District had STAROhio as the only investment with an amount of \$27,928,593 and a maturity of 58.1 days.

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Concentration of Credit Risk. The School District places no limit on the amount it may invest in any one issuer.

Note 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 (used in business) located in the School District. Real property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2009 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property tax) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts 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. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

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, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2009, and for

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, the portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

Due to the timing of tax bills sent by the County, there was no money available as an advance to the School District at June 30, 2009 or June 30, 2008.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

	<u>2008 Second - Half Collections</u>		<u>2009 First - Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$533,635,780	83.59%	\$544,351,070	87.86%
Public Utility	43,276,950	6.78	44,346,250	7.16
Tangible Personal Property	61,466,912	9.63	30,889,760	4.98
Total Assessed Value	<u>\$638,379,642</u>	<u>100.00%</u>	<u>\$619,587,080</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$51.00		\$60.50	

On November 4, 2008, the residents of the School District passed a four-year 9.5 mill operating levy placed on the ballot. Tax revenue from this levy was received beginning in January 2009.

Note 8 - Receivables

Receivables at June 30, 2009, consisted of taxes, accounts (rent, student fees and tuition), and intergovernmental. Except for property taxes, 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 fiscal year guarantee of Federal funds. All receivables except for the Ohio School Facilities Commission grant and property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

	<u>Taxes Receivable</u>	<u>Estimated Uncollectible</u>	<u>Net Receivable</u>
Property Taxes	<u>\$32,019,657</u>	<u>\$10,655,484</u>	<u>\$21,364,173</u>

Youngstown City School District
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A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Ohio School Facilities Commission	\$4,878,252
Federal Assistance	465,480
Title I Grants	426,053
Miscellaneous Local Grants	308,213
Youngstown Early College Reimbursement	86,839
Miscellaneous Federal Grants	78,800
Preschool Grants	77,864
Vocational Education Grants	38,329
Various School Districts	30,207
Alternative Schools	14,119
Title VI Grants	12,800
FIPSE Dissemination Grant	11,485
ROTC	4,428
Adult Basic Education Grants	2,670
Vocational Education Enhancement Grants	2,600
Total	\$6,438,139

Note 9 - 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, 2009.

B. Litigation

The Youngstown City School District is currently a 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.

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For the Fiscal Year Ended June 30, 2009

Note 10 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

Governmental Activities	Balance 6/30/2008	Additions	Deductions	Balance 6/30/2009
<i>Capital Assets not being Depreciated:</i>				
Land	\$1,002,781	\$0	\$0	\$1,002,781
Construction in Progress	21,213,525	20,330,525	(27,466,804)	14,077,246
<i>Total Nondepreciable Capital Assets</i>	<u>22,216,306</u>	<u>20,330,525</u>	<u>(27,466,804)</u>	<u>15,080,027</u>
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	\$135,632,170	\$27,466,804	(\$1,038,242)	\$162,060,732
Furniture and Equipment	21,578,479	656,898	0	22,235,377
Vehicles	2,784,914	0	0	2,784,914
Textbooks	2,003,916	845,331	0	2,849,247
<i>Total Capital Assets being Depreciated</i>	<u>161,999,479</u>	<u>28,969,033</u>	<u>(1,038,242)</u>	<u>189,930,270</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(21,178,905)	(3,863,483)	1,038,242	(24,004,146)
Furniture and Equipment	(18,843,629)	(1,042,572)	0	(19,886,201)
Vehicles	(2,314,004)	0	0	(2,314,004)
Textbooks	(1,272,527)	(524,536)	0	(1,797,063)
<i>Total Accumulated Depreciation</i>	<u>(43,609,065)</u>	<u>(5,430,591)</u>	<u>1,038,242</u>	<u>(48,001,414)</u>
<i>Total Assets being Depreciated, Net</i>	<u>118,390,414</u>	<u>23,538,442</u>	<u>0</u>	<u>141,928,856</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$140,606,720</u>	<u>\$43,868,967</u>	<u>(\$27,466,804)</u>	<u>\$157,008,883</u>

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$2,566,453
Special	446,743
Vocational	92,964
Support Services:	
Pupil	230,220
Instructional Staff	592,553
Board of Education	815
Administration	317,566
Fiscal	2,610
Business	67,958
Operation and Maintenance of Plant	322,140
Pupil Transportation	99,430
Central	46,698
Operation of Non-Instructional Services	180,502
Food Service Operation	30,249
Extracurricular Activities	433,690
Total Depreciation Expense	<u>\$5,430,591</u>

Youngstown City School District
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For the Fiscal Year Ended June 30, 2009

Note 11 - Risk Management

A. Property and Liability

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 2009, the School District contracted with the L. Calvin Jones and Company for catastrophic property insurance. The catastrophic policy has a current replacement value in the amount of \$233,012,073 and \$20,000,000 per occurrence limit with a \$75,000 deductible. Professional and Pollution liability is protected by the Lexington Insurance Company providing a \$2,000,000 per claim limit with a \$10,000,000 policy term aggregate. Each claim is subject to a \$100,000 deductible.

The School District has a blanket insurance policy for all boilers through the Cincinnati Insurance Company with a coverage limit of \$500,000 and a \$1,000 deductible.

Fleet insurance is provided by the National Interstate Insurance Company that has a \$1,000 deductible and \$75,000 coverage per accident. Portable buildings and maintenance vehicles are covered by Westfield Insurance Company. Aggregate annual coverage for the portable buildings is \$872,490 and \$500,000 for maintenance vehicles. Both policies have a \$1,000 deductible.

The School District has a builders' risk policy through the St. Paul Travelers Insurance Company to provide coverage for the ongoing construction of school buildings. This policy has an \$85,000,000 limit and a \$20,000 deductible.

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

\$50,000 performance bonds are maintained for the board president, superintendent, and business manager; a \$250,000 bond is maintained for the treasurer. These bonds are maintained by the Nationwide Agribusiness Insurance Company.

B. Worker's Compensation

The School District has historically participated in the State Workers' Compensation retrospective rating and payment system. The School District did not participate in the retrospective program during calendar year 2008; however in calendar year 2009 the School District once again participated in the plan. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claim costs for employees injured. During fiscal year 2009, the School District paid the State Workers' Compensation System a minimum premium based on a rate of .007159 per \$100 of salaries.

The balance of claims payable at June 30, 2009 represents an estimate of the liability for unpaid claim costs provided by Workers' Compensation for the periods during which the School District has been retrospectively rated. The claims liability of \$163,602 at June 30, 2009, is based on the requirements of GASB Statement No. 30 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 claims activity for the past two years are as follows:

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	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2008	\$215,873	\$30,471	\$53,968	\$192,376
2009	192,376	19,320	48,094	163,602

C. Employee Health Benefits

The School District is self-insured for medical, prescription drug, dental and vision insurance. Medical Mutual administers the medical insurance plan for certified employees. Anthem administers the medical insurance plan for non-certified employees and administrators. Stop-loss coverage has been purchased at \$200,000 in aggregate for each employee. CVS/Caremark is the third party administrator for the prescription drug program. Anthem administers the dental plan for the School District. Medical Mutual Health Services is the third party administrator for vision insurance. The administrators review all claims which are paid by the School District.

The claims liability of \$2,604,100 reported in the internal service fund at June 30, 2009 is based on estimates provided by the third party administrators and the requirements of Governmental Accounting Standards Board Statement No. 30 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 2008 and 2009 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2008	\$1,372,695	\$17,249,188	\$15,752,483	\$2,869,400
2009	2,869,400	13,711,908	13,977,208	2,604,100

Note 12 - Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer 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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 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 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a

Youngstown City School District
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For the Fiscal Year Ended June 30, 2009

statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$1,387,056, \$1,382,374, and \$1,701,904 respectively; 46.43 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$5,128,318, \$5,563,307, and \$6,095,674 respectively; 83.03 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$39,292 made by the School District and \$89,201 made by the plan members.

Youngstown City School District
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Note 13 - Postemployment Benefits

A. School Employee Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$230,243.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$634,780, \$630,821, and \$565,032 respectively; 46.43 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$114,444, \$99,603, and \$115,730 respectively; 46.43 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

Plan Description – The School District contributes to the cost sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Youngstown City School District
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Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$394,486, \$427,947, and \$468,898 respectively; 83.03 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Note 14 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits 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 285 days for administrators, 260 days for certified employees and 240 days for classified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation for certified employees. Administrators are paid thirty seven and one half percent of accrued unused sick leave upon retirement. Classified employees receive payment for sixty percent of accumulated sick leave up to 144 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 School District.

During fiscal year 2007, the School District negotiated an early retirement incentive payment of \$30,000 for eligible employees. The incentive payment is made in four equal payments in October of the first consecutive year after retirement, in October and January of the second consecutive year, and in October of the third consecutive year. A small number of employees will receive their last payment in January of the third consecutive year instead of receiving one of their four equal payments in January of the second consecutive year. The first payment will be made on October 1, 2007. An employee is eligible if the employee has a minimum of 10 years of service to the School District, retired with an effective retirement date of June 1, 2007, July 1, 2007 or August 1, 2007 and notified the School District of the intent to retire no later than April 20, 2007. There was a liability of \$315,000 as of June 30, 2009 for this plan.

B. Life Insurance

The School District provides life insurance to its employees. Coverage is equal to the employee's basic annual earnings, rounded to the next higher \$1,000. The maximum amount of coverage is \$300,000 for any full-time permanent non-certified or certified employee. The School District does not currently have any employees whose salary is \$300,000. Life insurance coverage is provided through Met Life Insurance Company.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 15 – Contractual Commitments

As of June 30, 2009, the School District had the following contractual purchase commitments outstanding:

Contractor	Contract Amount	Amount Paid to date	Remaining Contract
Desalvo Construcion Co., Inc.	\$11,873,139	\$6,563,328	\$5,309,811
Jaminet Architect	2,989,660	1,503,113	1,486,547
Tri-Area Electric Company	6,292,103	4,934,568	1,357,535
York Mahoning Mechanical	7,499,996	6,233,105	1,266,891
Kreidler Construction Company	9,483,614	8,375,992	1,107,622
Ralph Tyler Companies	2,004,995	1,255,795	749,200
Strollo and Associates, Inc.	2,471,964	1,760,585	711,379
Komar Plumbing Company	900,202	386,294	513,908
MS Consultants, Inc.	1,642,915	1,275,035	367,880
Sexton, Tom and Associates	342,594	0	342,594
Johnson Controls Inc.	1,025,773	725,718	300,055
Balog, Steines and Hendricks	1,037,170	745,173	291,997
Penn Ohio Electrical Company	1,275,679	1,006,643	269,036
Stone Creek Interior Systems	572,860	333,502	239,358
Kemp and Company	234,500	0	234,500
S.A. Communale Company, Inc.	334,405	143,855	190,550
Gandee and Associates, Inc.	361,612	172,393	189,219
Mid-West Telephone	827,142	687,081	140,061
Valley Electric Consolidated	3,074,232	2,944,503	129,729
Heery International	520,824	398,650	122,174
A.A. Samuels Sheet Metal	1,105,800	990,977	114,823
Welty Building Company, LTD	240,170	125,622	114,548
AT&T	105,576	0	105,576
Sugar Excavating Inc.	1,470,331	1,373,070	97,261
Murphy Contracting Company	6,675,624	6,580,432	95,192
Brewer-Garret Company	186,816	104,575	82,241
Rudzik Excavating Inc.	1,468,712	1,395,892	72,820
Delphi Consulting, Inc.	190,930	121,162	69,768
Prout Boiler and Heating	514,116	448,975	65,141
Fire Foe Corporation	1,108,397	1,044,541	63,856
Enertech Electrical, Inc.	2,308,304	2,250,338	57,966
Professional Services Industrial Inc.	207,517	150,453	57,064
Rizzi Distributors, Inc.	254,427	198,467	55,960
ACA Engineering, Inc.	111,430	64,775	46,655
SBC Datacom	46,281	0	46,281

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Contractor	Contract Amount	Amount Paid to date	Remaining Contract
Environmental Protection	\$296,385	\$253,133	\$43,252
Pro Quality Land and Development	345,600	305,224	40,376
Dominion East Ohio Gas	69,360	31,605	37,755
K Company, Inc.	45,754	10,626	35,128
Landscape by Design	21,149	1,898	19,251
Conti Corporation	713,925	694,679	19,246
Tomko, WG Inc.	1,559,089	1,544,673	14,416
AT&T Datacom	154,997	142,092	12,905
Project Management Consultants	23,000	11,200	11,800
En-Ser Reprographics Company	33,369	21,727	11,642
L. Calvin Jones and Company	7,502	0	7,502
Ohio Edison Company	195,337	187,892	7,445
Cable Constructors	5,175	0	5,175
Siegel Excavating Inc.	99,000	95,680	3,320
Time Warner	2,650	0	2,650
Roth Brothers, Inc.	796,762	794,216	2,546
	<u>\$75,128,864</u>	<u>\$58,389,257</u>	<u>\$16,739,607</u>

Note 16 – Note Debt

During fiscal years 2007, 2008 and 2009, the School District received interest free State solvency assistance advances in the amounts of \$15,025,000, \$10,380,000 and \$3,000,000, respectively. The State solvency assistance advances will be paid from the general fund with school foundation revenue. A liability for the notes is reflected in the general fund which received the proceeds.

	Outstanding 6/30/2008	Additions	Deletions	Outstanding 6/30/2009
FY 2007 Solvency Assistance Advance	\$7,512,500	\$0	\$7,512,500	\$0
FY 2008 Solvency Assistance Advance	10,380,000	0	5,190,000	5,190,000
FY 2009 Solvency Assistance Advance	0	3,000,000	0	3,000,000
Total Solvency Assistance Advance	<u>\$17,892,500</u>	<u>\$3,000,000</u>	<u>\$12,702,500</u>	<u>\$8,190,000</u>

In fiscal year 2010, the School District will pay \$5,190,000 to retire the fiscal year 2008 solvency assistance advance.

In fiscal years 2010 and 2011, the School District will pay \$1,500,000 a year to retire the fiscal year 2009 solvency assistance advance.

Youngstown City School District
Notes to the Basic Financial Statements
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Note 17 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2009 were as follows:

	Principal Outstanding 6/30/08	Additions	Deductions	Principal Outstanding 6/30/09	Amounts Due in One Year
<i>Classroom Facilities Bonds</i>					
Classroom Facilities Bonds Series 2005	\$32,120,000	\$0	\$1,110,000	\$31,010,000	\$1,145,000
Unamortized Premium	803,404	0	38,868	764,536	0
<i>Total Classroom Facilities Bonds</i>	<u>32,923,404</u>	<u>0</u>	<u>1,148,868</u>	<u>31,774,536</u>	<u>1,145,000</u>
Capital Lease Payable	5,204,871	0	142,719	5,062,152	12,152
Claims Payable	192,376	19,320	48,094	163,602	40,901
Compensated Absences	11,841,671	41,539	1,310,248	10,572,962	649,028
Early Retirement Incentive	1,345,000	0	1,030,000	315,000	315,000
<i>Total General Long - Term Obligations</i>	<u>\$51,507,322</u>	<u>\$60,859</u>	<u>\$3,679,929</u>	<u>\$47,888,252</u>	<u>\$2,162,081</u>

The classroom facilities bonds will be paid with property taxes from the debt service fund. The State workers' compensation claims payable and the capital leases will be paid from the general fund and classroom facilities capital projects fund.

On March 2, 2005, the School District issued \$35,625,000 in classroom facilities bonds for the construction of new schools. The bonds will be paid using tax revenue from the debt service fund. The bonds were issued for a twenty-two year period with a final maturity of December 1, 2028. The bonds were issued at a premium of \$932,964.

Compensated absences and the early retirement incentive will be paid from the fund from which the employees' salaries are paid. These funds include the general fund, and the food service, poverty based assistance, adult education, miscellaneous local grants, auxiliary services, public school preschool, alternative schools, adult basic education, title VI-B, vocational education, title I, drug free schools grant, preschool grants, reducing class size and miscellaneous federal grants special revenue funds.

The School District's overall debt margin was \$27,166,968 with an unvoted debt margin of \$587,509 at June 30, 2009. Principal and interest requirements to retire the classroom facilities bonds and early retirement incentive are as follows:

Fiscal Year Ended June 30,	Classroom Facilities Bonds		Early Retirement Incentive
	Principal	Interest	
2010	\$1,145,000	\$1,298,957	\$315,000
2011	1,180,000	1,264,083	0
2012	1,215,000	1,228,157	0
2013	1,250,000	1,188,058	0
2014	1,295,000	1,143,520	0
2015-2019	7,195,000	4,969,765	0
2020-2024	8,895,000	3,190,438	0
2025-2028	8,835,000	804,706	0
Total	<u>\$31,010,000</u>	<u>\$15,087,684</u>	<u>\$315,000</u>

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 18 – Capital Leases

A. Phone System Lease

The School District entered into a capital lease for a phone system during fiscal year 2005. The lease obligation meets the criteria of a capital lease as defined by Financial Accounting Standards Board Statement Number 13, “Accounting for Leases,” and has been recorded on the government-wide statements. The original amounts capitalized for the capital lease and the book value as of June 30, 2009 follows:

	Amounts
Asset:	
Equipment	\$662,192
Less: Accumulated Depreciation	(264,876)
Current Book Value	\$397,316

The remaining capital lease obligation outstanding at June 30, 2009 will be retired in fiscal year 2010, with a payment of \$12,152 of principal and \$40 of interest.

B. Building Lease

This capital lease obligation recorded on the governmental wide statements relates to the improvement of several buildings in the School District. As part of this agreement, JP Morgan Chase Bank, N.A., as lessor, deposited \$5,050,000 into the School District’s account. The School District will be making annual interest payments over a ten year period to JP Morgan Chase Bank, its escrow agent, which will pay the annual interest and invest the sinking fund dollars at an interest rate that will generate at least \$1,228,924 over the lease period, the difference between the sinking payments and the lease principal payment. It is the assumption of the School District that the money in the sinking fund will be invested and earn enough interest to allow the lease to be paid in full in December 2020.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and present value of the minimum lease payments is as follows:

Year ending June 30,	Building Lease
2010	\$32,825
2011	32,825
2012	32,825
2013	32,825
2014	32,825
2015-2019	164,125
2020-2021	5,115,650
Total Minimum Lease Payments	5,443,900
Less: Amount Representing Interest	(393,900)
Present Value of Minimum Lease Payments	\$5,050,000

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The following is a schedule of the interest and sinking fund payments required under the lease and escrow agreements:

Year ending June 30,	Principal	Interest	Sinking Fund Payments	Total Lease Payment
2010	\$0	\$32,825	\$382,108	\$414,933
2011	0	32,825	382,108	414,933
2012	0	32,825	382,108	414,933
2013	0	32,825	382,108	414,933
2014	0	32,825	382,108	414,933
2015-2019	0	164,125	764,212	928,337
2020-2021	5,050,000	65,650	0	5,115,650
	<u>\$5,050,000</u>	<u>\$393,900</u>	<u>\$2,674,752</u>	<u>\$8,118,652</u>

Note 19 - Interfund Transactions

A. Interfund Transfers

The general fund transferred \$37,196 to the district managed activities special revenue fund to help provide funding for the program in fiscal year 2009.

B. Interfund Balances

Interfund Payable	Interfund Receivable
	General
Miscellaneous Local Grants	\$4,363
Public School Preschool	400
Carl Perkins Vocational Grant	36,272
Limited English Proficiency	12,669
Title I	54,600
Title V	31,079
Reducing Class Size	750
Miscellaneous Federal Grants	21,414
<i>Total All Funds</i>	<u>\$161,547</u>

Interfund receivables and payables are due to the timing of the receipt of grant monies received by the various funds. The general fund provides temporary funding of the program until the grant dollars are received.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The debt service fund reported an interfund receivable at June 30, 2009 of \$5,290,000. The general fund had an interfund payable of \$5,290,000. The interfund transaction between the debt service fund and the general fund is manuscript notes. The manuscript notes were issued by the School District on January 28, 2009 and purchased by the debt service fund as an investment. The manuscript notes will mature on December 1 of the years 2009 through 2012, and they bear a 1.50 percent annual interest rate.

Changes in manuscript notes of the School District during fiscal year 2009 were as follows:

	Outstanding June 30, 2008	Additions	Deletions	Outstanding June 30, 2009
Manuscript Note - Tax Anticipation	\$0	5,290,000	0	\$5,290,000

The following is a schedule of the principal and interest requirements to retire the manuscript notes:

Year ending June 30,	Principal	Interest
2010	\$1,322,500	\$67,448
2011	1,322,500	59,513
2012	1,322,500	39,675
2013	1,322,500	19,837
	\$5,290,000	\$186,473

Note 20 - Jointly Governed Organizations

A. Access Council of Governments

The Access Council of Governments (COG) is a computer network which provides data services to twenty-three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports COG based upon a per pupil charge before any e-rate credits, which was \$39 for fiscal year 2009. Youngstown City School District paid \$93,889 to COG during fiscal year 2009. COG is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of COG including budgeting, appropriating, contracting and designating management. All of COG revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 Debartolo Place, Youngstown, Ohio 44512.

B. Tech Prep Consortium

The Tech Prep Consortium is a cooperative effort between the School District, Youngstown State University and Mahoning County Joint Vocational School District to support programs in business, engineering and health technology through business, industry, labor and educational personnel. All of the consortium revenues are from a federal grant. The consortium is governed by an executive committee consisting of the superintendents of the school districts, the President of Youngstown State University and a representative

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

from business or industry. The committee exercises total control over the operation of the Consortium, including budgeting, appropriating, contracting and designating management.

Note 21 - Set-Aside Calculations

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 the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years.

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

	Textbooks	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2008	(\$409,037)	\$0
Current Year Set-Aside Requirement	1,256,800	1,256,800
Offsets	0	(1,110,000)
Qualifying Disbursements	(1,559,978)	(983,809)
Total	(\$712,215)	(\$837,009)
Set-Aside Reserve Balance as of June 30, 2009 and Carried Forward to Future Fiscal Years	(\$712,215)	\$0

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the textbook and capital acquisition set-asides. The extra amount in the textbook set-aside may be used to reduce the set-aside requirement of future years. The extra amount in the capital acquisition set-aside may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years.

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**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution)	045161	10.555		\$ 152,655		\$ 152,655
School Breakfast Program	3L70	10.553	\$ 788,659		\$ 788,659	
National School Lunch Program	3L60	10.555	2,160,588		2,160,588	
Total U.S. Department of Agriculture			\$ 2,949,247	\$ 152,655	\$ 2,949,247	\$ 152,655
<u>U.S. DEPARTMENT OF DEFENSE</u>						
<i>Direct Program</i>						
Junior Reserve Officer Training Corp	---	12.000	47,419		47,419	
<u>U.S. DEPARTMENT OF LABOR</u>						
<i>Direct Program</i>						
Pathways to Careers	---	17.269	92,039		92,039	
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	3M20	84.027	2,831,782		2,490,244	
Special Education - Preschool Grant	3C50	84.173	148,533		162,565	
Total Special Education Cluster			2,980,315		2,652,809	
Adult Education-Basic Grants to States	3660	84.002	42,820		52,991	
<i>Pass thru Ohio Board of Regents</i>						
Adult Education-Basic Grants to States	---	84.002	367,218		367,218	
Grants to Local Educational Agencies (ESEA Title I)	3M00	84.010	6,745,324		6,509,331	
Career and Technical Education Basic Grants to States	3L90	84.048	444,162		371,017	
<i>Passed Through Ohio Department of Education:</i>						
<i>Direct Program</i>						
Federal Pell Grant Program	---	84.063	288,646		290,653	
Safe and Drug-Free Schools and Communities Grant - State	3D10	84.186	83,778		52,187	
Education for Homeless Children and Youth	3090	84.196	118,932		91,879	
Fund for Improvement in Education Grant	---	84.215	446,489		447,544	
21st Century Community Learning Centers	3Y20	84.287	700,857		626,389	
State Grants for Innovative Programs	3M10	84.298	9,177		29,768	
Education Technology State Grants	3S20	84.318	41,237		44,376	
Reading First State Grant	3Y40	84.357	250,000		210,157	
English Language Acquisition Grants	3Y70	84.365	16,643		13,608	
Improving Teacher Quality State Grants	3Y60	84.367	1,450,140		1,304,368	
Total U.S. Department of Education			11,005,423		10,411,486	

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>Passed Through Mahoning County:</i>						
Temporary Assistance To Needy Families After School Alliance	---	93.558	240,470		285,460	
Totals			<u>17,314,913</u>	<u>\$ 152,655</u>	<u>16,438,460</u>	<u>\$ 152,655</u>

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

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURE SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Youngstown City School District's (the District) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The government reports commodities consumed on the Schedule at the fair value.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Youngstown City School District, Mahoning County, (the "District") as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 29, 2010, wherein we noted the District is experiencing financial difficulties that raises substantial doubt about its ability to continue as a going concern. The Auditor of State has determined a fiscal emergency exists, and a financial planning and supervision commission has assumed certain management responsibilities for the duration of this emergency pursuant to Chapter 3316 of the Ohio Revised Code Section. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated September 29, 2010.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.



Robert R. Hinkle, CPA
Chief Deputy Auditor

September 29, 2010



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON 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 apply to each of its major federal programs for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 Youngstown City School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated September 29, 2010.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Robert R. Hinkle, CPA
Chief Deputy Auditor

September 29, 2010

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #10.555 - Nutrition Cluster CFDA #84.287 - 21 st Century Grant CFDA #84.367 - Improving Teacher Quality
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 497,733 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the School District has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a School District."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether the Youngstown City School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on August 24, 2004 and revised it on July 10, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - (6) A procedure for documenting any prohibited incident that is reported;

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- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.



Robert R. Hinkle, CPA
Chief Deputy Auditor

September 29, 2010

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Mary Taylor, CPA
Auditor of State

YOUNGSTOWN CITY SCHOOL DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 9, 2010**