



Dave Yost • Auditor of State

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Statement of Net Position – June 30, 2014	16
Statement of Activities – For the Fiscal Year Ended June 30, 2014.....	17
Balance Sheet - Governmental Funds – June 30, 2014.....	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities – June 30, 2014.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds – For the Fiscal Year Ended June 30, 2014.....	20
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, 2014	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual - General Fund.....	22
Statement of Fund Net Position – Internal Service Funds – June 30, 2014.....	23
Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds – For the Fiscal Year Ended June 30, 2014	24
Statement of Cash Flows – Internal Service Funds – For the Fiscal Year Ended June 30, 2014.....	25
Statement of Fiduciary Net Position – Fiduciary Funds – June 30, 2014.....	26
Statement of Changes in Fiduciary Net Position – Fiduciary Fund – For the Fiscal Year Ended - June 30, 2014	27
Notes to the Basic Financial Statements	28
Federal Awards Receipts and Expenditures Schedule – For the Year Ended June 30, 2014.....	57
Notes to the Federal Awards Receipts and Expenditures Schedule – June 30, 2014	58
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	59
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	61
Schedule of Findings – June 30, 2014.....	63
Schedule of Prior Audit Findings – June 30, 2014.....	67
Corrective Action Plan - June 30, 2014	69

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Youngstown City School District
Mahoning County
20 West Wood Street
Youngstown, Ohio 44503

To the Board of Education:

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

The Federal Award Receipts and Expenditures Schedule presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

March 26, 2015

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Youngstown City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
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, 2014. 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 2014 fiscal year are as follows:

- Net position increased in fiscal year 2014 due mainly to an increase in cash and cash equivalents and intergovernmental receivables resulting from a rise in State Foundation monies and grants as well as to a decrease in total liabilities attributable to a drop in accrued wages and intergovernmental payables and long-term liabilities. The increase in net position was partially offset by a decrease in capital assets resulting from annual depreciation outpacing current year additions.
- Capital asset additions included building and improvements as well as the purchase of various equipment, three service vehicles and two new school buses.
- Program expenses increased due to a two percent raise increase for certified and classified employees which was partially offset by staff reductions.
- Long-term debt obligations decreased due to annual debt payments on general obligation bonds.

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 Position 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 and the bond retirement fund.

Reporting the School District as a Whole

Statement of Net Position 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 2014?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all non-fiduciary assets and deferred outflows of resources* and *liabilities* and *deferred inflows of resources* 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.

Youngstown City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

These two statements report the School District's *net position* and changes in net position. This change in net position 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 Position 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 11. 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 are the general fund and the bond retirement 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 Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

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 funds report on self-insurance programs for employee medical, prescription drug, dental and vision claims and workers' compensation. The proprietary funds use 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 School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. 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.

Youngstown City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The School District as a Whole

The Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's Net Position for 2014 compared to 2013:

Table 1
 Net Position
 Governmental Activities

	2014	2013	Change
Assets			
Current and Other Assets	\$59,474,014	\$56,428,441	\$3,045,573
Capital Assets, Net	146,900,280	151,158,521	(4,258,241)
Total Assets	206,374,294	207,586,962	(1,212,668)
Deferred Outflows of Resources	458,086	1,557,494	(1,099,408)
Liabilities			
Current Liabilities	10,673,843	11,958,991	1,285,148
Long-Term Liabilities			
Due Within One Year	2,196,216	2,568,614	372,398
Due in More Than One Year	37,093,282	38,810,347	1,717,065
Total Liabilities	49,963,341	53,337,952	3,374,611
Deferred Inflows of Resources	24,256,689	25,077,797	821,108
Net Position			
Net Investment in Capital Assets	113,837,659	117,089,538	(3,251,879)
Restricted for:			
Capital Projects	5,674,378	5,148,128	526,250
Debt Service	3,797,856	3,935,697	(137,841)
Other Purposes	9,964,444	7,384,351	2,580,093
Unrestricted (Deficit)	(661,987)	(2,829,007)	2,167,020
Total Net Position	\$132,612,350	\$130,728,707	\$1,883,643

Current assets increased mainly due to an increase in cash and cash equivalents as well as to an increase in intergovernmental receivables resulting from a rise in State Foundation monies and grants. The decrease in capital assets was due to an additional year of depreciation. This decrease was partially offset by current year additions to buildings and improvements, equipment and vehicles.

Current liabilities decreased in fiscal year 2014 due to a drop in accrued wages and intergovernmental payables. Long-term liabilities decreased as well during fiscal year 2014 which can be attributed to a reduction in the compensated absences liability and to annual payments on the School District's general obligation bonds.

Youngstown City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 2 shows the changes in net position from fiscal year 2014 to 2013.

Table 2
Change in Net Position
Governmental Activities

	2014	2013	Change
Revenues			
Program Revenues			
Charges for Services	\$1,472,062	\$1,699,284	(\$227,222)
Operating Grants and Contributions	31,699,903	30,760,529	939,374
Capital Grants and Contributions	449,742	469,306	(19,564)
<i>Total Program Revenues</i>	<u>33,621,707</u>	<u>32,929,119</u>	<u>692,588</u>
General Revenues			
Property Taxes	22,262,582	22,550,377	(287,795)
Grants and Entitlements	76,280,224	72,107,823	4,172,401
Payment in Lieu of Taxes	1,434,921	1,416,740	18,181
Unrestricted Contributions	119,585	0	119,585
Investment Earnings	394,876	170,667	224,209
Miscellaneous	326,316	362,779	(36,463)
<i>Total General Revenues</i>	<u>100,818,504</u>	<u>96,608,386</u>	<u>4,210,118</u>
<i>Total Revenues</i>	<u>\$134,440,211</u>	<u>\$129,537,505</u>	<u>\$4,902,706</u>

(continued)

Youngstown City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 2
 Change in Net Position (continued)
 Governmental Activities

	2014	2013	Change
Program Expenses			
Instruction:			
Regular	\$63,621,384	\$61,347,223	(\$2,274,161)
Special	15,551,502	14,187,687	(1,363,815)
Vocational	2,490,640	2,610,631	119,991
Adult/Continuing	858,516	910,568	52,052
Student Intervention Services	544,516	491,014	(53,502)
Support Services:			
Pupil	5,782,947	6,077,050	294,103
Instructional Staff	5,073,359	9,349,192	4,275,833
Board of Education	224,789	251,888	27,099
Administration	7,613,184	6,458,713	(1,154,471)
Fiscal	1,512,751	1,255,159	(257,592)
Business	827,248	769,927	(57,321)
Operation and Maintenance of Plant	11,339,959	10,529,905	(810,054)
Pupil Transportation	6,607,223	6,425,923	(181,300)
Central	1,477,333	1,069,009	(408,324)
Operation of Non-Instructional Services	2,659,483	2,616,683	(42,800)
Food Service Operation	3,554,651	3,514,810	(39,841)
Extracurricular Activities	990,901	968,818	(22,083)
Interest and Fiscal Charges	1,826,182	2,079,721	253,539
<i>Total Program Expenses</i>	<u>132,556,568</u>	<u>130,913,921</u>	<u>(1,642,647)</u>
<i>Increase (Decrease) in Net Position</i>	1,883,643	(1,376,416)	3,260,059
Net Position Beginning of Year	<u>130,728,707</u>	<u>132,105,123</u>	<u>(1,376,416)</u>
Net Position End of Year	<u>\$132,612,350</u>	<u>\$130,728,707</u>	<u>\$1,883,643</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. In fiscal year 2014, State Foundation monies and grants increased.

Program expenses increased in fiscal year 2014 due to a two percent raise for certified and classified staff. This increase was partially offset by certified and classified staff reductions.

Youngstown City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

During fiscal year 2014 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>
2014	\$508,405,300	(1.26) %
2013	514,902,930	1.63
2012	506,633,460	(12.28)
2011	577,526,800	(3.72)
2010	599,827,690	(3.19)
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	

The average rate of growth over the last 10 years is (2.65) percent.

Because of the low per pupil valuation, the School District is highly dependent on State funding to maintain financial stability.

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.

Youngstown City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Program Expenses				
Instruction:				
Regular	\$63,621,384	(\$60,224,749)	\$61,347,223	(\$58,461,569)
Special	15,551,502	(2,211,757)	14,187,687	(1,371,486)
Vocational	2,490,640	(1,262,412)	2,610,631	(1,144,582)
Adult/Continuing	858,516	(11,651)	910,568	(48,168)
Student Intervention Services	544,516	(260,880)	491,014	(294,971)
Support Services:				
Pupil	5,782,947	(3,165,769)	6,077,050	(4,267,744)
Instructional Staff	5,073,359	(2,897,604)	9,349,192	(5,817,240)
Board of Education	224,789	(224,789)	251,888	(251,888)
Administration	7,613,184	(6,299,885)	6,458,713	(5,556,585)
Fiscal	1,512,751	(1,379,369)	1,255,159	(1,254,484)
Business	827,248	(827,248)	769,927	(769,927)
Operation and Maintenance of Plant	11,339,959	(10,804,251)	10,529,905	(9,918,272)
Pupil Transportation	6,607,223	(5,261,293)	6,425,923	(4,928,072)
Central	1,477,333	(1,457,533)	1,069,009	(1,038,409)
Operation of Non-Instructional Services	2,659,483	93,721	2,616,683	(210,200)
Food Service Operation	3,554,651	7,030	3,514,810	291,068
Extracurricular Activities	990,901	(920,240)	968,818	(862,552)
Interest and Fiscal Charges	1,826,182	(1,826,182)	2,079,721	(2,079,721)
<i>Total</i>	<u>\$132,556,568</u>	<u>(\$98,934,861)</u>	<u>\$130,913,921</u>	<u>(\$97,984,802)</u>

The School District's Funds

Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. The general fund had an increase in fund balance due to a significant increase in State Foundation monies. The bond retirement fund had a decrease in fund balance due to higher debt service principal payments resulting in expenditures exceeding revenues.

Youngstown City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

General Fund Revenues and Expenditures
(Modified Accrual)

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Revenues			
Property Taxes	\$19,801,376	\$20,093,890	(\$292,514)
Intergovernmental	87,161,078	82,397,299	4,763,779
Interest	285,714	67,539	218,175
Payment in Lieu of Taxes	1,434,921	1,416,740	18,181
Other Revenues	993,762	1,065,258	(71,496)
<i>Total</i>	<u>\$109,676,851</u>	<u>\$105,040,726</u>	<u>\$4,636,125</u>
Expenditures			
Instruction	\$72,403,573	\$70,785,095	(\$1,618,478)
Support Services	31,935,212	32,268,350	333,138
Operation of Non-Instructional Services	12,570	10,982	(1,588)
Extracurricular Activities	326,079	300,286	(25,793)
Debt Service	0	8,266	8,266
<i>Total</i>	<u>\$104,677,434</u>	<u>\$103,372,979</u>	<u>(\$1,304,455)</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 general fund is the most significant fund and is appropriated at the fund level.

For the general fund, the final budget basis revenue matched the original budget estimate.

The final budget appropriations were higher than the original budget appropriations of the general fund. The change was attributed to increases in instructional activities and support services due to higher estimated expenditures as the School District's current year requirements became more apparent.

Youngstown City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Capital Assets and Debt Administration

Capital Assets

The following table shows fiscal 2014 balances compared to 2013.

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

	2014	2013	Change
Land	\$1,002,781	\$1,002,781	\$0
Buildings and Improvements	143,850,722	147,883,025	(4,032,303)
Furniture and Equipment	802,895	917,377	(114,482)
Vehicles	1,243,882	1,355,338	(111,456)
<i>Total Capital Assets</i>	<u><u>\$146,900,280</u></u>	<u><u>\$151,158,521</u></u>	<u><u>(\$4,258,241)</u></u>

Capital assets decreased during fiscal year 2014 due to an additional year of depreciation. This decrease was partially offset by current year additions to buildings and improvements, various equipment and the purchase of three maintenance service vehicles and two school buses. 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

	2014	2013	Change
Classroom Facilities Bonds	\$27,460,500	\$29,185,233	(\$1,724,733)
Capital Leases	5,050,000	5,050,000	0
Claims	320,520	340,660	(20,140)
Compensated Absences	6,458,478	6,803,068	(344,590)
Total	<u><u>\$39,289,498</u></u>	<u><u>\$41,378,961</u></u>	<u><u>(\$2,089,463)</u></u>

In fiscal year 2013, the School District refunded a large portion of the 2005 classroom facilities bonds. The original bonds were issued for the construction of new schools. The unrefunded portion of the 2005 classroom facilities bonds will fully mature at December 1, 2027. The series 2012 classroom facilities refunding bonds were issued for an eleven year period with a final maturity at December 1, 2023. The series 2013 classroom facilities refunding bonds were issued for a fifteen year period with a final maturity at December 1, 2027. For additional information on long-term obligations see Note 16 to the basic financial statements.

Youngstown City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

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 received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting from fiscal year 2000 through fiscal year 2005. The School District did not participate in this program for fiscal years 2006 through 2014. 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 James Reinhard, Treasurer, Youngstown City School District, 20 W. Wood St., PO Box 550, Youngstown, OH 44503, 330-744-6996.

Basic Financial Statements

Youngstown City School District

Statement of Net Position

June 30, 2014

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$24,730,830
Cash and Cash Equivalents With Fiscal Agents	3,571,318
Accounts Receivable	104,477
Accrued Interest Receivable	9,607
Intergovernmental Receivable	4,329,473
Prepaid Items	35,449
Inventory Held for Resale	62,465
Materials and Supplies Inventory	416,675
Property Taxes Receivable	26,213,720
Nondepreciable Capital Assets	1,002,781
Depreciable Capital Assets, net	<u>145,897,499</u>
<i>Total Assets</i>	<u>206,374,294</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	<u>458,086</u>
Liabilities	
Accounts Payable	526,583
Contracts Payable	187,738
Accrued Wages and Benefits	5,744,182
Intergovernmental Payable	1,675,395
Matured Compensated Absences Payable	641,086
Accrued Interest Payable	126,059
Claims Payable	1,772,800
Long-Term Liabilities:	
Due Within One Year	2,196,216
Due In More Than One Year	<u>37,093,282</u>
<i>Total Liabilities</i>	<u>49,963,341</u>
Deferred Inflows of Resources	
Property Taxes	<u>24,256,689</u>
Net Position	
Net Investment in Capital Assets	113,837,659
Restricted for:	
Capital Projects	5,674,378
Debt Service	3,797,856
Other Purposes	9,964,444
Unrestricted (Deficit)	<u>(661,987)</u>
<i>Total Net Position</i>	<u><u>\$132,612,350</u></u>

See accompanying notes to the basic financial statements

Youngstown City School District

Balance Sheet

Governmental Funds

June 30, 2014

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$12,254,973	\$2,687,512	\$8,981,232	\$23,923,717
Cash and Cash Equivalents With Fiscal Agents	0	0	3,571,318	3,571,318
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	274,081	0	0	274,081
Property Taxes Receivable	23,727,175	2,258,328	228,217	26,213,720
Accounts Receivable	102,220	0	2,257	104,477
Interfund Receivable	1,373,811	1,638,000	1,971,081	4,982,892
Accrued Interest Receivable	9,607	0	0	9,607
Intergovernmental Receivable	317,135	0	4,010,221	4,327,356
Prepaid Items	35,449	0	0	35,449
Materials and Supplies Inventory	360,821	0	55,854	416,675
Inventory Held for Resale	0	0	62,465	62,465
<i>Total Assets</i>	<u>\$38,455,272</u>	<u>\$6,583,840</u>	<u>\$18,882,645</u>	<u>\$63,921,757</u>
Liabilities				
Accounts Payable	\$69,509	\$0	\$339,174	\$408,683
Contracts Payable	187,738	0	0	187,738
Accrued Wages and Benefits	4,860,355	0	883,385	5,743,740
Interfund Payable	0	0	4,393,081	4,393,081
Intergovernmental Payable	1,322,334	0	195,669	1,518,003
Matured Compensated Absences Payable	569,127	0	71,959	641,086
Accrued Interest Payable	0	0	51,051	51,051
<i>Total Liabilities</i>	<u>7,009,063</u>	<u>0</u>	<u>5,934,319</u>	<u>12,943,382</u>
Deferred Inflows of Resources				
Property Taxes	21,955,781	2,089,729	211,179	24,256,689
Unavailable Revenue	2,044,820	168,599	4,008,141	6,221,560
<i>Total Deferred Inflows of Resources</i>	<u>24,000,601</u>	<u>2,258,328</u>	<u>4,219,320</u>	<u>30,478,249</u>
Fund Balances				
Nonspendable	670,351	0	55,854	726,205
Restricted	0	4,325,512	13,147,934	17,473,446
Committed	158,117	0	0	158,117
Assigned	342,420	0	0	342,420
Unassigned (Deficit)	6,274,720	0	(4,474,782)	1,799,938
<i>Total Fund Balances</i>	<u>7,445,608</u>	<u>4,325,512</u>	<u>8,729,006</u>	<u>20,500,126</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$38,455,272</u>	<u>\$6,583,840</u>	<u>\$18,882,645</u>	<u>\$63,921,757</u>

See accompanying notes to the basic financial statements

Youngstown City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2014*

Total Governmental Fund Balances \$20,500,126

*Amounts reported for governmental activities in the
 statement of net position are different because*

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds. 146,900,280

Other long-term assets are not available to pay for current-period expenditures
 and therefore are reported as unavailable revenue in the funds.

Delinquent Property Taxes	1,957,031
Grants	4,264,529
	6,221,560

Total 6,221,560

Internal service funds are used by management to charge the
 costs of insurance and workers' compensation to individual funds.
 The assets and liabilities of the internal service funds are included
 in governmental activities in the statement of net position.

Net Position	(2,423,716)
Claims Payable	320,520
	(2,103,196)

Total (2,103,196)

In the statement of activities, interest is accrued on outstanding
 bonds, whereas in governmental funds, an interest expenditure
 is reported when due. (75,008)

Long-term liabilities are not due and payable in the current
 period and therefore are not reported in the funds:

Classroom Facilities Bonds	(27,460,500)
Capital Lease	(5,050,000)
Claims Payable	(320,520)
Compensated Absences	(6,458,478)
Deferred Charge on Refunding	458,086
	(38,831,412)

Total (38,831,412)

Net Position of Governmental Activities \$132,612,350

See accompanying notes to the basic financial statements

Youngstown City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$19,801,376	\$1,912,884	\$640,721	\$22,354,981
Intergovernmental	87,161,078	360,287	18,136,209	105,657,574
Interest	285,714	0	109,716	395,430
Tuition and Fees	446,274	0	696,553	1,142,827
Extracurricular Activities	58,590	0	39,064	97,654
Payment in Lieu of Taxes	1,434,921	0	0	1,434,921
Contributions and Donations	119,585	0	412,924	532,509
Charges for Services	67,892	0	150,874	218,766
Rentals	12,815	0	0	12,815
Miscellaneous	288,606	0	32,005	320,611
<i>Total Revenues</i>	<u>109,676,851</u>	<u>2,273,171</u>	<u>20,218,066</u>	<u>132,168,088</u>
Expenditures				
Current:				
Instruction:				
Regular	58,453,359	0	1,945,589	60,398,948
Special	11,608,133	0	2,864,938	14,473,071
Vocational	2,148,210	0	553,887	2,702,097
Adult/Continuing	0	0	859,142	859,142
Student Intervention Services	193,871	0	294,816	488,687
Support Services:				
Pupil	3,218,470	0	2,256,872	5,475,342
Instructional Staff	2,947,172	0	1,944,065	4,891,237
Board of Education	224,700	0	0	224,700
Administration	5,938,939	0	1,239,745	7,178,684
Fiscal	1,326,070	58,566	147,908	1,532,544
Business	802,802	0	0	802,802
Operation and Maintenance of Plant	10,139,992	0	675,305	10,815,297
Pupil Transportation	5,918,435	0	419,147	6,337,582
Central	1,418,632	0	30,600	1,449,232
Operation of Non-Instructional Services	12,570	0	2,492,812	2,505,382
Operation of Food Services	0	0	3,491,997	3,491,997
Extracurricular Activities	326,079	0	102,265	428,344
Capital Outlay	0	0	44,495	44,495
Debt Service:				
Principal Retirement	0	1,515,000	0	1,515,000
Interest and Fiscal Charges	0	880,047	56,760	936,807
<i>Total Expenditures</i>	<u>104,677,434</u>	<u>2,453,613</u>	<u>19,420,343</u>	<u>126,551,390</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>4,999,417</u>	<u>(180,442)</u>	<u>797,723</u>	<u>5,616,698</u>
Other Financing Sources (Uses)				
Transfers In	0	0	85,392	85,392
Transfers Out	(85,392)	0	0	(85,392)
<i>Total Other Financing Sources (Uses)</i>	<u>(85,392)</u>	<u>0</u>	<u>85,392</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	4,914,025	(180,442)	883,115	5,616,698
<i>Fund Balances Beginning of Year</i>	<u>2,531,583</u>	<u>4,505,954</u>	<u>7,845,891</u>	<u>14,883,428</u>
<i>Fund Balances End of Year</i>	<u>\$7,445,608</u>	<u>\$4,325,512</u>	<u>\$8,729,006</u>	<u>\$20,500,126</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, 2014*

Net Change in Fund Balances - Total Governmental Funds \$5,616,698

*Amounts reported for governmental activities in the
statement of activities are different because*

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 depreciation exceeded capital outlay in the current period:

Capital Asset Additions	573,436	
Current Year Depreciation	(4,831,677)	
Total		(4,258,241)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	(92,399)	
Grants	2,358,817	
Total		2,266,418

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net position. 1,515,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated Absences	344,590	
Claims Payable	20,140	
Total		364,730

The internal service funds used by management to charge the costs of insurance and workers' compensation to individual funds are 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 funds are allocated among the governmental activities.

Change in Net Position	(2,711,447)	
Claims Payable	(20,140)	
Total		(2,731,587)

In the statement of activities, interest is accrued on outstanding bonds, bond accretion, bond premium and loss on refunding are amortized over the term of the bonds, whereas in governmental funds an interest expenditure is reported when due and premiums, and loss on refunding are reported when the bonds are issued:

Accrued Interest	300	
Bond Accretion	(42,905)	
Bond Premium Amortization	252,638	
Deferred Charge on Refunding Amortization	(1,099,408)	
Total		(889,375)

Change in Net Position of Governmental Activities \$1,883,643

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
General Fund
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$20,246,590	\$20,246,590	\$20,246,886	\$296
Intergovernmental	86,419,195	86,419,195	87,598,362	1,179,167
Interest	339,300	339,300	343,930	4,630
Tuition and Fees	504,475	504,475	511,358	6,883
Payment in Lieu of Taxes	1,434,921	1,434,921	1,434,921	0
Charges for Services	66,694	66,694	182,406	115,712
Rentals	12,642	12,642	12,815	173
Miscellaneous	302,205	302,205	306,328	4,123
<i>Total Revenues</i>	<u>109,326,022</u>	<u>109,326,022</u>	<u>110,637,006</u>	<u>1,310,984</u>
Expenditures				
Current:				
Instruction:				
Regular	60,556,366	61,330,223	60,507,919	822,304
Special	11,744,927	11,895,017	11,710,530	184,487
Vocational	2,170,618	2,198,357	2,095,721	102,636
Student Intervention Services	216,445	219,211	189,203	30,008
Support Services:				
Pupil	3,428,271	3,472,081	3,286,920	185,161
Instructional Staff	3,088,239	3,127,704	3,072,605	55,099
Board of Education	244,052	247,171	241,362	5,809
Administration	5,621,293	5,693,128	5,642,626	50,502
Fiscal	1,840,452	1,863,971	1,688,101	175,870
Business	1,008,418	1,021,305	801,757	219,548
Operation and Maintenance of Plant	10,572,783	10,707,894	10,452,788	255,106
Pupil Transportation	6,010,601	6,087,411	5,865,094	222,317
Central	1,632,246	1,653,104	1,428,372	224,732
Operation of Non-Instructional Services	15,135	15,328	12,683	2,645
Extracurricular Activities	326,261	330,430	329,106	1,324
Debt Service:				
Principal	377,000	377,000	377,000	0
Interest	68,510	68,510	68,510	0
<i>Total Expenditures</i>	<u>108,921,617</u>	<u>110,307,845</u>	<u>107,770,297</u>	<u>2,537,548</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>404,405</u>	<u>(981,823)</u>	<u>2,866,709</u>	<u>3,848,532</u>
Other Financing Sources (Uses)				
Advances In	610,908	610,908	610,908	0
Advances Out	(305,454)	(784,000)	(784,000)	0
Transfers Out	(34,564)	(90,000)	(85,392)	4,608
<i>Total Other Financing Sources (Uses)</i>	<u>270,890</u>	<u>(263,092)</u>	<u>(258,484)</u>	<u>4,608</u>
<i>Net Change in Fund Balance</i>	675,295	(1,244,915)	2,608,225	3,853,140
<i>Fund Balance Beginning of Year</i>	7,528,872	7,528,872	7,528,872	0
Prior Year Encumbrances Appropriated	<u>1,656,803</u>	<u>1,656,803</u>	<u>1,656,803</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$9,860,970</u>	<u>\$7,940,760</u>	<u>\$11,793,900</u>	<u>\$3,853,140</u>

See accompanying notes to the basic financial statements

Youngstown City School District

Statement of Fund Net Position

Internal Service Funds

June 30, 2014

	Internal Service
Assets	
Equity in Pooled Cash and Cash Equivalents	\$533,032
Intergovernmental Receivable	2,117
	<hr/>
<i>Total Assets</i>	535,149
	<hr/>
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	117,900
Accrued Wages and Benefits	442
Interfund Payable	589,811
Intergovernmental Payable	157,392
Claims Payable	1,852,930
	<hr/>
Total Current Liabilities	2,718,475
	<hr/>
<i>Long-Term Liabilities</i>	
Claims Payable	240,390
	<hr/>
<i>Total Liabilities</i>	2,958,865
	<hr/>
Net Position	
Unrestricted (Deficit)	(\$2,423,716)
	<hr/> <hr/>

See accompanying notes to the basic financial statements

Youngstown City School District
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2014*

	Internal Service
Operating Revenues	
Charges for Services	\$14,660,957
Miscellaneous	5,705
<i>Total Operating Revenues</i>	14,666,662
Operating Expenses	
Salaries	22,051
Fringe Benefits	265,453
Purchased Services	710,163
Claims	16,380,442
<i>Total Operating Expenses</i>	17,378,109
<i>Change in Net Position</i>	(2,711,447)
<i>Net Position Beginning</i>	287,731
<i>Net Position (Deficit) End of Year</i>	(\$2,423,716)

See accompanying notes to the basic financial statements

Youngstown City School District
Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2014

	Internal Service
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$14,695,893
Other Cash Receipts	5,705
Cash Payments to Employees for Services and Benefits	(532,582)
Cash Payments for Goods and Services	(696,163)
Cash Payments for Claims	(16,282,382)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(2,809,529)
Cash Flows from Noncapital Financing Activities	
Operating Grants Received	231,472
Advances In	589,811
<i>Net Cash Provided by (Used in) Noncapital Financing Activities</i>	821,283
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(1,988,246)
<i>Cash and Cash Equivalents Beginning of Year</i>	2,521,278
<i>Cash and Cash Equivalents End of Year</i>	\$533,032
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	(\$2,711,447)
Adjustments:	
(Increase) Decrease in Assets:	
Interfund Receivable	37,053
Intergovernmental Receivable	(2,117)
Increase (Decrease) in Liabilities:	
Accounts Payable	14,000
Accrued Wages and Benefits	105
Intergovernmental Payable	(245,183)
Claims Payable	98,060
Total Adjustments	(98,082)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(\$2,809,529)

See accompanying notes to the basic financial statements

Youngstown City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$35,276	\$245,624
Liabilities		
Undistributed Monies	0	\$65,619
Due to Students	0	180,005
<i>Total Liabilities</i>	0	\$245,624
Net Position		
Held in Trust for Scholarships	\$35,276	

See accompanying notes to the basic financial statements

Youngstown City School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2014

	Scholarship
Additions	\$0
Deductions	
Scholarships Awarded	105,979
<i>Change in Net Position</i>	(105,979)
<i>Net Position Beginning of Year</i>	141,255
<i>Net Position End of Year</i>	\$35,276

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, 2014

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 325 non-certified employees, 474 certified full-time teaching personnel and 62 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 2014 fiscal year was 5,526. The School District operates seven elementary schools, two high schools, one vocational school, one early college high school, one alternative school and one community school.

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.

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 Area Cooperative Computerized Educational Service System (ACCESS) Council of Governments and the Tech Prep Consortium. These organizations are discussed in Note 18 to the basic financial statements.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 more significant of the School District's accounting policies are described below.

Basis of Presentation

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

Government-wide Financial Statements The statement of net position 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 funds are eliminated to avoid "doubling up" revenues and expenses.

The statement of net position 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.

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 funds are presented in a single column. Fiduciary funds are reported by type.

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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The difference between governmental fund assets and liabilities and deferred inflows of resources 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 and report for all financial resources except those required to be accounted for and reported 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.

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

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

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

Internal Service Funds Internal service funds account 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 internal service funds report on self-insurance programs for employee medical, prescription drug, dental and vision claims and workers' compensation.

Fiduciary Fund Type Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and 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.

Measurement Focus

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

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 deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Like the government-wide statements, the internal service funds are 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 position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. 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.

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 inflows/outflows of resources 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.

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 Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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.

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 fund level for all 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.

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.

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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balances in these accounts are presented on the statement of fund net position as “cash and cash equivalents with fiscal agents.”

During fiscal year 2014, investments were limited to STAR Ohio, federal home loan bank bonds, federal farm credit bank notes, federal home loan mortgage corporation notes and federal national mortgage association notes.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices, or in the case of mutual funds, current share price. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with 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 STAR Ohio are valued at STAR Ohio’s net asset value per share which is the price the investment could be sold for on June 30, 2014.

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 2014 amounted to \$403,153, of which \$170,568 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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, 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.

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.

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. Restricted assets in the general fund include unspent resources restricted for unclaimed monies.

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 position but are not reported in the fund financial statements.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 five 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:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 40 years
Furniture and Equipment	5 - 10 years
Vehicles	10 years

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 position.

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.

For governmental funds, compensated absences are recognized as a liability and expenditure 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 employee who has accumulated unpaid leave is paid.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 and compensated absences 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.

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.

Deferred Charge on Refunding

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws, or regulations of other governments adopted by the School District. Net position 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 position are available.

Fund Balance

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

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

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education, or a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance for pupil support services.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance and workers' compensation 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.

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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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.

Note 3 – Fund Deficits

Fund balances at June 30, 2014, included the following individual fund deficits:

Special Revenue Funds:

Public Preschool	\$41,827
Miscellaneous State Grants	9,014
Adult Basic Education	53,442
Race to the Top	83,622
Vocational Education	85,285
Limited English Proficiency	16,971
Title I	464,467
Preschool for Handicapped	18,143
Reducing Class Size	223,733
Miscellaneous Federal Grants	90,243

Capital Projects Funds:

Building	1,689,051
Youngstown City Schools Capital Projects	1,698,984

Internal Service Fund:

Self Insurance	2,480,511
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The special revenue funds and the capital projects 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.

Management is currently analyzing the self insurance internal service fund's operations to determine appropriate steps to alleviate the deficit.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 4 - Fund Balances

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

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
<i>Nonspendable</i>				
Prepays	\$35,449	\$0	\$0	\$35,449
Materials and Supplies Inventory	360,821	0	55,854	416,675
Unclaimed Monies	274,081	0	0	274,081
<i>Total Nonspendable</i>	<u>670,351</u>	<u>0</u>	<u>55,854</u>	<u>726,205</u>
<i>Restricted for</i>				
Food Service Operations	0	0	1,612,684	1,612,684
Adult Education	0	0	78,484	78,484
Student Enrichment	0	0	484,595	484,595
Classroom Facilities Maintenance	0	0	4,676,157	4,676,157
Athletics	0	0	87,193	87,193
Non-Public Schools	0	0	390,302	390,302
Educational Management				
Information Systems	0	0	19,800	19,800
Vocational/Alternative Schools	0	0	17,151	17,151
Instructional Services	0	0	200	200
Special Education	0	0	106,990	106,990
Debt Service Payments	0	4,325,512	0	4,325,512
Capital Improvements	0	0	5,674,378	5,674,378
<i>Total Restricted</i>	<u>0</u>	<u>4,325,512</u>	<u>13,147,934</u>	<u>17,473,446</u>
<i>Committed to</i>				
Student Educational Services	158,117	0	0	158,117
<i>Assigned to</i>				
Purchases on Order	260,196	0	0	260,196
Pupil Support Services	82,224	0	0	82,224
<i>Total Assigned</i>	<u>342,420</u>	<u>0</u>	<u>0</u>	<u>342,420</u>
<i>Unassigned (Deficit)</i>	<u>6,274,720</u>	<u>0</u>	<u>(4,474,782)</u>	<u>1,799,938</u>
<i>Total Fund Balances</i>	<u><u>\$7,445,608</u></u>	<u><u>\$4,325,512</u></u>	<u><u>\$8,729,006</u></u>	<u><u>\$20,500,126</u></u>

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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. 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. Investments are reported at cost (budget) rather than fair value (GAAP).
4. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).
5. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
6. Budgetary revenues and expenditures of the public school support fund are classified to general fund for GAAP Reporting.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$4,914,025
Revenue Accruals	993,405
Advances In	610,908
Beginning Fair Value Adjustment	
for Investments	(70,315)
Ending Fair Value Adjustment	
for Investments	112,116
Expenditure Accruals	(2,674,000)
Perspective Difference:	
Public School Support	(23,209)
Advances Out	(784,000)
Encumbrances	(470,705)
Budget Basis	\$2,608,225

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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;
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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Deposits

Custodial Credit Risk 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, \$7,365,699 of the School District's bank balance of \$15,277,649 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 FDIC.

The School District has no deposit policy for custodial credit 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

Investments are reported at fair value. As of June 30, 2014, the School District had the following investments:

	Fair Value	Maturity	Standard & Poor's Rating	Percentage of Total Investments
STAR Ohio	\$1,779,649	Average 51.4 Days	AAAm	N/A
Federal Home Loan Bank Bonds	3,541,017	Less than four years	AAA	34.99%
Federal Farm Credit Bank Notes	249,703	Less than four years	AAA	2.47%
Federal Home Loan Mortgage Corporation Notes	3,459,890	Less than four years	AAA	34.19%
Federal National Mortgage Association Notes	2,869,713	Less than four years	AAA	28.35%
Total	<u>\$11,899,972</u>			

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 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. Repurchase agreements are limited to 30 days and the market value of the underlying securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk Ohio law requires that STAR Ohio 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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected in 2014 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2014, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

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, 2014 or June 30, 2013.

On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second - Half Collections		2014 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$460,817,440	89.50%	\$447,942,640	88.11%
Public Utility	54,085,490	10.50	60,462,660	11.89
Total Assessed Value	\$514,902,930	100.00%	\$508,405,300	100.00%
Tax rate per \$1,000 of assessed valuation	\$63.00		\$63.00	

Note 8 - Receivables

Receivables at June 30, 2014, consisted of taxes, accounts (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 property taxes are expected to be collected within one year. Property taxes include some portion of delinquencies that will not be collected within one year.

	Taxes Receivable	Estimated Uncollectible	Net Receivable
Property Taxes	\$39,284,134	\$13,070,414	\$26,213,720

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<i>Governmental Activities</i>	
Title I Grants	\$2,755,603
Reducing Class Size Grants	412,795
Title VI-B Grants	385,019
SERS Overpayment Refund	273,426
21st Century Grants	125,300
Vocational Education Grants	89,901
Adult Basic Education Grants	59,821
Alternative Schools Grants	45,688
Public Preschool Grants	39,076
Preschool for Handicapped Grants	32,118
Medicaid Reimbursement	31,106
Limited English Proficiency Grants	28,310
Tuition Reimbursement	18,046
Early Literacy Reading Grants	17,472
Catastrophic Aid Reimbursement	6,931
Youngstown Schools After School Alliance	6,744
<i>Total Governmental Activities</i>	\$4,327,356
<i>Internal Service Fund</i>	
COBRA Refund	\$2,117

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 9 - Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time.

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.

Note 10 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

Governmental Activities	Balance 6/30/2013	Additions	Deductions	Balance 6/30/2014
Capital Assets not being Depreciated:				
Land	\$1,002,781	\$0	\$0	\$1,002,781
Capital Assets being Depreciated:				
Buildings and Improvements	187,344,865	360,905	0	187,705,770
Furniture and Equipment	23,614,269	34,695	0	23,648,964
Vehicles	3,304,519	177,836	0	3,482,355
<i>Total Capital Assets being Depreciated</i>	214,263,653	573,436	0	214,837,089
Less Accumulated Depreciation:				
Buildings and Improvements	(39,461,840)	(4,393,208)	0	(43,855,048)
Furniture and Equipment	(22,696,892)	(149,177)	0	(22,846,069)
Vehicles	(1,949,181)	(289,292)	0	(2,238,473)
<i>Total Accumulated Depreciation</i>	(64,107,913)	(4,831,677) *	0	(68,939,590)
<i>Total Assets being Depreciated, Net</i>	150,155,740	(4,258,241)	0	145,897,499
<i>Governmental Activities Capital Assets, Net</i>	\$151,158,521	(\$4,258,241)	\$0	\$146,900,280

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

*Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$2,184,348
Special	453,597
Vocational	43,870
Support Services:	
Pupil	204,736
Instructional Staff	270,014
Board of Education	89
Administration	373,183
Fiscal	286
Business	7,441
Operation and Maintenance of Plant	297,389
Pupil Transportation	299,843
Central	5,329
Operation of Non-Instructional Services	129,334
Food Service Operation	4,015
Extracurricular Activities	558,203
Total Depreciation Expense	<u>\$4,831,677</u>

Note 11 - Risk Management

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 2014, the School District contracted with the L. Calvin Jones and Company for catastrophic property insurance. The catastrophic property policy has a current replacement value in the amount of \$281,297,437 and \$20,000,000 per occurrence limit with a \$75,000 deductible.

Fleet insurance is provided by Ohio Casualty Insurance Company with a \$1,000 comprehensive and a \$1,000 collision deductible for buses and a \$500 comprehensive and a \$250 collision deductible for maintenance vehicles.

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 chief of operations; a \$250,000 bond is maintained for the treasurer. These bonds are maintained by L. Calvin Jones and Company.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Worker's Compensation

The School District participates in the State Workers' Compensation retrospective rating and payment system. 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 2014, the School District paid the State Workers' Compensation System a minimum premium based on a rate of .005483 per \$100 of salaries.

The balance of claims payable at June 30, 2014 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 \$320,520 at June 30, 2014, 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:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2013	\$264,336	\$452,803	\$376,479	\$340,660
2014	340,660	244,421	264,561	320,520

Employee Health Benefits

The School District is self-insured for medical, prescription drug, dental and vision insurance. Anthem administers the medical insurance, dental and vision plans for all certified and non-certified employees and administrators. Medical Mutual administers the prescription drug program. Stop-loss coverage has been purchased at \$225,000 in aggregate for each employee. The administrators review all claims which are paid by the School District.

The claims liability of \$1,772,800 reported in the internal service fund at June 30, 2014 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 2013 and 2014 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2013	\$1,717,800	\$14,799,656	\$14,862,856	\$1,654,600
2014	1,654,600	16,136,021	16,017,821	1,772,800

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 12 - Pension Plans

School Employee Retirement System

Plan Description – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,793,380, \$1,804,655 and \$1,873,571, respectively. For fiscal year 2014, 98.22 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

State Teachers Retirement System

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. 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 can 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 multiplied by 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 DB Plan and the DC 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 payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

A DB or Combined Plan member with five or more years of 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 - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate was increased one percent July 1, 2013, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$4,300,774 and \$108,464 for the fiscal year ended June 30, 2014, \$4,563,988 and \$105,834 for the fiscal year ended June 30, 2013, and \$4,979,520 and \$103,397 for the fiscal year ended June 30, 2012. For fiscal year 2014, 82.84 percent has been contributed for the DB plan and 82.84 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2014 were \$94,526 made by the School District and \$74,271 made by the plan members. In addition, member contributions of \$85,222 were made for fiscal year 2014 for the defined contribution portion of the Combined Plan.

Note 13 - Postemployment Benefits

School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administrated 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, Medicare Advantage, 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 obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employees/Audit Resources.

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 105(e). For fiscal year 2014, 0.14 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 fiscal year 2014, this amount was \$20,250. During fiscal year 2014, the School District paid \$232,783 in surcharge.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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, 2014, 2013 and 2012 were \$251,949, \$239,093 and \$293,772, respectively. For fiscal year 2014, 98.22 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013 and 2012, were \$104,043, \$101,942 and \$110,644, respectively. For fiscal year 2014, 98.22 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

State Teachers Retirement System

Plan Description – The School District participates in 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. Ohio law authorizes STRS to offer this plan. 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 can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$330,829, \$351,076 and \$383,040, respectively. For fiscal year 2014, 82.84 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current one percent allocation to the health care fund effective July 1, 2014.

Note 14 - Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators 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, 300 days for certified employees and 275 days for classified employees. Upon retirement, payment is made for one-fourth of the total sick leave

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 fifty-five percent of accumulated sick leave up to 170 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.

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.

Note 15 - Interfund Transactions

Interfund Transfers

The general fund transferred \$85,392 to the athletics special revenue fund to help provide funding for fiscal year 2014.

Interfund Balances

Interfund Payable	Interfund Receivable			Total
	General	Bond Retirement	Other Governmental Funds	
<i>Other Governmental Funds:</i>				
Public Preschool	\$35,000	\$0	\$0	\$35,000
Vocational Education Enhancement	5,000	0	0	5,000
Miscellaneous State Grants	20,000	0	0	20,000
Adult Basic Education	60,000	0	0	60,000
Race to the Top	120,000	0	0	120,000
Vocational Education	90,000	0	0	90,000
Limited English Proficiency	30,000	0	0	30,000
Title I	184,000	0	0	184,000
Preschool for Handicapped	50,000	0	0	50,000
Reducing Class Size	10,000	0	0	10,000
Miscellaneous Federal Grants	180,000	0	0	180,000
Building	0	1,638,000	0	1,638,000
YCS Capital Projects	0	0	1,971,081	1,971,081
<i>Total Other Governmental Funds</i>	784,000	1,638,000	1,971,081	4,393,081
<i>Internal Service Fund:</i>				
Self Insurance	589,811	0	0	589,811
<i>Total All Funds</i>	\$1,373,811	\$1,638,000	\$1,971,081	\$4,982,892

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Interfund receivables/payables of \$784,000 between the general fund and the various special revenue funds are due to the timing of the receipt of grant monies. The general fund provides temporary funding of the programs until the grant dollars are received. The interfund receivable/payable of \$589,811 between the general fund and the self insurance internal service fund was made to provide temporary funding until the receipt of charges for services. The interfund receivable/payable of \$1,971,081 between the classroom facilities capital projects fund and the YCS capital projects fund was made to provide temporary funding until the receipt of donations for the stadium project.

An interfund receivable/payable in the amount of \$1,638,000 was reported at June 30 between the debt service fund and the building capital projects fund. The interfund transaction between the debt service fund and the building capital projects fund is manuscript bonds. The manuscript bonds were issued by the School District on April 27, 2011 and purchased by the debt service fund as an investment. The manuscript bonds will mature on August 1 of the years 2013 through 2017, and they bear a 3.40 percent annual interest rate.

Changes in manuscript debt of the School District during fiscal year 2014 were as follows:

	Outstanding June 30, 2013	Additions	Deletions	Outstanding June 30, 2014
Manuscript Bonds:				
Bus Acquisition, Series 2011	\$2,015,000	\$0	\$377,000	\$1,638,000

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

Fiscal Year ending June 30	Manuscript Bonds - Bus Acquisition	
	Principal	Interest
2015	\$389,000	\$55,692
2016	403,000	42,466
2017	416,000	28,764
2018	430,000	14,620
	\$1,638,000	\$141,542

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 16 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2014 were as follows:

	Principal Outstanding 6/30/13	Additions	Deductions	Principal Outstanding 6/30/14	Amounts Due in One Year
General Obligation Bonds					
2005 Classroom Facilities Bonds					
Serial Bonds	\$2,690,000	\$0	\$1,295,000	\$1,395,000	\$1,340,000
Unamortized Premium	609,064	0	38,868	570,196	0
Total 2005 Classroom Facilities Bonds	<u>3,299,064</u>	<u>0</u>	<u>1,333,868</u>	<u>1,965,196</u>	<u>1,340,000</u>
2012 Classroom Facilities Refunding Bonds					
Serial Bonds	14,610,000	0	40,000	14,570,000	15,000
Unamortized Premium	1,563,462	0	150,092	1,413,370	0
Total 2012 Classroom Facilities Refunding Bonds	<u>16,173,462</u>	<u>0</u>	<u>190,092</u>	<u>15,983,370</u>	<u>15,000</u>
2013 Classroom Facilities Refunding Bonds					
Serial Bonds	7,615,000	0	180,000	7,435,000	120,000
Capital Appreciation Bonds	444,988	0	0	444,988	0
Accretion on Bonds	14,692	42,905	0	57,597	0
Term Bonds	720,000	0	0	720,000	0
Unamortized Premium	918,027	0	63,678	854,349	0
Total 2013 Classroom Facilities Refunding Bonds	<u>9,712,707</u>	<u>42,905</u>	<u>243,678</u>	<u>9,511,934</u>	<u>120,000</u>
Total General Obligation Bonds	29,185,233	42,905	1,767,638	27,460,500	1,475,000
Capital Lease Payable	5,050,000	0	0	5,050,000	0
Claims Payable	340,660	244,421	264,561	320,520	80,130
Compensated Absences	6,803,068	1,652,355	1,996,945	6,458,478	641,086
<i>Total General Long - Term Obligations</i>	<u>\$41,378,961</u>	<u>\$1,939,681</u>	<u>\$4,029,144</u>	<u>\$39,289,498</u>	<u>\$2,196,216</u>

The classroom facilities bonds will be paid with property taxes from the debt service fund. The State workers' compensation claims payable will be paid from the workers' compensation fund. The capital leases will be paid from the 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, 2027. The bonds were issued at a premium of \$932,964. On December 20, 2012 and February 20, 2013, a portion of the serial bonds were retired by the School District through an advance refunding. Serial bonds of \$1,395,000 remained outstanding at June 30, 2014.

On December 20, 2012, the School District issued \$14,610,000 in general obligation serial bonds to refund a portion of the 2005 classroom facilities bonds. The bonds were issued for an eleven year period with a final maturity at December 1, 2023. The bonds will be retired from the debt service fund.

On February 20, 2013, the School District issued \$8,779,988 in general obligation bonds to refund a portion of the 2005 classroom facilities bonds. The general obligation bonds included serial, term and capital appreciation (deep discount) bonds in the amount of \$7,615,000, \$720,000 and \$444,988, respectively. The bonds were issued for a fifteen year period with a final maturity at December 1, 2027. The bonds will be retired from the debt service fund.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The maturity amount of outstanding capital appreciation bonds at June 30, 2014 is \$1,665,000. The accretion recorded for fiscal year 2014 was \$42,905, for a total outstanding bond liability of \$502,585 at June 30, 2014.

Compensated absences will be paid from the fund from which the employees' salaries are paid. These funds include the general fund, and the food service, adult education, auxiliary services, public preschool, adult basic education, title VI-B, vocational education, title I, preschool for handicapped and reducing class size special revenue funds.

The School District's overall debt margin was \$25,355,010 with an unvoted debt margin of \$508,405 at June 30, 2014. Principal and interest requirements to retire the classroom facilities bonds are as follows:

	General Obligation Bonds					
	Term		Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$0	\$15,300	\$1,475,000	\$813,401	\$0	\$0
2016	0	15,300	1,520,000	766,350	0	0
2017	0	15,300	1,565,000	721,326	0	0
2018	0	15,300	1,615,000	667,525	0	0
2019	0	15,300	1,680,000	604,326	0	0
2020-2024	720,000	38,781	8,695,000	2,018,278	0	0
2025-2028	0	0	6,850,000	384,877	444,988	1,220,012
Total	\$720,000	\$115,281	\$23,400,000	\$5,976,083	\$444,988	\$1,220,012

In fiscal year 2013, the School District defeased a portion of the 2005 classroom facilities bonds in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2014, \$23,530,000 of the defeased bonds are still outstanding.

Note 17 – Capital Lease

The School District entered into a capital lease for the improvement of several buildings in the School District. The lease obligation meets the criteria of a capital lease and has been recorded on the government-wide statements. 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. At June 30, 2014, the market value of the escrow account with fiscal agent is \$3,571,318. 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:

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Year ending June 30,	Building Lease
2015	\$32,825
2016	32,825
2017	32,825
2018	32,825
2019	32,825
2020-2021	5,115,650
Total Minimum Lease Payments	5,279,775
Less: Amount Representing Interest	(229,775)
Present Value of Minimum Lease Payments	\$5,050,000

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
2015	\$0	\$32,825	\$382,108	\$414,933
2016	0	32,825	382,104	414,929
2017	0	32,825	0	32,825
2018	0	32,825	0	32,825
2019	0	32,825	0	32,825
2020-2021	5,050,000	65,650	0	5,115,650
Total	\$5,050,000	\$229,775	\$764,212	\$6,043,987

Note 18 - Jointly Governed Organizations

Area Cooperative Computerized Educational Service System Council of Governments

The Area Cooperative Computerized Educational Service System (ACCESS) Council of Governments is a computer network which provides data services to twenty-six 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. The degree of control exercised by any participating school district is limited to its representation on the Board. Each of the governments of these schools supports ACCESS based upon a per pupil charge before any e-rate credits, which was \$40.25 for fiscal year 2014. Youngstown City School District paid \$87,655 to ACCESS during fiscal year 2014. ACCESS 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 ACCESS including budgeting, appropriating, contracting and designating management. All of ACCESS 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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 from business or industry. The committee exercises total control over the operation of the Consortium, including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Board. The School District did not contribute any amounts to the Tech Prep Consortium during fiscal year 2014.

Note 19 - 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 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 capital improvements. Disclosure of this information is required by State statute.

	Capital Improvements
Set-Aside Balance as of June 30, 2013	\$0
Current Year Set-Aside Requirement	916,580
Offsets	(2,395,047)
Qualifying Disbursements	(688,881)
Total	(\$2,167,348)
Set-Aside Balance as of June 30, 2014 and Carried Forward to Future Fiscal Years	\$0

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

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 20 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General	\$470,705
Other Governmental Funds	1,097,420
Internal Service Funds	<u>5,375</u>
Total	<u><u>\$1,573,500</u></u>

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>					
<i>Passed Through Ohio Department of Education.</i>					
<i>Nutrition Cluster:</i>					
<i>Non-Cash Assistance (Food Distribution):</i>					
National School Lunch Program	10.555		\$ 192,613		\$ 192,613
<i>Cash Assistance:</i>					
School Breakfast Program	10.553	\$ 1,031,303		\$ 1,031,303	
National School Lunch Program	10.555	2,105,986		2,105,986	
Total Nutrition Cluster		3,137,289	192,613	3,137,289	192,613
Fresh Fruit and Vegetable Program	10.582	129,603		129,603	
Total U.S. Department of Agriculture		3,266,892	192,613	3,266,892	192,613
<u>UNITED STATES DEPARTMENT OF DEFENSE</u>					
<i>Direct Program:</i>					
Junior Reserve Officer Training Corp	12.000	51,193		51,193	
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>					
<i>Direct Programs:</i>					
<i>Student Financial Aid Cluster:</i>					
Federal Pell Grant Program	84.063	378,371		378,371	
Federal Direct Student Loans	84.268	454,290		454,290	
<i>Subtotal - Student Financial Aid Cluster</i>		832,661		832,661	
<i>Passed Through Ohio Board of Regents:</i>					
Adult Education-Basic Grants to States	84.002	403,239		498,497	
<i>Passed Through Ohio Department of Education.</i>					
<i>Special Education Cluster:</i>					
Special Education-Grants to States (IDEA, Part B)	84.027	1,928,127		1,820,443	
Special Education-Preschool Grants	84.173	131,336		155,762	
<i>Subtotal - Special Education Cluster</i>		2,059,463		1,976,205	
<i>Title 1, Part A Cluster:</i>					
Title I Grants to Local Educational Agencies (Title 1, Part A)	84.010	5,712,898		5,655,168	
<i>School Improvement Grants Cluster:</i>					
School Improvement Grants (Title 1, Part G of the ESEA)	84.377	666,645		668,129	
ARRA - School Improvement Grants (Title 1, Part G of the ESEA)	84.388	557,483		643,948	
<i>Subtotal - School Improvement Grants Cluster</i>		1,224,128		1,312,077	
Career and Technical Education - Basic Grants to States	84.048	238,010		319,075	
<i>Homeless Assistance Cluster:</i>					
Education for Homeless Children and Youth	84.196	116,073		99,500	
Twenty-First Century Community Learning Centers - Refunc	84.287	317,758		442,148	
English Language Acquisition Grants (Title III)	84.365	41,623		63,758	
Improving Teacher Quality State Grants (Title II-A)	84.367	1,164,775		1,197,781	
ARRA - Race-to-the-Top Incentive Grants, Recovery Act (Education Stabilization Fund)	84.395	306,749		446,822	
Total U.S. Department of Education		12,417,377		12,843,692	
Total Federal Awards Receipts and Expenditures		\$ 15,735,462	\$ 192,613	\$ 16,161,777	\$ 192,613

The accompanying notes to the Federal Awards Receipt and Expenditure Schedule are an integral part of this schedule

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Youngstown City School District's (the District's) 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

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE D – MATCHING REQUIREMENTS

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



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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 44503

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 26, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-002 described in the accompanying schedule of findings to be a significant deficiency.

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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

March 26, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Youngstown City School District
Mahoning County
20 West Wood Street
Youngstown, Ohio 44503

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Youngstown City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Youngstown City School District's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Youngstown City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings as item 2014-003. This finding did not require us to modify our compliance opinion on each major federal program.

The District's response to our noncompliance finding is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 26, 2015

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<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 significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster (CFDA #10.553 & 10.555) Title I (CFDA # 84.010) Career and Tech Education (CFDA #84.048) Race to the Top (CFDA #84.395)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 490,632 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**

FINDING NUMBER 2014-001

Cash Reconciliation – Material Weakness

The reconciliation of the accounting records of the District to the cash and investment (bank) balances is the most basic and primary control process performed by the fiscal officer of an organization. Lack of completing an accurate and timely reconciliation allows for accounting errors, theft and fraud to occur without timely detection. The Treasurer is responsible for reconciling the District's book (fund) balance to the total bank balance on a monthly basis.

**FINDING NUMBER 2014-001
(Continued)**

During our examination of the District's cash reconciliation process, we identified the following concerns:

- Monthly cash reconciliations were not performed in a timely manner.
- There were \$74,804 in adjustments from fiscal years 2012 and 2013 that were not made until fiscal year 2014.
- Voided payroll checks were noted in 20 out of 26 payroll periods.
- The District failed to record an expenditure of \$376,479 to the Bureau of Workers' Compensation that was subtracted from the bank. The District also incorrectly recorded an expenditure of \$314,758 twice for a payment to Anthem.

The net effect of these errors resulted in the District's cash fund balances exceeding their depository balances by an initial amount of \$76,398. After additional follow-up procedures were performed by the District, the amount of adjustment to reconcile was \$3,493 depository balances exceeding cash fund balances.

The Treasurer should maintain all bank statements and supporting documentation used to prepare the monthly cash reconciliations. The District should continue to investigate their financial records to determine the origin of the variance, and take corrective action to help ensure this situation does not occur in the future.

Official's Response:

See corrective action plan

FINDING NUMBER 2014-002

Property Tax Receipt Posting - Significant Deficiency

AU-C Section 265 Communicating Internal Control Related Matters Identified in an audit, establishes standards on communicating matters related to an entity's internal control as they apply to financial reporting.

Entities must have controls in place to ensure:

- The financial information submitted is accurate in all material respects and that all necessary disclosures were made.
- The internal control structure and procedures provide reasonable assurance as to the proper recording of financial transactions and balances.
- Management evaluated the effectiveness of the internal control structure over the financial information.

The District incorrectly posted a property tax receipt to the Classroom Facilities Maintenance Fund (Fund 034) in the amount \$161,991. This should have been posted to the Bond Retirement Fund (Fund 002) for that same amount of \$161,991. The School District did adjust the financial statements to include the amounts above and also updated the fund balances on the computer system to reflect this posting.

**FINDING NUMBER 2014-002
 (Continued)**

We recommend the District implement controls and procedures related to financial reporting that will enable management to identify, prevent, detect and correct potential misstatements in the financial statements.

Official's Response:

See corrective action plan

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2014-003
CFDA Title and Number	Nutrition Cluster (CFDA #10.553 & 10.555) Title I (CFDA # 84.010) Career and Tech Education (CFDA #84.048) Race to the Top (CFDA #84.395)
Federal Award Number / Year	2014
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

NONCOMPLIANCE

OMB Circular A-133 Section 200 (b) states that non-Federal entities that expend \$500,000 or more in a year in Federal awards shall have a single audit conducted in accordance with Section 500 except when they elect to have a program-specific audit conducted in accordance with paragraph (c) of this section.

OMB Circular A-133 Section 320 (a) states the audit shall be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. Unless restricted by law or regulation, the auditee shall make copies available for public inspection.

The District filed its June 30, 2013 data collection form and reporting package on September 29, 2014.

We recommend the District submit its data collection form and reporting package within the time frame as required by OMB Circular A-133 Section 320.

Official's Response:

See corrective action plan

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**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	During testing over the cash reconciliation at the District several errors were noted.	No	Repeat for the current audit, see Finding # 2014-001
2013-002	The District failed to file its June 30, 2012 data collection form and reporting package by March 31, 2013.	No	Repeat for the current audit, see Finding # 2014-003

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**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2014**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-001	<p>The District recognized, from the previous audit, that it had a serious problem with bank reconciliation issues that occurred during FY 2013. A significant amount of time and money was invested to correct this deficiency during 2014. The major errors that occurred were all in fiscal year 2013. All of the corrections were posted during fiscal year 2014 except for one that was posted on September 13, 2014 and another that was posted on December 31, 2014. Since May 2014 the District has kept up to date on monthly bank reconciliations. In other words, every posting error that was discovered since then was corrected in the following month. The only exceptions were the old errors from fiscal year 2013.</p>	June 2014	James Reinhard, Treasurer
2014-002	<p>The District corrected this posting on March 26, 2015.</p>	March 26, 2015	James Reinhard, Treasurer
2014-003	<p>The District Treasurer did meet with the Auditors on several occasions to make sure that they had everything they needed. The treasury office staff was quick to respond to all of their requests during the audit. The fact that the post audit conference is taking place on March 26, 2015 is evidence that efforts have been made to meet the filing deadline of March 31, 2015. The District has apparently missed this deadline for 18 consecutive years. We are hopeful that the Auditor's Office will assist us in meeting the deadline in 2015.</p>	March 31, 2015	James Reinhard, Treasurer

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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
APRIL 7, 2015**