



OHIO AUDITOR OF STATE
KEITH FABER



**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

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MAHONING COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Youngstown City School District
Mahoning County
474 Bennington Avenue
P.O. Box 550
Youngstown, Ohio 44505

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 the Youngstown City School District, Mahoning County, Ohio (the District), as of and for the year ended June 30, 2021, 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 such 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.

Efficient • Effective • Transparent

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 the District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Title I funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 24 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

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*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions 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 and Other Information

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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 information 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 August 16, 2022, 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.



Keith Faber
Auditor of State
Columbus, Ohio

August 16, 2022

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Youngstown City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
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, 2021. 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 2021 fiscal year are as follows:

- Net position increased in fiscal year 2021 due mainly to a decrease in long-term debt obligations as a result of the continued pay-down of capital leases and general obligation debt. The increase in net position was also due to an increase in intergovernmental receivables attributable to new sources of grant funding. The increase in net position was partially offset by a decrease in net capital assets and changes in the net pension liability and the deferred outflows and deferred inflows of resources associated with this liability.
- During fiscal year 2021, the School District had an asset appraisal performed which resulted in a restatement to beginning capital asset balances.
- The School District's capital asset additions included construction in progress, roof replacement building improvements at P. Ross Berry Middle School and the purchase of various instructional, maintenance and food service equipment and new vehicles.

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 title I special revenue 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 2021?" 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, 2021
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 title I special revenue 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 account for unanticipated run-off claims and workers' compensation. The proprietary funds use the accrual basis of accounting.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting. The School District's only fiduciary fund is a private purpose trust fund which accounts for the Choffin Trust fund. The money in the fund is used to purchase equipment and services for vocational instruction programs at Choffin Career and Technical Center.

Youngstown City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
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 2021 compared to 2020:

Table 1
Net Position
Governmental Activities

	2021	Restated 2020	Change
Assets			
Current and Other Assets	\$78,218,592	\$75,064,945	\$3,153,647
Net OPEB Asset	5,554,944	5,391,741	163,203
Capital Assets, Net	121,757,566	125,373,025	(3,615,459)
<i>Total Assets</i>	<u>205,531,102</u>	<u>205,829,711</u>	<u>(298,609)</u>
Deferred Outflows of Resources			
Pension	18,600,109	19,449,102	(848,993)
OPEB	3,671,618	3,057,204	614,414
<i>Total Deferred Outflows of Resources</i>	<u>22,271,727</u>	<u>22,506,306</u>	<u>(234,579)</u>
Liabilities			
Current Liabilities	13,163,258	12,805,005	(358,253)
Long-Term Liabilities			
Due Within One Year	2,696,230	7,616,772	4,920,542
Due in More Than One Year			
Net Pension Liability	107,270,104	102,031,085	(5,239,019)
Net OPEB Liability	10,386,577	12,909,855	2,523,278
Other Amounts	18,615,929	21,017,369	2,401,440
<i>Total Liabilities</i>	<u>152,132,098</u>	<u>156,380,086</u>	<u>4,247,988</u>
Deferred Inflows of Resources			
Property Taxes	25,934,575	25,195,398	(739,177)
Pension	4,298,382	6,162,859	1,864,477
OPEB	13,064,695	10,269,900	(2,794,795)
<i>Total Deferred Inflows of Resources</i>	<u>43,297,652</u>	<u>41,628,157</u>	<u>(1,669,495)</u>
Net Position			
Net Investment in Capital Assets	106,470,577	107,508,778	(1,038,201)
Restricted for:			
Capital Projects	5,000	26,487	(21,487)
Debt Service	5,026,079	5,018,617	7,462
Other Purposes	12,510,181	13,948,543	(1,438,362)
Unrestricted (Deficit)	(91,638,758)	(96,174,651)	4,535,893
<i>Total Net Position</i>	<u>\$32,373,079</u>	<u>\$30,327,774</u>	<u>\$2,045,305</u>

Youngstown City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2021. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

Current assets increased due mainly to an increase in intergovernmental receivables. The increase in intergovernmental receivables was attributable to new grant funding sources including the Elementary and Secondary School Emergency Relief (ESSER) grant and the Title IV Part B 21st Century Learning grant. The decrease in capital assets was due to annual depreciation outpacing current year additions.

Long-term liabilities decreased significantly during fiscal year 2021 due largely to the pay-down of capital leases and general obligation debt as well as to a decrease in the net OPEB liability. As indicated previously, changes in pension benefits, contribution rates, and return on investments affect the balance of the net OPEB liability.

Youngstown City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 2 shows the changes in net position from fiscal year 2021 to 2020.

Table 2
 Change in Net Position (continued)
 Governmental Activities

	2021	2020	Change
Revenues			
Program Revenues			
Charges for Services	\$892,691	\$1,605,558	(\$712,867)
Operating Grants and Contributions	42,748,535	35,346,240	7,402,295
Total Program Revenues	43,641,226	36,951,798	6,689,428
General Revenues			
Property Taxes	26,483,320	26,100,874	382,446
Grants and Entitlements	86,599,945	86,523,122	76,823
Unrestricted Contributions	715	100,313	(99,598)
Investment Earnings	73,137	1,159,311	(1,086,174)
Miscellaneous	3,081,157	221,941	2,859,216
Total General Revenues	116,238,274	114,105,561	2,132,713
<i>Total Revenues</i>	159,879,500	151,057,359	8,822,141
Program Expenses			
Instruction:			
Regular	79,173,490	75,323,774	(3,849,716)
Special	15,729,873	16,318,073	588,200
Vocational	1,983,461	2,103,024	119,563
Adult/Continuing	1,016,960	822,098	(194,862)
Student Intervention Services	577,564	701,454	123,890
Support Services:			
Pupil	8,005,716	6,533,184	(1,472,532)
Instructional Staff	5,889,801	5,218,698	(671,103)
Board of Education	108,592	86,359	(22,233)
Administration	12,005,489	13,332,115	1,326,626
Fiscal	1,672,130	1,688,388	16,258
Business	363,296	368,863	5,567
Operation and Maintenance of Plant	11,005,776	12,235,865	1,230,089
Pupil Transportation	5,270,279	6,072,563	802,284
Central	2,465,913	2,294,913	(171,000)
Operation of Non-Instructional Services	6,914,388	4,412,075	(2,502,313)
Food Service Operation	3,543,501	4,659,028	1,115,527
Extracurricular Activities	1,690,934	2,191,156	500,222
Interest and Fiscal Charges	417,032	521,957	104,925
<i>Total Program Expenses</i>	157,834,195	154,883,587	(2,950,608)
<i>Increase (Decrease) in Net Position</i>	2,045,305	(3,826,228)	5,871,533
Net Position Beginning of Year - Restated	30,327,774	34,154,002	(3,826,228)
Net Position End of Year	\$32,373,079	\$30,327,774	\$2,045,305

Youngstown City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Governmental Activities

Program revenues increased for governmental activities, despite a drop in charges for services, in fiscal year 2021. Operating grants increased due mainly to the new Elementary and Secondary School Emergency Relief (ESSER) and Coronavirus Relief funding. The reduction in charges for services and sales was mainly the result of lower tuition and fees revenue. General revenues increased in fiscal year 2021 primarily resulting from a significant increase in miscellaneous revenue related to refunds from the Bureau of Workers Compensation.

Program expenses increased in fiscal year 2021 due mainly to increases in regular instruction, pupil support services and non-instructional services. The majority of the increase in these programs was attributable to costs related to the new ESSER and Coronavirus Relief grants. The funding from these grants was used to purchase services, materials and supplies and capital items as needed due to the coronavirus pandemic.

As can be seen from Table 2, 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.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay less than \$35.00 and the School District would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid.

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, 2021
Unaudited

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Program Expenses				
Instruction:				
Regular	\$79,173,490	(\$72,998,869)	\$75,323,774	(\$73,594,589)
Special	15,729,873	(1,664,550)	16,318,073	(2,291,200)
Vocational	1,983,461	(818,112)	2,103,024	(854,048)
Adult/Continuing	1,016,960	96,612	822,098	110,460
Student Intervention Services	577,564	(549,874)	701,454	(369,034)
Support Services:				
Pupil	8,005,716	(3,040,282)	6,533,184	(4,056,790)
Instructional Staff	5,889,801	(2,856,103)	5,218,698	(931,762)
Board of Education	108,592	(108,592)	86,359	(86,359)
Administration	12,005,489	(10,961,101)	13,332,115	(11,966,146)
Fiscal	1,672,130	(1,672,130)	1,688,388	(1,688,388)
Business	363,296	(363,296)	368,863	(368,863)
Operation and Maintenance of Plant	11,005,776	(9,839,606)	12,235,865	(11,635,120)
Pupil Transportation	5,270,279	(3,971,311)	6,072,563	(5,600,232)
Central	2,465,913	(2,290,130)	2,294,913	(2,194,760)
Operation of Non-Instructional Services	6,914,388	(452,874)	4,412,075	96,802
Food Service Operation	3,543,501	(675,154)	4,659,028	30,545
Extracurricular Activities	1,690,934	(1,610,565)	2,191,156	(2,010,348)
Interest and Fiscal Charges	417,032	(417,032)	521,957	(521,957)
<i>Total</i>	<u>\$157,834,195</u>	<u>(\$114,192,969)</u>	<u>\$154,883,587</u>	<u>(\$117,931,789)</u>

The dependence upon general revenues for governmental activities is apparent from Table 3. The majority of instructional activities are supported through property taxes and other general revenues.

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 mainly to a significant drop in both instructional and support service expenditures attributable to the School District's careful spending and cost-cutting measures. The title I fund had a decrease in fund balance due to lower intergovernmental monies resulting from the timing of the receipt of grant monies.

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.

Youngstown City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

For the general fund, the final budget basis revenue was higher than the original budget estimate due mainly to an increase in property taxes, intergovernmental monies and miscellaneous revenues related to refunds from the Bureau of Workers Compensation.

The final budget appropriations were higher than the original budget appropriations of the general fund. The change was attributed to increases in both instruction and support service costs as the School District's current year requirements became more apparent.

Capital Assets

Capital assets decreased during fiscal year 2021 due to annual depreciation exceeding current year additions. Current year additions included construction in progress, building improvements and the purchase of various equipment and vehicles. For more information about the School District's capital assets, see Note 11 to the basic financial statements.

Debt Obligations

Debt obligations outstanding as of June 30, 2021 included general obligation bonds and capital leases payable. On March 2, 2005, the School District issued \$35,625,000 in classroom facilities bonds for the construction of new schools. 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. 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 School District has capital leases for the purchase of school buses and district-wide copiers. The School District's overall debt margin was \$40,088,730 with an unvoted debt margin of \$536,436 at June 30, 2021. For more information about the School District's debt obligations, see Notes 16 and 17 to the basic financial statements.

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. 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.

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 Arthur Ginnetti, Chief of Finance, Youngstown City School District, 474 Bennington Avenue, Youngstown, OH 44505.

Basic Financial Statements

Youngstown City School District

Statement of Net Position

June 30, 2021

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$38,932,027
Accounts Receivable	99,032
Accrued Interest Receivable	44,457
Intergovernmental Receivable	9,546,530
Prepaid Items	535,780
Inventory Held for Resale	91,752
Materials and Supplies Inventory	11,530
Property Taxes Receivable	28,957,484
Net OPEB Asset (See Note 14)	5,554,944
Nondepreciable Capital Assets	1,197,356
Depreciable Capital Assets, net	<u>120,560,210</u>
<i>Total Assets</i>	<u>205,531,102</u>
Deferred Outflows of Resources	
Pension	18,600,109
OPEB	<u>3,671,618</u>
<i>Total Deferred Outflows of Resources</i>	<u>22,271,727</u>
Liabilities	
Accounts Payable	403,178
Accrued Wages and Benefits	9,859,631
Intergovernmental Payable	2,614,418
Matured Compensated Absences Payable	224,367
Accrued Interest Payable	61,664
Long-Term Liabilities:	
Due Within One Year	2,696,230
Due In More Than One Year	
Net Pension Liability (See Note 13)	107,270,104
Net OPEB Liability (See Note 14)	10,386,577
Other Amounts	<u>18,615,929</u>
<i>Total Liabilities</i>	<u>152,132,098</u>
Deferred Inflows of Resources	
Property Taxes	25,934,575
Pension	4,298,382
OPEB	<u>13,064,695</u>
<i>Total Deferred Inflows of Resources</i>	<u>43,297,652</u>
Net Position	
Net Investment in Capital Assets	106,470,577
Restricted for:	
Capital Projects	5,000
Debt Service	5,026,079
Other Purposes	12,510,181
Unrestricted (Deficit)	<u>(91,638,758)</u>
<i>Total Net Position</i>	<u><u>\$32,373,079</u></u>

See accompanying notes to the basic financial statements

Youngstown City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$79,173,490	\$446,616	\$5,728,005	(\$72,998,869)
Special	15,729,873	72,626	13,992,697	(1,664,550)
Vocational	1,983,461	11,539	1,153,810	(818,112)
Adult/Continuing	1,016,960	149,448	964,124	96,612
Student Intervention Services	577,564	2,880	24,810	(549,874)
Support Services:				
Pupil	8,005,716	6,838	4,958,596	(3,040,282)
Instructional Staff	5,889,801	0	3,033,698	(2,856,103)
Board of Education	108,592	0	0	(108,592)
Administration	12,005,489	0	1,044,388	(10,961,101)
Fiscal	1,672,130	0	0	(1,672,130)
Business	363,296	0	0	(363,296)
Operation and Maintenance of Plant	11,005,776	54,895	1,111,275	(9,839,606)
Pupil Transportation	5,270,279	0	1,298,968	(3,971,311)
Central	2,465,913	0	175,783	(2,290,130)
Operation of Non-Instructional Services	6,914,388	0	6,461,514	(452,874)
Food Service Operation	3,543,501	68,978	2,799,369	(675,154)
Extracurricular Activities	1,690,934	78,871	1,498	(1,610,565)
Interest and Fiscal Charges	417,032	0	0	(417,032)
<i>Total Governmental Activities</i>	<u>\$157,834,195</u>	<u>\$892,691</u>	<u>\$42,748,535</u>	<u>(114,192,969)</u>
General Revenues				
Property Taxes Levied for:				
General Purposes				24,216,400
Debt Service				2,048,650
Other Purposes				218,270
Grants and Entitlements not				
Restricted to Specific Programs				86,599,945
Unrestricted Contributions				715
Investment Earnings				73,137
Miscellaneous				3,081,157
<i>Total General Revenues</i>				<u>116,238,274</u>
Change in Net Position				2,045,305
<i>Net Position Beginning of Year - Restated (See Note 23)</i>				<u>30,327,774</u>
<i>Net Position End of Year</i>				<u>\$32,373,079</u>

See accompanying notes to the basic financial statements

Youngstown City School District
Balance Sheet
Governmental Funds
June 30, 2021

	General	Title I	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$21,400,395	\$128,463	\$13,311,011	\$34,839,869
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	390,504	0	0	390,504
Property Taxes Receivable	26,563,392	0	2,394,092	28,957,484
Accounts Receivable	4,113	0	94,919	99,032
Accrued Interest Receivable	44,457	0	0	44,457
Interfund Receivable	4,224,201	0	0	4,224,201
Intergovernmental Receivable	849,694	4,351,261	4,345,575	9,546,530
Prepaid Items	22,765	0	235,714	258,479
Materials and Supplies Inventory	0	0	11,530	11,530
Inventory Held for Resale	0	0	91,752	91,752
<i>Total Assets</i>	<u>\$53,499,521</u>	<u>\$4,479,724</u>	<u>\$20,484,593</u>	<u>\$78,463,838</u>
Liabilities				
Accounts Payable	\$210,672	\$92,789	\$99,717	\$403,178
Accrued Wages and Benefits	8,651,204	468,018	740,409	9,859,631
Interfund Payable	0	192,653	4,031,548	4,224,201
Intergovernmental Payable	2,163,139	86,035	365,244	2,614,418
Matured Compensated Absences Payable	196,367	0	28,000	224,367
<i>Total Liabilities</i>	<u>11,221,382</u>	<u>839,495</u>	<u>5,264,918</u>	<u>17,325,795</u>
Deferred Inflows of Resources				
Property Taxes	23,790,406	0	2,144,169	25,934,575
Unavailable Revenue	2,394,641	4,351,261	1,470,081	8,215,983
<i>Total Deferred Inflows of Resources</i>	<u>26,185,047</u>	<u>4,351,261</u>	<u>3,614,250</u>	<u>34,150,558</u>
Fund Balances				
Nonspendable	413,269	0	247,244	660,513
Restricted	0	0	12,895,852	12,895,852
Committed	1,624,164	0	106,588	1,730,752
Assigned	2,101,184	0	0	2,101,184
Unassigned (Deficit)	11,954,475	(711,032)	(1,644,259)	9,599,184
<i>Total Fund Balances (Deficit)</i>	<u>16,093,092</u>	<u>(711,032)</u>	<u>11,605,425</u>	<u>26,987,485</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$53,499,521</u>	<u>\$4,479,724</u>	<u>\$20,484,593</u>	<u>\$78,463,838</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, 2021*

Total Governmental Fund Balances		\$26,987,485
<i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		121,757,566
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	2,048,609	
Grants	6,095,286	
Tuition and Fees	72,088	
Total		8,215,983
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	3,924,270	
Claims Payable	54,685	
Total		3,978,955
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(61,664)
The net pension liability and net OPEB liability (asset) are not due and payable in the current period; therefore, the liability (asset) and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	5,554,944	
Deferred Outflows - Pension	18,600,109	
Deferred Outflows - OPEB	3,671,618	
Net Pension Liability	(107,270,104)	
Net OPEB Liability	(10,386,577)	
Deferred Inflows - Pension	(4,298,382)	
Deferred Inflows - OPEB	(13,064,695)	
Total		(107,193,087)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Classroom Facilities Bonds	(14,449,468)	
Capital Leases	(1,360,676)	
Claims Payable	(54,685)	
Compensated Absences	(5,447,330)	
Total		(21,312,159)
<i>Net Position of Governmental Activities</i>		\$32,373,079

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, 2021

	General	Title I	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$24,138,743	\$0	\$2,278,911	\$26,417,654
Intergovernmental	98,627,237	6,620,785	23,233,691	128,481,713
Interest	67,483	0	5,654	73,137
Tuition and Fees	548,982	0	149,448	698,430
Extracurricular Activities	7,048	0	78,679	85,727
Contributions and Donations	715	0	38,698	39,413
Charges for Services	0	0	68,960	68,960
Rentals	9,082	0	45,813	54,895
Miscellaneous	2,299,822	0	194,322	2,494,144
<i>Total Revenues</i>	<u>125,699,112</u>	<u>6,620,785</u>	<u>26,094,176</u>	<u>158,414,073</u>
Expenditures				
Current:				
Instruction:				
Regular	69,467,518	0	5,771,945	75,239,463
Special	11,317,654	1,832,960	1,455,657	14,606,271
Vocational	1,772,235	0	9,990	1,782,225
Adult/Continuing	0	0	1,001,537	1,001,537
Student Intervention Services	446,209	4,119	108,382	558,710
Support Services:				
Pupil	3,598,232	1,373,415	3,211,646	8,183,293
Instructional Staff	2,421,712	1,739,414	1,171,458	5,332,584
Board of Education	107,817	0	0	107,817
Administration	9,946,682	323,610	930,471	11,200,763
Fiscal	1,584,540	0	57,476	1,642,016
Business	348,820	0	0	348,820
Operation and Maintenance of Plant	9,325,821	0	1,391,084	10,716,905
Pupil Transportation	3,795,784	3,000	901,307	4,700,091
Central	2,113,573	0	174,495	2,288,068
Operation of Non-Instructional Services	1,294	2,037,835	4,738,935	6,778,064
Food Service Operation	0	0	3,378,395	3,378,395
Extracurricular Activities	700,023	0	259,697	959,720
Capital Outlay	0	0	1,169,810	1,169,810
Debt Service:				
Principal Retirement	553,488	0	6,860,000	7,413,488
Interest and Fiscal Charges	69,648	0	518,138	587,786
<i>Total Expenditures</i>	<u>117,571,050</u>	<u>7,314,353</u>	<u>33,110,423</u>	<u>157,995,826</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>8,128,062</u>	<u>(693,568)</u>	<u>(7,016,247)</u>	<u>418,247</u>
Other Financing Sources (Uses)				
Transfers In	0	89,137	438,879	528,016
Transfers Out	(528,016)	0	0	(528,016)
<i>Total Other Financing Sources (Uses)</i>	<u>(528,016)</u>	<u>89,137</u>	<u>438,879</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	7,600,046	(604,431)	(6,577,368)	418,247
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>8,493,046</u>	<u>(106,601)</u>	<u>18,182,793</u>	<u>26,569,238</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$16,093,092</u>	<u>(\$711,032)</u>	<u>\$11,605,425</u>	<u>\$26,987,485</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, 2021*

Net Change in Fund Balances - Total Governmental Funds \$418,247

*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	2,487,984	
Current Year Depreciation	(6,103,443)	
Total	(3,615,459)	(3,615,459)

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

Delinquent Property Taxes	65,666	
Grants	828,069	
Tuition and Fees	(15,321)	
Miscellaneous	(76,250)	
Total	802,164	802,164

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 7,413,488

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	(174,597)	
Claims Payable	(54,685)	
Total	(229,282)	(229,282)

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	748,143	
Claims Payable	54,685	
Total	802,828	802,828

Contractual required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	7,652,256	
OPEB	292,440	
Total	7,944,696	7,944,696

Except for amounts reported as deferred inflows/outflows, changes in net pension liability (asset) are reported as pension expense in the statement of activities.

Pension	(11,875,791)	
OPEB	213,660	
Total	(11,662,131)	(11,662,131)

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	32,978	
Bond Accretion	(80,160)	
Bond Premium Amortization	217,936	
Total	170,754	170,754

Change in Net Position of Governmental Activities \$2,045,305

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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$23,244,711	\$24,228,942	\$24,228,942	\$0
Intergovernmental	97,142,454	98,066,211	98,285,967	219,756
Interest	500,000	375,000	337,370	(37,630)
Tuition and Fees	671,039	939,239	830,845	(108,394)
Extracurricular Activities	210	210	210	0
Contributions and Donations	1,500	1,500	515	(985)
Rentals	2,000	2,179	9,082	6,903
Miscellaneous	667,539	2,460,487	2,316,554	(143,933)
<i>Total Revenues</i>	<u>122,229,453</u>	<u>126,073,768</u>	<u>126,009,485</u>	<u>(64,283)</u>
Expenditures				
Current:				
Instruction:				
Regular	68,683,476	70,224,363	69,726,944	497,419
Special	11,232,541	11,408,291	11,408,291	0
Vocational	1,767,869	1,795,530	1,795,530	0
Student Intervention Services	436,262	443,088	443,088	0
Support Services:				
Pupil	3,657,035	3,714,255	3,714,255	0
Instructional Staff	2,302,463	2,338,489	2,338,489	0
Board of Education	155,390	157,821	157,821	0
Administration	10,500,388	10,664,682	10,664,682	0
Fiscal	1,583,095	1,607,865	1,607,865	0
Business	338,883	344,185	344,185	0
Operation and Maintenance of Plant	9,679,072	9,830,516	9,830,516	0
Pupil Transportation	3,735,225	3,793,668	3,793,668	0
Central	2,550,041	2,589,940	2,589,940	0
Operation of Non-Instructional Services	25,045	25,437	2,294	23,143
Extracurricular Activities	859,538	872,987	713,607	159,380
Capital Outlay	1,027,456	1,043,532	1,043,532	0
Debt Service:				
Principal	553,488	553,488	553,488	0
Interest	69,648	69,648	69,648	0
<i>Total Expenditures</i>	<u>119,156,915</u>	<u>121,477,785</u>	<u>120,797,843</u>	<u>679,942</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,072,538</u>	<u>4,595,983</u>	<u>5,211,642</u>	<u>615,659</u>
Other Financing Sources (Uses)				
Advances In	267,938	279,654	279,654	0
Advances Out	(209,741)	(67,334)	(67,334)	0
Transfers Out	(300,000)	(433,560)	(528,016)	(94,456)
<i>Total Other Financing Sources (Uses)</i>	<u>(241,803)</u>	<u>(221,240)</u>	<u>(315,696)</u>	<u>(94,456)</u>
<i>Net Change in Fund Balance</i>	2,830,735	4,374,743	4,895,946	521,203
<i>Fund Balance Beginning of Year</i>	14,309,127	14,309,127	14,309,127	0
Prior Year Encumbrances Appropriated	2,084,372	2,084,372	2,084,372	0
<i>Fund Balance End of Year</i>	<u>\$19,224,234</u>	<u>\$20,768,242</u>	<u>\$21,289,445</u>	<u>\$521,203</u>

See accompanying notes to the basic financial statements

Youngstown City School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Title I Fund
For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$7,657,367	\$7,791,557	\$6,620,785	(\$1,170,772)
Expenditures				
Current:				
Instruction:				
Special	1,772,399	1,865,181	1,817,775	47,406
Student Intervention Services	6,250	6,577	5,717	860
Support Services:				
Pupil	1,483,335	1,560,985	1,327,936	233,049
Instructional Staff	1,919,359	2,019,835	1,826,322	193,513
Administration	365,893	385,047	327,561	57,486
Pupil Transportation	3,350	3,526	3,000	526
Operation of Non-Instructional Services	2,260,772	2,379,120	2,180,292	198,828
<i>Total Expenditures</i>	<u>7,811,358</u>	<u>8,220,271</u>	<u>7,488,603</u>	<u>731,668</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(153,991)</u>	<u>(428,714)</u>	<u>(867,818)</u>	<u>(439,104)</u>
Other Financing Sources (Uses)				
Advances In	0	32,464	32,464	0
Advances Out	(166,175)	(166,175)	(166,175)	0
Transfers In	0	89,137	89,137	0
<i>Total Other Financing Sources (Uses)</i>	<u>(166,175)</u>	<u>(44,574)</u>	<u>(44,574)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(320,166)</u>	<u>(473,288)</u>	<u>(912,392)</u>	<u>(439,104)</u>
<i>Fund Deficit Beginning of Year</i>	<u>(81,917)</u>	<u>(81,917)</u>	<u>(81,917)</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>627,185</u>	<u>627,185</u>	<u>627,185</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$225,102</u>	<u>\$71,980</u>	<u>(\$367,124)</u>	<u>(\$439,104)</u>

See accompanying notes to the basic financial statements

Youngstown City School District

Statement of Fund Net Position

Internal Service Funds

June 30, 2021

	Internal Service
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,701,654
Prepaid Items	<u>277,301</u>
<i>Total Assets</i>	<u>3,978,955</u>
Liabilities	
<i>Current Liabilities:</i>	
Claims Payable	13,671
<i>Long-Term Liabilities</i>	
Claims Payable	<u>41,014</u>
<i>Total Liabilities</i>	<u>54,685</u>
Net Position	
Unrestricted	<u><u>\$3,924,270</u></u>

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, 2021*

	Internal Service
Operating Revenues	
Charges for Services	\$836,354
Miscellaneous	663,263
<i>Total Operating Revenues</i>	1,499,617
Operating Expenses	
Fringe Benefits	614,474
Purchased Services	36,020
Claims	54,685
Change in Workers' Compensation Estimate	46,295
<i>Total Operating Expenses</i>	751,474
<i>Change in Net Position</i>	748,143
<i>Net Position Beginning of Year</i>	3,176,127
<i>Net Position End of Year</i>	\$3,924,270

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, 2021

	Internal Service
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$836,354
Other Cash Receipts	663,263
Cash Payments to Employees for Services and Benefits	(637,382)
Cash Payments for Goods and Services	(36,020)
Cash Payments for Claims	(46,295)
<i>Net Cash Provided by (Used for) Operating Activities</i>	779,920
<i>Cash and Cash Equivalents Beginning of Year</i>	2,921,734
<i>Cash and Cash Equivalents End of Year</i>	\$3,701,654
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$748,143
Adjustments:	
(Increase) Decrease in Assets:	
Prepaid Items	(22,908)
Increase (Decrease) in Liabilities:	
Claims Payable	54,685
Total Adjustments	31,777
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$779,920
See accompanying notes to the basic financial statements	

Youngstown City School District
Statement of Fiduciary Net Position
Private Purpose Trust Fund
June 30, 2021

	<u>Choffin Vocational Programs</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$212,775
Liabilities	
	<u>0</u>
Net Position	
Restricted for Vocational Instruction Programs	<u>\$212,775</u>

See accompanying notes to the basic financial statements

Youngstown City School District
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2021

	Choffin Vocational Programs
Additions	
Contributions and Donations	\$125,513
Deductions	
Vocational Instruction Programs	55,472
<i>Change in Net Position</i>	70,041
<i>Net Position Beginning of Year</i>	142,734
<i>Net Position End of Year</i>	\$212,775

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, 2021

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. On June 29, 2016, Mr. Krish Mohip took office as Chief Executive Officer (CEO) of the School District. In August of 2019, Mr. Justin Jennings replaced Mr. Mohip as CEO. The CEO is appointed by the Academic Distress Commission and has broad authority over the operation of the School District and the Board of Education. The School District's instructional and support facilities are staffed by 647 non-certified employees, 642 certified full-time teaching personnel and 87 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 2021 fiscal year was 4,762. The School District operates six elementary schools, one grades 3 through 8 school, one middle school, one early college middle school, 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 and one shared risk pool. These organizations are the Area Cooperative Computerized Educational Service System (ACCESS) Council of Governments, the Tech Prep Consortium and the Stark County Schools Council of Governments Health Benefits Program. These organizations are discussed in Notes 18 and 19 to the basic financial statements.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 is 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, 2021

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.

Title I Fund The title I fund is used to account for and report Federal monies restricted for meeting the special needs of educationally deprived children.

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 utilizes internal service funds to account for any unanticipated run-off health insurance claims and to account for 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 custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. The School District's only trust fund is a private purpose trust fund which accounts for the Choffin Trust fund. The money in the fund is used to purchase equipment and services for vocational instruction programs at Choffin Career and Technical Center. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District did not have any custodial funds at June 30, 2021.

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, 2021

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 represent 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 are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and 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, intergovernmental grants and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 13 and 14)

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 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. The Treasurer has been given the authority to allocate appropriations to the function and object level within each fund. Budgetary statements are presented beyond that legal level of control for information purposes only.

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, 2021

During fiscal year 2021, investments were limited to STAR Ohio, first American treasury obligations fund, federal home loan mortgage corporation notes, federal national mortgage association notes, federal home loan bank notes, federal farm credit bank notes, US Treasury notes and negotiable certificates of deposit. Except for STAR Ohio and the first American treasury obligations fund, investments are reported at fair value.

STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

The School District measures its investment in the first American treasury obligations fund at the net asset value (NAV) per share provided by First American Funds. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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 2021 amounted to \$67,483, of which \$22,246 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, 2021, 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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 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.

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 acquisition values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land, 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 - 20 years
Vehicles	8 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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

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, 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. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

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.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

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 and to cover a gap between estimated revenue and appropriations in fiscal year 2022’s operations.

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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Interfund Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds 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 – Accountability and Compliance

Accountability

Fund balances at June 30, 2021, included the following individual fund deficits:

<i>Major Fund:</i>	
Title I	\$711,032
<i>Other Governmental Funds:</i>	
Adult Education	707,259
Public Preschool	135,518
Adult Basic Education	143,163
Race to the Top	89,305
Title VI-B	241,852
Vocational Education	7,657
Preschool for Handicapped	3,288
Reducing Class Size	80,503

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Compliance

The School District had a negative cash balance of \$592,420 in the elementary and secondary school emergency relief (ESSER) special revenue fund indicating that revenue from other sources was used to pay obligations of this fund contrary to Ohio Revised Code Section 3315.20.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The general fund, the bond retirement debt service fund and the food service special revenue fund had expenditures in excess of appropriations of \$700,377, \$2,320,438 and \$768,995, respectively, as of June 30, 2021, contrary to Ohio Revised Code Section 5705.41(B).

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	Title I	Other Governmental Funds	Total
<i>Nonspendable</i>				
Prepays	\$22,765	\$0	\$235,714	\$258,479
Materials and Supplies Inventory	0	0	11,530	11,530
Unclaimed Monies	390,504	0	0	390,504
<i>Total Nonspendable</i>	413,269	0	247,244	660,513
<i>Restricted for</i>				
Food Service Operations	0	0	2,264,605	2,264,605
Scholarship	0	0	18,953	18,953
Student Enrichment	0	0	654,965	654,965
Classroom Facilities Maintenance	0	0	2,259,354	2,259,354
Student/Extracurricular Activities	0	0	341,762	341,762
Non-Public Schools	0	0	764,314	764,314
Data Communications	0	0	42,414	42,414
Entry Year Programs	0	0	200	200
Student Wellness Programs	0	0	1,579,821	1,579,821
Debt Service Payments	0	0	4,964,464	4,964,464
Capital Improvements	0	0	5,000	5,000
<i>Total Restricted</i>	0	0	12,895,852	12,895,852
<i>Committed to</i>				
Educational Service Center Services	3,358	0	0	3,358
Student Services	26,097	0	0	26,097
Consulting and Legal Services	476,311	0	0	476,311
Other Purposes	74,866	0	0	74,866
Capital Improvements	1,043,532	0	106,588	1,150,120
<i>Total Committed</i>	1,624,164	0	106,588	1,730,752
<i>Assigned to</i>				
Purchases on Order	838,931	0	0	838,931
Pupil Support Services	102,650	0	0	102,650
Fiscal Year 2022 Operations	1,159,603	0	0	1,159,603
<i>Total Assigned</i>	2,101,184	0	0	2,101,184
<i>Unassigned (Deficit)</i>	11,954,475	(711,032)	(1,644,259)	9,599,184
<i>Total Fund Balances</i>	\$16,093,092	(\$711,032)	\$11,605,425	\$26,987,485

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. A Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual is presented in the basic financial statements for the general fund and the title I special revenue 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. Unrecorded cash represents amounts received but not reported by the School District on the budgetary statements, but which is reported on the GAAP basis operating statements.
4. Investments are reported at cost (budget) rather than fair value (GAAP).
5. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).
6. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
7. 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 and the major special revenue fund.

Net Change in Fund Balance		
	General	Title I
GAAP Basis	\$7,600,046	(\$604,431)
Revenue Accruals	514,697	0
Advances In	279,654	32,464
Beginning Unrecorded Cash	(459,048)	
Beginning Fair Value Adjustment for Investments	563,843	0
Ending Fair Value Adjustment for Investments	(300,662)	0
Expenditure Accruals	(519,487)	321,337
Perspective Difference:		
Public School Support	10,658	0
Advances Out	(67,334)	(166,175)
Encumbrances	(2,726,421)	(495,587)
Budget Basis	\$4,895,946	(\$912,392)

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time, if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Youngstown City School District
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Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of a 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 June 30, 2021, \$5,761,759 of the School District's total bank balance of \$20,261,562 was exposed to custodial credit risk, because those deposits were uninsured and uncollateralized. One of the School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 60 percent resulting in the uninsured and uncollateralized balance.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

Investments are reported at fair value. As of June 30, 2021, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percentage of Total Investments
Net Asset Value (NAV) per share				
STAR Ohio	\$2,690,679	Average 54.4 Days	AAAm	N/A
First American Treasury Obligations Fund	13,228	Less than one year	AAAm	N/A
Total Net Asset Value (NAV) per share	<u>2,703,907</u>			
Fair Value - Level Two Inputs				
Federal Home Loan Mortgage Corporation Notes	2,199,077	Less than three years	AA+	10.15%
Federal Home Loan Bank Notes	2,905,396	Less than five years	AAA or AA+	13.41%
Federal National Mortgage Association Notes	1,335,688	Less than five years	AA+	6.16%
Federal Farm Credit Bank Notes	1,394,059	Less than three years	AA+	6.43%
US Treasury Notes	668,325	Less than one year	AA+	3.08%
Negotiable Certificates of Deposit	10,463,335	Less than three years	N/A	48.29%
Total Fair Value - Level Two Inputs	<u>18,965,880</u>			
Total Investments	<u>\$21,669,787</u>			

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The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2021. STAR Ohio and first American treasury obligations funds are measured at net asset value per share. Commercial paper is measured at amortized cost. The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs)

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 All investments of the School District carry a rating of AAAM, AAA, or AA+ by Standard and Poor's, except for the negotiable certificates of deposit which are unrated. The School District does not have an investment policy that addresses credit risk.

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

Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis, while the School District'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 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, 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 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected in 2021 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.

Youngstown City School District
Notes to the Basic Financial Statements
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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, 2021, are available to finance fiscal year 2022 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, 2021, 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.

The amount available as an advance at June 30, 2021 was \$893,748 in the general fund, \$72,499 in the bond retirement fund and \$8,053 in the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2020 was \$983,947 in the general fund, \$90,207 in the bond retirement fund and \$8,846 in the classroom facilities maintenance special revenue fund.

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.

The assessed values upon which the fiscal year 2021 taxes were collected are:

	<u>2020 Second Half Collections</u>		<u>2021 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$412,139,990	83.91%	\$448,257,150	83.56%
Public Utility	79,044,560	16.09	88,179,000	16.44
Total Assessed Value	<u>\$491,184,550</u>	<u>100.00%</u>	<u>\$536,436,150</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$63.10		\$61.25	

Note 8 – Tax Abatements

For fiscal year 2021, the School District’s property taxes were reduced by \$952,406 and \$278,607, respectively, under commercial community reinvestment areas and enterprise zone agreements entered into by Mahoning County.

Youngstown City School District
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For the Fiscal Year Ended June 30, 2021

Note 9 - Receivables

Receivables at June 30, 2021, consisted of taxes, accrued interest, accounts (tuition and fees and charges for services), 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	\$42,904,057	\$13,946,573	\$28,957,484

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<i>Governmental Activities</i>	
Title I Grants	\$4,351,261
Elementary and Secondary School Emergency Relief Grant	2,448,579
SERS Overpayment Refund	388,489
Federal Breakfast and Lunch Reimbursements	387,467
Title VI-B Grants	367,366
Reducing Class Size Grants	349,784
Miscellaneous Federal Grants	295,360
Preschool Grants	217,318
Medicaid Reimbursement	171,571
Foundation Adjustments	161,914
Title IV, 21st Century Learning Grant	113,664
Miscellaneous State Grants	79,494
Limited English Proficiency Grants	68,333
Reimbursement YEA Board President	64,000
Ohio Department of Education Reimbursement	57,304
Vocational Education Grants	18,210
JROTC Federal Reimbursement	6,416
<i>Total Governmental Activities</i>	<i>\$9,546,530</i>

Note 10 – 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, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.

Youngstown City School District
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For the Fiscal Year Ended June 30, 2021

School Foundation

In fiscal year 2021, School District foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. The ODE has finalized the impact of enrollment adjustments to the June 30, 2021 foundation funding for the School District.

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 11 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Restated Balance 6/30/2020	Additions	Deductions	Balance 6/30/2021
Governmental Activities				
Capital Assets not being Depreciated:				
Land	\$1,002,781	\$0	\$0	\$1,002,781
Construction in Progress	0	194,575	0	194,575
Total Nondepreciable Capital Assets	1,002,781	194,575	0	1,197,356
Capital Assets being Depreciated:				
Buildings and Improvements	196,498,661	1,212,150	0	197,710,811
Furniture and Equipment	22,361,019	299,981	0	22,661,000
Vehicles	5,721,092	781,278	0	6,502,370
Total Capital Assets being Depreciated	224,580,772	2,293,409	0	226,874,181
Less Accumulated Depreciation:				
Buildings and Improvements	(79,635,460)	(4,734,240)	0	(84,369,700)
Furniture and Equipment	(17,453,177)	(876,003)	0	(18,329,180)
Vehicles	(3,121,891)	(493,200)	0	(3,615,091)
Total Accumulated Depreciation	(100,210,528)	(6,103,443) *	0	(106,313,971)
Total Assets being Depreciated, Net Governmental Activities	124,370,244	(3,810,034)	0	120,560,210
Capital Assets, Net	\$125,373,025	(\$3,615,459)	\$0	\$121,757,566

Youngstown City School District
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For the Fiscal Year Ended June 30, 2021

* Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$2,554,706
Special	484,611
Vocational	97,464
Support Services:	
Pupil	269,543
Instructional Staff	325,993
Administration	411,449
Fiscal	982
Operation and Maintenance of Plant	400,560
Pupil Transportation	412,414
Central	132,090
Operation of Non-Instructional Services	130,060
Food Service Operation	129,767
Extracurricular Activities	753,804
Total Depreciation Expense	\$6,103,443

Note 12 - 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 2021, the School District contracted with Liberty Mutual Insurance for property and liability insurance. The comprehensive commercial insurance coverage limits are \$308,625,433 with a \$50,000 deductible. The business auto coverage limits are \$1,000,000 for liability and \$1,000,000 for uninsured motorists with deductibles of \$1,000 for private passenger and \$3,000 for buses. The School District has umbrella liability insurance coverage limits of \$5,000,000 per claim and general aggregate.

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.

A \$50,000 public official bond is maintained for the Business Manager; a \$500,000 surety bond for the Treasurer; and a \$250,000 public official bond for the Chief Executive Officer. These bonds are maintained by Travelers Insurance for the Business Manager and Treasurer and by Western Surety Company for the Chief Executive Officer.

Worker's Compensation

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

The School District was retrospectively rated by the Bureau of Workers' Compensation for periods through December 31, 2014. The balance of claims payable at June 30, 2021 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 \$54,685 at June 30, 2021, is based on the requirements

Youngstown City School District
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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 fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Change in Workers' Compensation Estimate	Balance at End of Year
2020	\$62,389	\$0	\$0	(\$62,389)	\$0
2021	0	54,685	46,295	46,295	54,685

Employee Health Benefits

Beginning in January 2016, the School District was a participant in the Stark County Schools Council of Governments Health Benefits program to provide medical, prescription drug, dental and vision insurance. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Health Benefits program is administered through Medical Mutual.

Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claims or payments are made for all participating districts and claims are paid for all participants regardless of claims flow.

During fiscal year 2021, the School District did not have any run-off health insurance claims or life insurance claim payouts.

Note 13 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the School District’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan’s fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Youngstown City School District
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Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Youngstown City School District
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An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

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, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$2,181,185 for fiscal year 2021. Of this amount \$69,866 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS 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. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$5,471,071 for fiscal year 2021. Of this amount \$940,878 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

Youngstown City School District
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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.46554480%	0.31607122%	
Prior Measurement Date	<u>0.50206830%</u>	<u>0.32554110%</u>	
Change in Proportionate Share	<u>-0.03652350%</u>	<u>-0.00946988%</u>	
Proportionate Share of the Net Pension Liability	\$30,792,115	\$76,477,989	\$107,270,104
Pension Expense	\$3,162,177	\$8,713,614	\$11,875,791

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$59,812	\$171,597	\$231,409
Changes of assumptions	0	4,105,391	4,105,391
Net difference between projected and actual earnings on pension plan investments	1,954,675	3,719,133	5,673,808
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	0	937,245	937,245
School District contributions subsequent to the measurement date	<u>2,181,185</u>	<u>5,471,071</u>	<u>7,652,256</u>
Total Deferred Outflows of Resources	<u>\$4,195,672</u>	<u>\$14,404,437</u>	<u>\$18,600,109</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$489,024	\$489,024
Difference between School District contributions and proportionate share of contributions	<u>1,391,232</u>	<u>2,418,126</u>	<u>3,809,358</u>
Total Deferred Inflows of Resources	<u>\$1,391,232</u>	<u>\$2,907,150</u>	<u>\$4,298,382</u>

\$7,652,256 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	(\$903,098)	\$2,174,872	\$1,271,774
2023	99,621	1,074,064	1,173,685
2024	814,751	1,507,034	2,321,785
2025	<u>611,981</u>	<u>1,270,246</u>	<u>1,882,227</u>
Total	<u>\$623,255</u>	<u>\$6,026,216</u>	<u>\$6,649,471</u>

Youngstown City School District
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Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$42,181,436	\$30,792,115	\$21,236,256

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
 Total	 <u>100.00 %</u>	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, but does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$108,891,342	\$76,477,989	\$49,010,372

Note 14 – Postemployment Benefits

See Note 13 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care

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surcharge greater than 2 percent of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District’s surcharge obligation was \$292,440.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District’s contractually required contribution to SERS was \$292,440 for fiscal year 2021. Of this amount \$292,440 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.47791130%	0.31607122%	
Prior Measurement Date	0.51335730%	0.32554110%	
Change in Proportionate Share	-0.03544600%	-0.00946988%	
Proportionate Share of the:			
Net OPEB Liability	\$10,386,577	\$0	\$10,386,577
Net OPEB (Asset)	\$0	(\$5,554,944)	(\$5,554,944)
OPEB Expense	\$74,667	(\$288,327)	(\$213,660)

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At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$136,416	\$355,934	\$492,350
Changes of assumptions	1,770,550	91,699	1,862,249
Net difference between projected and actual earnings on OPEB plan investments	117,033	194,678	311,711
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	399,981	312,887	712,868
School District contributions subsequent to the measurement date	<u>292,440</u>	<u>0</u>	<u>292,440</u>
Total Deferred Outflows of Resources	<u><u>\$2,716,420</u></u>	<u><u>\$955,198</u></u>	<u><u>\$3,671,618</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$5,282,300	\$1,106,464	\$6,388,764
Changes of assumptions	261,613	5,276,265	5,537,878
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>1,013,149</u>	<u>124,904</u>	<u>1,138,053</u>
Total Deferred Inflows of Resources	<u><u>\$6,557,062</u></u>	<u><u>\$6,507,633</u></u>	<u><u>\$13,064,695</u></u>

\$292,440 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	(\$776,913)	(\$1,392,487)	(\$2,169,400)
2023	(768,445)	(1,260,714)	(2,029,159)
2024	(769,823)	(1,214,483)	(1,984,306)
2025	(827,777)	(1,154,849)	(1,982,626)
2026	(712,698)	(259,271)	(971,969)
Thereafter	<u>(277,426)</u>	<u>(270,631)</u>	<u>(548,057)</u>
Total	<u><u>(\$4,133,082)</u></u>	<u><u>(\$5,552,435)</u></u>	<u><u>(\$9,685,517)</u></u>

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Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment

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consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability at June 30, 2019, was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$12,712,912	\$10,386,577	\$8,537,144
	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$8,178,639	\$10,386,577	\$13,339,155

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Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.00 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	11.87 initial, 4 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

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Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$4,833,165)	(\$5,554,944)	(\$6,167,352)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$6,129,338)	(\$5,554,944)	(\$4,855,252)

Note 15 - 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-five 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, 275 days for certified and 300 days for classified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation for certified employees. Administrators are paid forty five percent of accrued unused sick leave upon retirement. Classified employees hired on or before February 1, 2010 receive payment for fifty-five percent of accumulated sick leave up to 170 days. Classified employees hired after February 1, 2010 receive twenty five percent of accumulated sick leave up to 75 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 the Stark County Council of Governments.

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Note 16 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2021 were as follows:

	Principal Outstanding 6/30/20	Additions	Deductions	Principal Outstanding 6/30/21	Amounts Due in One Year
General Obligation Bonds					
2005 Classroom Facilities Bonds					
Serial Bonds	\$55,000	\$0	\$0	\$55,000	\$0
Unamortized Premium	33,328	0	4,166	29,162	0
Total 2005 Classroom Facilities Bonds	<u>88,328</u>	<u>0</u>	<u>4,166</u>	<u>84,162</u>	<u>0</u>
2012 Classroom Facilities Refunding Bonds					
Serial Bonds	7,090,000	0	1,670,000	5,420,000	1,735,000
Unamortized Premium	512,815	0	150,092	362,723	0
Total 2012 Classroom Facilities Refunding Bonds	<u>7,602,815</u>	<u>0</u>	<u>1,820,092</u>	<u>5,782,723</u>	<u>1,735,000</u>
2013 Classroom Facilities Refunding Bonds					
Serial Bonds	6,795,000	0	0	6,795,000	0
Capital Appreciation Bonds	444,988	0	0	444,988	0
Accretion on Bonds	413,833	80,160	0	493,993	0
Term Bonds	580,000	0	140,000	440,000	145,000
Unamortized Premium	472,280	0	63,678	408,602	0
Total 2013 Classroom Facilities Refunding Bonds	<u>8,706,101</u>	<u>80,160</u>	<u>203,678</u>	<u>8,582,583</u>	<u>145,000</u>
Total General Obligation Bonds	<u>16,397,244</u>	<u>80,160</u>	<u>2,027,936</u>	<u>14,449,468</u>	<u>1,880,000</u>
Other Long-term Obligations					
Net Pension Liability					
STRS	71,991,458	4,486,531	0	76,477,989	0
SERS	30,039,627	752,488	0	30,792,115	0
Total Net Pension Liability	<u>102,031,085</u>	<u>5,239,019</u>	<u>0</u>	<u>107,270,104</u>	<u>0</u>
Net OPEB Liability					
SERS	12,909,855	0	2,523,278	10,386,577	0
Capital Leases Payable	6,964,164	0	5,603,488	1,360,676	578,192
Claims Payable	0	100,980	46,295	54,685	13,671
Compensated Absences	5,272,733	377,881	203,284	5,447,330	224,367
Total Other Long-term Obligations	<u>127,177,837</u>	<u>5,717,880</u>	<u>8,376,345</u>	<u>124,519,372</u>	<u>816,230</u>
Total Governmental Activities	<u>\$143,575,081</u>	<u>\$5,798,040</u>	<u>\$10,404,281</u>	<u>\$138,968,840</u>	<u>\$2,696,230</u>

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The classroom facilities bonds will be paid with property taxes from the debt service fund. The capital leases will be paid from the general fund. 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, reducing class size and miscellaneous federal grants special revenue funds. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from the following funds: the general fund, and the food service, adult education, auxiliary services, public preschool, miscellaneous state grants, adult basic education, title VI-B, vocational education, title I, preschool for handicapped and reducing class size special revenue funds. For additional information related to the net pension and net OPEB liabilities see Notes 13 and 14.

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 \$55,000 remained outstanding at June 30, 2021.

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.

The maturity amount of outstanding capital appreciation bonds at June 30, 2021 is \$1,665,000. The accretion recorded for fiscal year 2021 was \$80,160, for a total outstanding bond liability of \$938,981 at June 30, 2021.

The School District's overall debt margin was \$40,088,730 with an unvoted debt margin of \$536,436 at June 30, 2021. 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
2022	\$145,000	\$7,809	\$1,735,000	\$406,376	\$0	\$0
2023	145,000	4,728	1,805,000	335,576	0	0
2024	150,000	1,594	1,880,000	261,875	0	0
2025	0	0	2,205,000	199,469	0	0
2026	0	0	2,255,000	135,201	0	0
2027-2028	0	0	2,390,000	50,207	444,988	1,220,012
Total	\$440,000	\$14,131	\$12,270,000	\$1,388,704	\$444,988	\$1,220,012

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 17 – Capital Leases

In fiscal year 2018, the School District entered into two capital leases. The first capital lease was for the purchase of 20 school buses. The second capital lease was for district-wide new copiers. These lease obligations meet the criteria of a capital lease and have been recorded on the government-wide statements

The original amounts capitalized for the capital leases and the book value as of June 30, 2021 are as follows:

	Amounts
Asset:	
Furniture and Equipment	\$1,320,900
Vehicles	1,740,000
Less: Accumulated Depreciation	(1,223,565)
Current Book Value	\$1,837,335

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

Year ending June 30,	Buses Lease	Copiers Lease	Total Leases
2022	\$316,033	\$307,104	\$623,137
2023	316,033	179,144	495,177
2024	316,033	0	316,033
Total Minimum Lease Payments	948,099	486,248	1,434,347
Less: Amount Representing Interest	(49,850)	(23,821)	(73,671)
Present Value of Minimum Lease Payments	\$898,249	\$462,427	\$1,360,676

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. Youngstown City School District paid \$184,373 to ACCESS during fiscal year 2021. 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, Access Council of Governments, 493 Bev Road, Unit 1, Boardman, Ohio 44514.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 2021.

Note 19 – Shared Risk Pool

Stark County Schools Council of Governments Health Benefits Program The School District participates in the Stark County Schools Council of Governments Health Benefits program. This is a shared risk pool created pursuant to State statute for the purpose of administering health care benefits. The Council is governed by an Assembly, which consists of one representative from each participating member (usually the Superintendent or designee). The Assembly elects officers for one-year terms to serve on the Board of Directors. The Assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services received from the participating members, based on the established premiums for the insurance plans.

Note 20 - 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, 2020	\$0
Current Year Set-Aside Requirement	868,466
Offsets	(2,295,313)
Qualifying Disbursements	(97,211)
Total	(\$1,524,058)
Set-Aside Balance as of June 30, 2021 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, 2021

Note 21 - Interfund Transactions

Interfund Transfers

The general fund transferred \$89,137 and \$438,879, respectively to the title I special revenue fund and other governmental funds to help provide funding for fiscal year 2021.

Interfund Balances

Interfund Payable	Interfund Receivable General
<i>Major Fund:</i>	
Title I	\$192,653
<i>Other Governmental Funds:</i>	
Adult Education	\$950,000
Public Preschool	215,238
Adult Basic Education	232,560
Race to the Top	107,000
Elementary and Secondary School Emergency Relief	2,442,327
Vocational Education	922
Preschool for Handicapped	1,664
Miscellaneous Federal Grants	81,837
<i>Total Other Governmental Funds</i>	4,031,548
<i>Total All Funds</i>	\$4,224,201

Interfund receivables/payables of \$4,224,201 between the general fund and various other special revenue funds are due to deficit cash balances and to the timing of the receipt of grant monies. The general fund provides temporary funding of the programs until the grant dollars are received.

Note 22 – 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	\$2,726,421	Internal Service Funds	\$115,204
Title I	495,587		
Other Governmental Funds	11,524,309		
Total	\$14,746,317		

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 23 – Change in Accounting Principle and Restatement of Net Position

Change in Accounting Principle

For fiscal year 2021, the School District implemented the Governmental Accounting Standards Board’s (GASB) *Implementation Guide No. 2019-1*. These changes were incorporated in the School District’s 2021 financial statements; however, there was no effect on beginning net position/fund balance.

Restatement of Net Position

During fiscal year 2021, the School District had an asset appraisal performed and it was determined that net capital assets were overstated at June 30, 2020. The restatement for net capital assets had the following effect on net position as reported at June 30, 2020:

Net Position June 30, 2020	\$32,255,431
Adjustments:	
Capital Assets, Net	<u>(1,927,657)</u>
Restated Net Position June 30, 2020	<u><u>\$30,327,774</u></u>

Note 24 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the School District received Coronavirus Aid, Relief and Economic Security (CARES) Act funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the School District. The School District’s investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020, and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

Note 25 – Subsequent Event

For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$37,548,494 in revenue and expenditures/expense related to these programs. Also during fiscal year 2021, the school district reported \$367,997 in tuition and fees from the resident school districts which will be direct funded to the School District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each School District. The School District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

Required Supplementary Information

Youngstown City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Eight Fiscal Years (1)

	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.46554480%	0.50206830%	0.50855900%
School District's Proportionate Share of the Net Pension Liability	\$30,792,115	\$30,039,627	\$29,126,116
School District's Covered Payroll	\$16,387,214	\$17,239,807	\$16,632,244
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	187.90%	174.25%	175.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%

(1) Although this schedule is intended to reflect information for ten years, information prior fiscal year 2014 is not available. An additional column will be added each year.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.47715350%	0.45881240%	0.46925940%	0.47112400%	0.47112400%
\$28,508,866	\$33,580,834	\$26,776,396	\$23,843,316	\$28,016,232
\$14,900,043	\$14,542,950	\$14,200,157	\$13,739,579	\$13,775,992
191.33%	230.91%	188.56%	173.54%	203.37%
69.50%	62.98%	69.16%	71.70%	65.52%

Youngstown City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Five Fiscal Years (1)

	2021	2020	2019
School District's Proportion of the Net OPEB Liability	0.47791130%	0.51335730%	0.51403350%
School District's Proportionate Share of the Net OPEB Liability	\$10,386,577	\$12,909,855	\$14,260,678
School District's Covered Payroll	\$16,387,214	\$17,239,807	\$16,632,244
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	63.38%	74.88%	85.74%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%

(1) Although this schedule is intended to reflect information for ten years, information prior fiscal year 2017 is not available. An additional column will be added each year.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2018	2017
0.48297070%	0.46349940%
\$12,961,665	\$13,211,447
\$14,900,043	\$14,542,950
86.99%	90.84%
12.46%	11.49%

Youngstown City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Eight Fiscal Years (1)

	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.31607122%	0.32554110%	0.32939440%
School District's Proportionate Share of the Net Pension Liability	\$76,477,989	\$71,991,458	\$72,426,434
School District's Covered Payroll	\$38,346,771	\$38,486,457	\$37,667,750
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	199.44%	187.06%	192.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%

(1) Although this schedule is intended to reflect information for ten years, information prior fiscal year 2014 is not available. An additional column will be added each year.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.31622409%	0.32028947%	0.33056756%	0.31995006%	0.31995006%
\$75,119,710	\$107,210,541	\$91,359,205	\$77,822,927	\$92,702,162
\$36,028,471	\$33,663,150	\$34,795,407	\$32,455,057	\$35,107,600
208.50%	318.48%	262.56%	239.79%	264.05%
75.30%	66.80%	72.10%	74.70%	69.30%

Youngstown City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability
State Teachers Retirement System of Ohio
Last Five Fiscal Years (1)

	2021	2020	2019
School District's Proportion of the Net OPEB (Asset) Liability	0.31607122%	0.32554110%	0.32939440%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$5,554,944)	(\$5,391,741)	(\$5,293,031)
School District's Covered Payroll	\$38,346,771	\$38,486,457	\$37,667,750
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered - Payroll	-14.49%	-14.01%	-14.05%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset) Liability	182.10%	174.70%	176.00%

(1) Although this schedule is intended to reflect information for ten years, information prior fiscal year 2017 is not available. An additional column will be added each year.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2018	2017
0.31622409%	0.32028947%
\$12,337,897	\$17,129,164
\$36,028,471	\$33,663,150
34.24%	50.88%
47.10%	37.30%

Youngstown City School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2021	2020	2019	2018
Net Pension Liability				
Contractually Required Contribution	\$2,181,185	\$2,294,210	\$2,327,374	\$2,245,353
Contributions in Relation to the Contractually Required Contribution	(2,181,185)	(2,294,210)	(2,327,374)	(2,245,353)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$15,579,893	\$16,387,214	\$17,239,807	\$16,632,244
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	292,440	282,503	394,081	352,427
Contributions in Relation to the Contractually Required Contribution	(292,440)	(282,503)	(394,081)	(352,427)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.88%</u>	<u>1.72%</u>	<u>2.29%</u>	<u>2.12%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.88%</u>	<u>15.72%</u>	<u>15.79%</u>	<u>15.62%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$2,086,006	\$2,036,013	\$1,871,581	\$1,904,306	\$1,906,597	\$1,984,215
<u>(2,086,006)</u>	<u>(2,036,013)</u>	<u>(1,871,581)</u>	<u>(1,904,306)</u>	<u>(1,906,597)</u>	<u>(1,984,215)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$14,900,043	\$14,542,950	\$14,200,157	\$13,739,579	\$13,775,992	\$14,752,528
<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>	<u>13.84%</u>	<u>13.45%</u>
257,542	228,283	357,004	251,199	254,825	302,427
<u>(257,542)</u>	<u>(228,283)</u>	<u>(357,004)</u>	<u>(251,199)</u>	<u>(254,825)</u>	<u>(302,427)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.73%</u>	<u>1.57%</u>	<u>2.51%</u>	<u>1.83%</u>	<u>1.85%</u>	<u>2.05%</u>
<u>15.73%</u>	<u>15.57%</u>	<u>15.69%</u>	<u>15.69%</u>	<u>15.69%</u>	<u>15.50%</u>

Youngstown City School District
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Pension Liability				
Contractually Required Contribution	\$5,471,071	\$5,368,548	\$5,388,104	\$5,273,485
Contributions in Relation to the Contractually Required Contribution	<u>(5,471,071)</u>	<u>(5,368,548)</u>	<u>(5,388,104)</u>	<u>(5,273,485)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$39,079,079	\$38,346,771	\$38,486,457	\$37,667,750
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$5,043,986	\$4,712,841	\$4,871,357	\$4,219,157	\$4,563,988	\$4,979,520
<u>(5,043,986)</u>	<u>(4,712,841)</u>	<u>(4,871,357)</u>	<u>(4,219,157)</u>	<u>(4,563,988)</u>	<u>(4,979,520)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$36,028,471	\$33,663,150	\$34,795,407	\$32,455,057	\$35,107,600	\$38,304,000
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$324,551	\$351,076	\$383,040
<u>0</u>	<u>0</u>	<u>0</u>	<u>(324,551)</u>	<u>(351,076)</u>	<u>(383,040)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Youngstown City School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Youngstown City School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

Youngstown City School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Changes in Benefit Terms – STRS

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Total Federal Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE		
<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	\$277,547
<i>Cash Assistance:</i>		
School Breakfast Program	10.553	599,494
National School Lunch Program	10.555	963,058
Covid-19 Summer Food Program	10.559	885,804
Summer Food Program	10.559	90,901
Equipment Grant	10.579	64,700
<i>Total Nutrition Cluster</i>		<u>2,881,504</u>
Cash-in-Lieu	10.558	1,337
Child Care Food Program	10.558	24,393
<i>Total Child Care Food Program and Cash-in-Lieu</i>		<u>25,730</u>
Total U.S. Department of Agriculture		<u>2,907,234</u>
UNITED STATES DEPARTMENT OF DEFENSE		
<i>Direct Program:</i>		
Junior Reserve Officer Training Corp	12.000	<u>70,237</u>
Total U.S. Department of Defense - Junior ROTC		70,237
UNITED STATES DEPARTMENT OF TREASURY		
<i>Direct Program:</i>		
Covid-19 CRF - Coronavirus Relief Fund	21.019	375,289
Covid-19 CRF - Broadband Ohio	21.019	<u>151,465</u>
Total U.S. Department of Treasury - Coronavirus Relief and Broadband		526,754

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Total Federal Expenditures
UNITED STATES DEPARTMENT OF EDUCATION		
<i>Direct Programs:</i>		
<i>Student Financial Aid Cluster:</i>		
Federal Pell Grant Program	84.063	211,222
Federal Direct Student Loans	84.268	177,739
<i>Total Student Financial Aid Cluster</i>		388,961
Covid-19 Higher Education Emergency Relief Fund (HEERF)	84.425 E	168,988
Covid-19 Higher Education Emergency Relief Fund (HEERF)	84.425 N	268,328
<i>Total Higher Education Emergency Relief Fund</i>		437,316
<i>Passed Through Ohio Department of Education:</i>		
Covid-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425 D	7,886,707
<i>Special Education Cluster:</i>		
Special Education-Grants to States (IDEA, Part B)	84.027	2,362,831
Special Education-Preschool Grants	84.173	37,309
<i>Total Special Education Cluster</i>		2,400,140
Title I Grants to Local Educational Agencies (Title 1, Part A)	84.010	6,895,601
Career and Technical Education - Basic Grants to States	84.048	387,871
Education for Homeless Children and Youth	84.196	65,707
Twenty-First Century Community Learning Centers	84.287	761,273
English Language Acquisition Grants (Title III)	84.365	98,647
Improving Teacher Quality State Grants (Title II-A)	84.367	360,068
Student Support Academic Enrichment	84.424	650,488
Computer Literacy State Development	84.371	662,600
School Improvement Grant	84.377	31,707
Total U.S. Department of Education		21,027,086
TOTAL FEDERAL EXPENDITURES		\$ 24,531,311

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

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Youngstown City School District (the District's) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - 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 D – FOOD DONATION PROGRAM

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

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**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
474 Bennington Avenue
P.O. Box 550
Youngstown, Ohio 44505

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 the Youngstown City School District, Mahoning County, (the District) as of and for the ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 16, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 financial statements. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying corrective action plan as item 2021-001.

Government's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying corrective action plan schedule of findings. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 16, 2022



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Youngstown City School District
Mahoning County
474 Bennington Avenue
P.O. Box 550
Youngstown, Ohio 44505

To the Board of Education:

Report on Compliance for each Major Federal Program

We have audited Youngstown City School District’s (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Youngstown City School District’s major federal programs for the year ended June 30, 2021. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to opine on the District’s compliance for 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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, Youngstown City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2021.

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 the Uniform Guidance, 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 Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 16, 2022

**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	84.425 D-ESSER 84.425 E,N-Covid-19 HEERF 21.019 – Coronavirus Relief Fund 84.010- Title I Grants to Local Educational Agencies
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

1. 5705.41(B) - Expenditures Exceeding Appropriations

FINDING NUMBER 2021-001

NONCOMPLIANCE

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code. Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the District's General Fund, Bond Retirement Fund and Lunchroom Fund had expenditures in excess of appropriations of \$700,377, \$2,320,438 and \$768,995, as of June 30, 2021, respectively.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The District should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the CFO/Treasurer should deny payment requests exceeding appropriations when appropriations are inadequate to cover expenditures.

Official's Response: See Corrective Action Plan

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Youngstown City School District

*'Honoring the Past, Embracing the Future'
"Today's Scholars-Tomorrow's Leaders"*

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

June 30, 2021

Finding Number: 2021-001

Planned Corrective Action: Moving forward, the District will closely monitor expenditures and appropriations and make the necessary appropriation amendments, when needed, to reduce the likelihood of expenditures exceeding appropriations. The Treasurer will deny payment requests exceeding appropriations when appropriations are inadequate to cover expenditures.

Anticipated Completion Date: August 15, 2022

Responsible Contact Person: Sandra M. Huddleston

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OHIO AUDITOR OF STATE KEITH FABER



YOUNGSTOWN CITY SCHOOL DISTRICT

MAHONING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/1/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov