



OHIO AUDITOR OF STATE
KEITH FABER



**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY
JUNE 30, 2023**

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MAHONING COUNTY
JUNE 30, 2023**

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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 Audit of the Financial Statements

Opinions

We have audited the 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 School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Youngstown City School District, Mahoning County, Ohio as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Elementary and Secondary School Emergency Relief funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Efficient • Effective • Transparent

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards is 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 presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2024, on our consideration of the School 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's 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 School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

May 28, 2024

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Youngstown City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
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, 2023. 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 2023 fiscal year are as follows:

- Net position increased in fiscal year 2023 due mainly to an increase in net capital assets resulting from current year additions outpacing current year deletions and annual depreciation/amortization and to changes in the net OPEB asset/liability. The increase in net position was partially offset by the net effect of changes in the net pension liability and the related deferred outflows and inflows associated with this liability.
- The School District had capital asset additions across every category of assets except for land. Some of the major additions included HVAC/Chiller replacements, a new roof at Choffin, a video surveillance system and three school buses.
- Total program expenses decreased in fiscal year 2023 mainly due to a large drop in ESSER fund expenditures as the remaining grant award has been drawing down.

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 elementary and secondary school emergency relief 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 2023?" 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, 2023
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 elementary and secondary school emergency relief 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, 2023
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 2023 compared to 2022:

Table 1
Net Position
Governmental Activities

	2023	2022	Change
Assets			
Current and Other Assets	\$76,911,294	\$81,028,027	(\$4,116,733)
Net OPEB Asset	8,204,724	6,610,724	1,594,000
Capital Assets, Net	140,286,492	133,951,031	6,335,461
<i>Total Assets</i>	<u>225,402,510</u>	<u>221,589,782</u>	<u>3,812,728</u>
Deferred Outflows of Resources			
Pension	22,280,815	21,379,761	901,054
OPEB	2,534,628	2,939,580	(404,952)
<i>Total Deferred Outflows of Resources</i>	<u>24,815,443</u>	<u>24,319,341</u>	<u>496,102</u>
Liabilities			
Current Liabilities	11,563,769	18,444,164	6,880,395
Long-Term Liabilities			
Due Within One Year	2,911,366	2,591,748	(319,618)
Due in More Than One Year			
Net Pension Liability	95,439,172	56,594,663	(38,844,509)
Net OPEB Liability	6,624,944	8,715,989	2,091,045
Other Amounts	16,323,081	15,954,476	(368,605)
<i>Total Liabilities</i>	<u>132,862,332</u>	<u>102,301,040</u>	<u>(30,561,292)</u>
Deferred Inflows of Resources			
Property Taxes	27,629,347	27,099,760	(529,587)
Lease	170,268	182,001	11,733
Pension	9,359,288	47,098,885	37,739,597
OPEB	15,084,452	14,092,056	(992,396)
<i>Total Deferred Inflows of Resources</i>	<u>52,243,355</u>	<u>88,472,702</u>	<u>36,229,347</u>
Net Position			
Net Investment in Capital Assets	128,550,987	121,019,202	7,531,785
Restricted for:			
Capital Projects	0	5,000	(5,000)
Debt Service	5,096,080	5,079,011	17,069
Other Purposes	7,857,140	7,924,159	(67,019)
OPEB Plans	1,867,652	426,469	1,441,183
Unrestricted (Deficit)	(78,259,593)	(79,318,460)	1,058,867
<i>Total Net Position</i>	<u>\$65,112,266</u>	<u>\$55,135,381</u>	<u>\$9,976,885</u>

Youngstown City School District
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The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2023. 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 decreased due mainly to a decrease in intergovernmental receivables related to ESSER grants and State Foundation adjustments. The increase in capital assets was due to current year additions outpacing annual depreciation/amortization and current year deletions.

Current liabilities decreased largely due to reductions in accounts payable and accrued wages and benefits. Long-term liabilities increased significantly during fiscal year 2023 due mainly to an increase the net pension liability. As indicated previously, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension and net OPEB liabilities. The increase in this liability was partially offset by increases in the associated deferred outflows and decreases in the associated deferred inflows.

Youngstown City School District
Management's Discussion and Analysis
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Unaudited

Table 2 shows the changes in net position from fiscal year 2023 to 2022.

Table 2
Change in Net Position (continued)
Governmental Activities

	2023	2022	Change
Revenues			
Program Revenues			
Charges for Services	\$1,234,672	\$1,001,277	\$233,395
Operating Grants and Contributions	42,782,138	81,904,273	(39,122,135)
Total Program Revenues	44,016,810	82,905,550	(38,888,740)
General Revenues			
Property Taxes	27,880,579	27,690,115	190,464
Grants and Entitlements	61,490,749	59,202,574	2,288,175
Unrestricted Contributions	5,799	11,737	(5,938)
Investment Earnings/Interest	396,108	(511,566)	907,674
Miscellaneous	532,150	511,312	20,838
Total General Revenues	90,305,385	86,904,172	3,401,213
<i>Total Revenues</i>	134,322,195	169,809,722	(35,487,527)
Program Expenses			
Instruction:			
Regular	41,390,585	55,566,647	14,176,062
Special	11,902,919	12,672,266	769,347
Vocational	1,823,325	1,705,377	(117,948)
Adult/Continuing	1,090,641	1,666,402	575,761
Student Intervention Services	541,523	348,169	(193,354)
Support Services:			
Pupil	10,376,390	15,025,534	4,649,144
Instructional Staff	9,034,658	7,319,506	(1,715,152)
Board of Education	117,428	232,059	114,631
Administration	12,668,410	11,045,810	(1,622,600)
Fiscal	1,974,781	913,109	(1,061,672)
Business	466,739	315,101	(151,638)
Operation and Maintenance of Plant	12,445,210	14,885,403	2,440,193
Pupil Transportation	6,374,849	7,012,498	637,649
Central	2,290,616	1,998,196	(292,420)
Operation of Non-Instructional Services	5,365,469	6,114,846	749,377
Food Service Operation	4,003,126	3,320,625	(682,501)
Extracurricular Activities	2,230,146	1,765,899	(464,247)
Interest	248,495	314,526	66,031
<i>Total Program Expenses</i>	124,345,310	142,221,973	17,876,663
<i>Increase (Decrease) in Net Position</i>	9,976,885	27,587,749	(17,610,864)
Net Position Beginning of Year	55,135,381	27,547,632	27,587,749
Net Position End of Year	\$65,112,266	\$55,135,381	\$9,976,885

Youngstown City School District
Management's Discussion and Analysis
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Unaudited

Governmental Activities

Program revenues decreased for governmental activities in fiscal year 2023 attributable to lower operating grants. The decrease in operating grants was due mainly to a drop in ESSER funding. The decrease in program revenues was partially offset by an increase in charges for services resulting from higher tuition and fees and extracurricular revenues. General revenues increased in fiscal year 2023 resulting mainly from increases in State Foundation funding and earnings on investments.

Program expenses decreased significantly due to a large drop in ESSER fund expenditures as the remaining grant award has been winding down. The decrease in program expenses was partially offset by changes in the net pension and net OPEB liabilities. Program expenses related to these liabilities were a negative (\$11,621,559) in fiscal year 2022 versus a negative (\$2,083,839) in fiscal year 2023.

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, 2023
Unaudited

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Program Expenses				
Instruction	\$56,748,993	(\$45,126,910)	\$71,958,861	(\$34,453,684)
Support Services:				
Pupil and Instructional Staff	19,411,048	(7,928,413)	22,345,040	(4,189,903)
Board of Education and Administration	12,785,838	(11,062,191)	11,277,869	(9,800,563)
Fiscal and Business	2,441,520	(2,441,520)	1,228,210	(1,228,210)
Operation and Maintenance of Plant	12,445,210	(4,793,057)	14,885,403	(5,214,198)
Pupil Transportation	6,374,849	(5,012,664)	7,012,498	(1,242,972)
Central	2,290,616	(2,127,632)	1,998,196	(1,836,704)
Operation of Non-Instructional Services	5,365,469	(71,746)	6,114,846	(364,857)
Food Service Operation	4,003,126	530,797	3,320,625	947,167
Extracurricular Activities	2,230,146	(2,046,669)	1,765,899	(1,617,973)
Interest and Fiscal Charges	248,495	(248,495)	314,526	(314,526)
<i>Total</i>	<u>\$124,345,310</u>	<u>(\$80,328,500)</u>	<u>\$142,221,973</u>	<u>(\$59,316,423)</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. Despite an increase in State Foundation revenue, the fund balance of the general fund decreased due to increases in both instructional and support service expenditures attributable to less of the elementary and secondary school emergency relief fund grant monies being used to cover a portion of these annual costs. The elementary and secondary school emergency relief fund had a decrease in fund balance due to a portion of reimbursements for eligible expenditures being received outside the available period.

General Fund Budgeting Highlights

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

For the general fund, the final budget basis revenue was lower than the original budget estimate due largely to a decrease in intergovernmental monies related to State Foundation.

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

Youngstown City School District
Management's Discussion and Analysis
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Unaudited

Capital Assets

Capital assets increased during fiscal year 2023 due to current year additions exceeding annual depreciation/amortization and current year deletions. Current year additions included construction in progress, building improvements, intangible right to use - equipment for copiers 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, 2023 included general obligation bonds, financed purchases payable and 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 financed purchase agreements for school buses and for energy conservation building improvements. The School District has a lease agreement for district-wide copiers. The School District's overall debt margin was \$45,729,662 with an unvoted debt margin of \$556,492 at June 30, 2023. For more information about the School District's debt obligations, see Note 16 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 Bryan Schiraldi, Treasurer, Youngstown City School District, 474 Bennington Avenue, Youngstown, OH 44505.

Basic Financial Statements

Youngstown City School District
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$40,233,821
Cash and Cash Equivalents With Fiscal Agents	2,386,887
Accounts Receivable	50,148
Accrued Interest Receivable	47,127
Intergovernmental Receivable	2,737,642
Prepaid Items	257,390
Inventory Held for Resale	132,439
Materials and Supplies Inventory	15,039
Property Taxes Receivable	30,880,533
Lease Receivable	170,268
Net OPEB Asset (See Note 14)	8,204,724
Nondepreciable Capital Assets	7,328,029
Depreciable Capital Assets, net	132,958,463
<i>Total Assets</i>	<i>225,402,510</i>
Deferred Outflows of Resources	
Pension	22,280,815
OPEB	2,534,628
<i>Total Deferred Outflows of Resources</i>	<i>24,815,443</i>
Liabilities	
Accounts Payable	640,830
Contracts Payable	626,707
Accrued Wages and Benefits	8,060,764
Intergovernmental Payable	1,948,882
Matured Compensated Absences Payable	229,190
Accrued Interest Payable	57,396
Long-Term Liabilities:	
Due Within One Year	2,911,366
Due In More Than One Year	
Net Pension Liability (See Note 13)	95,439,172
Net OPEB Liability (See Note 14)	6,624,944
Other Amounts	16,323,081
<i>Total Liabilities</i>	<i>132,862,332</i>
Deferred Inflows of Resources	
Property Taxes	27,629,347
Lease	170,268
Pension	9,359,288
OPEB	15,084,452
<i>Total Deferred Inflows of Resources</i>	<i>52,243,355</i>
Net Position	
Net Investment in Capital Assets	128,550,987
Restricted for:	
Debt Service	5,096,080
Other Purposes	7,857,140
OPEB Plans	1,867,652
Unrestricted (Deficit)	(78,259,593)
<i>Total Net Position</i>	<i>\$65,112,266</i>

See accompanying notes to the basic financial statements

Youngstown City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$41,390,585	\$260,340	\$2,726,519	(\$38,403,726)
Special	11,902,919	63,969	6,875,489	(4,963,461)
Vocational	1,823,325	11,649	935,549	(876,127)
Adult/Continuing	1,090,641	369,428	375,512	(345,701)
Student Intervention Services	541,523	3,628	0	(537,895)
Support Services:				
Pupil	10,376,390	44,599	5,570,269	(4,761,522)
Instructional Staff	9,034,658	0	5,867,767	(3,166,891)
Board of Education	117,428	0	0	(117,428)
Administration	12,668,410	0	1,723,647	(10,944,763)
Fiscal	1,974,781	0	0	(1,974,781)
Business	466,739	0	0	(466,739)
Operation and Maintenance of Plant	12,445,210	67,166	7,584,987	(4,793,057)
Pupil Transportation	6,374,849	0	1,362,185	(5,012,664)
Central	2,290,616	0	162,984	(2,127,632)
Operation of Non-Instructional Services	5,365,469	0	5,293,723	(71,746)
Food Service Operation	4,003,126	232,776	4,301,147	530,797
Extracurricular Activities	2,230,146	181,117	2,360	(2,046,669)
Interest	248,495	0	0	(248,495)
<i>Total Governmental Activities</i>	<u>\$124,345,310</u>	<u>\$1,234,672</u>	<u>\$42,782,138</u>	<u>(80,328,500)</u>
General Revenues				
Property Taxes Levied for:				
General Purposes				25,544,233
Debt Service				2,104,690
Other Purposes				231,656
Grants and Entitlements not				
Restricted to Specific Programs				61,490,749
Unrestricted Contributions				5,799
Investment Earnings/Interest				396,108
Miscellaneous				532,150
<i>Total General Revenues</i>				<u>90,305,385</u>
Change in Net Position				9,976,885
<i>Net Position Beginning of Year</i>				<u>55,135,381</u>
<i>Net Position End of Year</i>				<u><u>\$65,112,266</u></u>

See accompanying notes to the basic financial statements

Youngstown City School District

Balance Sheet

Governmental Funds

June 30, 2023

	General	Elementary and Secondary School Emergency Relief	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$23,057,124	\$0	\$12,385,404	\$35,442,528
Cash and Cash Equivalents With Fiscal Agents	0	0	2,386,887	2,386,887
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	500,047	0	0	500,047
Accounts Receivable	47,612	0	2,536	50,148
Accrued Interest Receivable	47,127	0	0	47,127
Intergovernmental Receivable	609,277	258,187	1,870,178	2,737,642
Interfund Receivable	2,281,258	0	0	2,281,258
Prepaid Items	29,997	0	0	29,997
Materials and Supplies Inventory	0	0	15,039	15,039
Inventory Held for Resale	0	0	132,439	132,439
Property Taxes Receivable	28,297,004	0	2,583,529	30,880,533
Lease Receivable	0	0	170,268	170,268
<i>Total Assets</i>	<u>\$54,869,446</u>	<u>\$258,187</u>	<u>\$19,546,280</u>	<u>\$74,673,913</u>
Liabilities				
Accounts Payable	\$223,695	\$0	\$415,985	\$639,680
Contracts Payable	0	137,520	489,187	626,707
Accrued Wages and Benefits	7,102,353	1,977	956,434	8,060,764
Interfund Payable	0	127,816	2,153,442	2,281,258
Intergovernmental Payable	1,797,759	874	150,249	1,948,882
Matured Compensated Absences Payable	222,751	0	6,439	229,190
<i>Total Liabilities</i>	<u>9,346,558</u>	<u>268,187</u>	<u>4,171,736</u>	<u>13,786,481</u>
Deferred Inflows of Resources				
Property Taxes	25,317,819	0	2,311,528	27,629,347
Lease	0	0	170,268	170,268
Unavailable Revenue	2,558,106	149,109	1,649,432	4,356,647
<i>Total Deferred Inflows of Resources</i>	<u>27,875,925</u>	<u>149,109</u>	<u>4,131,228</u>	<u>32,156,262</u>
Fund Balances				
Nonspendable	530,044	0	15,039	545,083
Restricted	0	0	14,103,662	14,103,662
Committed	210,543	0	92,869	303,412
Assigned	6,701,231	0	0	6,701,231
Unassigned (Deficit)	10,205,145	(159,109)	(2,968,254)	7,077,782
<i>Total Fund Balances (Deficit)</i>	<u>17,646,963</u>	<u>(159,109)</u>	<u>11,243,316</u>	<u>28,731,170</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$54,869,446</u>	<u>\$258,187</u>	<u>\$19,546,280</u>	<u>\$74,673,913</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, 2023*

Total Governmental Fund Balances		\$28,731,170
 <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.		140,286,492
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	2,706,186	
Grants	1,572,136	
Tuition and Fees	78,325	
Total		4,356,647
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	4,515,583	
Claims Payable	1,906	
Total		4,517,489
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(57,396)
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	8,204,724	
Deferred Outflows - Pension	22,280,815	
Deferred Outflows - OPEB	2,534,628	
Net Pension Liability	(95,439,172)	
Net OPEB Liability	(6,624,944)	
Deferred Inflows - Pension	(9,359,288)	
Deferred Inflows - OPEB	(15,084,452)	
Total		(93,487,689)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Classroom Facilities Bonds	(10,367,058)	
Financed Purchases	(3,022,969)	
Lease Payable	(804,694)	
Claims Payable	(1,906)	
Compensated Absences	(5,037,820)	
Total		(19,234,447)
<i>Net Position of Governmental Activities</i>		\$65,112,266

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, 2023

	General	Elementary and Secondary School Emergency Relief	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$25,290,330	\$0	\$2,313,248	\$27,603,578
Intergovernmental	67,479,335	13,451,383	22,490,165	103,420,883
Investment Earnings/Interest	393,345	0	2,763	396,108
Tuition and Fees	334,009	0	369,428	703,437
Extracurricular Activities	44,599	0	181,117	225,716
Contributions and Donations	5,799	0	38,454	44,253
Charges for Services	0	0	232,776	232,776
Lease	0	0	11,733	11,733
Rentals	38,146	0	17,287	55,433
Miscellaneous	434,562	0	24,274	458,836
<i>Total Revenues</i>	<u>94,020,125</u>	<u>13,451,383</u>	<u>25,681,245</u>	<u>133,152,753</u>
Expenditures				
Current:				
Instruction:				
Regular	36,796,457	1,201,324	426,796	38,424,577
Special	9,094,369	2,261	2,601,549	11,698,179
Vocational	1,636,298	127,951	29,743	1,793,992
Adult/Continuing	4,078	0	1,069,605	1,073,683
Student Intervention Services	499,433	0	73,287	572,720
Support Services:				
Pupil	5,906,055	1,498,935	2,842,822	10,247,812
Instructional Staff	3,992,544	511,912	4,240,265	8,744,721
Board of Education	120,551	0	0	120,551
Administration	10,778,405	2,548	1,728,971	12,509,924
Fiscal	2,013,750	0	65,780	2,079,530
Business	521,302	0	725	522,027
Operation and Maintenance of Plant	12,032,047	2,801,648	2,122,717	16,956,412
Pupil Transportation	6,168,532	16,400	249,466	6,434,398
Central	1,448,214	0	162,094	1,610,308
Operation of Non-Instructional Services	697,997	205,611	4,577,424	5,481,032
Food Service Operation	0	141,315	3,990,927	4,132,242
Extracurricular Activities	934,756	0	571,654	1,506,410
Capital Outlay	1,062,343	7,100,587	822,694	8,985,624
Debt Service:				
Principal Retirement	474,909	0	1,950,000	2,424,909
Interest	20,268	0	340,303	360,571
<i>Total Expenditures</i>	<u>94,202,308</u>	<u>13,610,492</u>	<u>27,866,822</u>	<u>135,679,622</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(182,183)</u>	<u>(159,109)</u>	<u>(2,185,577)</u>	<u>(2,526,869)</u>
Other Financing Sources (Uses)				
Inception of Financed Purchase	0	0	2,715,394	2,715,394
Inception of Lease	804,694	0	0	804,694
Transfers In	0	0	751,319	751,319
Transfers Out	(751,319)	0	0	(751,319)
<i>Total Other Financing Sources (Uses)</i>	<u>53,375</u>	<u>0</u>	<u>3,466,713</u>	<u>3,520,088</u>
<i>Net Change in Fund Balances</i>	<u>(128,808)</u>	<u>(159,109)</u>	<u>1,281,136</u>	<u>993,219</u>
<i>Fund Balances Beginning of Year</i>	<u>17,775,771</u>	<u>0</u>	<u>9,962,180</u>	<u>27,737,951</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$17,646,963</u>	<u>(\$159,109)</u>	<u>\$11,243,316</u>	<u>\$28,731,170</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, 2023*

Net Change in Fund Balances - Total Governmental Funds		\$993,219
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
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/amortization expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current period.		
Capital Asset Additions	14,355,480	
Current Year Depreciation/Amortization	<u>(7,293,524)</u>	
Total		7,061,956
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(726,495)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	277,001	
Grants	813,550	
Tuition and Fees	<u>5,577</u>	
Total		1,096,128
Repayment of bond, financed purchases and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		2,424,909
Other financing sources in the governmental funds increase long-term liabilities in the statement of net position.		
Inception of Financed Purchase	(2,715,394)	
Inception of Lease	<u>(804,694)</u>	
		(3,520,088)
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	270,316	
Claims Payable	<u>14,526</u>	
Total		284,842
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	181,025	
Claims Payable	<u>(14,526)</u>	
Total		166,499
Contractual required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	8,447,407	
OPEB	<u>276,279</u>	
Total		8,723,686
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	(8,651,265)	
OPEB	<u>2,011,418</u>	
Total		(6,639,847)
In the statement of activities, interest is accrued on outstanding bonds, bond accretion and bond premiums are amortized over the term of the bonds, whereas in the governmental funds an interest expenditure is reported when due and premiums are reported when the bonds are issued.		
Accrued Interest	(10,038)	
Bond Accretion	(95,822)	
Bond Premium Amortization	<u>217,936</u>	
Total		<u>112,076</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$9,976,885</u></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
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$24,228,942	\$25,580,781	\$25,580,781	\$0
Intergovernmental	100,700,770	69,203,453	68,735,041	(468,412)
Interest	337,370	323,388	401,800	78,412
Tuition and Fees	565,865	319,488	319,488	0
Contributions and Donations	515	508	508	0
Rentals	9,082	32,782	33,132	350
Miscellaneous	379,050	294,592	294,592	0
<i>Total Revenues</i>	<u>126,221,594</u>	<u>95,754,992</u>	<u>95,365,342</u>	<u>(389,650)</u>
Expenditures				
Current:				
Instruction:				
Regular	39,165,417	38,198,028	37,387,037	810,991
Special	9,899,240	9,666,358	9,666,358	0
Vocational	1,775,756	1,733,983	1,733,983	0
Adult/Continuing	4,176	4,078	4,078	0
Student Intervention Services	499,087	487,346	487,346	0
Support Services:				
Pupil	6,073,586	5,930,868	5,930,868	0
Instructional Staff	4,277,045	4,174,547	4,174,547	0
Board of Education	127,360	124,364	124,364	0
Administration	11,230,777	11,011,513	11,011,513	0
Fiscal	2,089,432	2,027,175	2,027,175	0
Business	551,532	538,558	538,558	0
Operation and Maintenance of Plant	13,169,628	12,866,255	12,866,255	0
Pupil Transportation	6,511,903	6,356,700	6,356,700	0
Central	1,504,979	1,469,457	1,469,457	0
Operation of Non-Instructional Services	681,221	665,196	665,196	0
Extracurricular Activities	955,605	933,125	933,125	0
Capital Outlay	263,856	257,649	257,649	0
Debt Service:				
Principal	474,909	474,909	474,909	0
Interest	20,268	20,268	20,268	0
<i>Total Expenditures</i>	<u>99,275,777</u>	<u>96,940,377</u>	<u>96,129,386</u>	<u>810,991</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>26,945,817</u>	<u>(1,185,385)</u>	<u>(764,044)</u>	<u>421,341</u>
Other Financing Sources (Uses)				
Advances In	279,654	0	0	0
Transfers Out	(114,306)	(751,319)	(751,319)	0
<i>Total Other Financing Sources (Uses)</i>	<u>165,348</u>	<u>(751,319)</u>	<u>(751,319)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	27,111,165	(1,936,704)	(1,515,363)	421,341
<i>Fund Balance Beginning of Year</i>	23,654,612	23,654,612	23,654,612	0
Prior Year Encumbrances Appropriated	1,607,252	1,607,252	1,607,252	0
<i>Fund Balance End of Year</i>	<u>\$52,373,029</u>	<u>\$23,325,160</u>	<u>\$23,746,501</u>	<u>\$421,341</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
Elementary and Secondary School Emergency Relief Fund
For the Fiscal Year Ended June 30, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$54,296,921	\$36,222,999	\$15,806,943	(\$20,416,056)
Expenditures				
Current:				
Instruction:				
Regular	2,998,678	3,228,128	3,228,128	0
Special	3,139	3,379	3,379	0
Vocational	118,856	127,951	127,951	0
Support Services:				
Pupil	1,416,953	1,525,376	1,525,376	0
Instructional Staff	486,526	523,754	523,754	0
Administration	2,367	2,548	2,548	0
Operation and Maintenance of Plant	2,809,631	3,024,619	3,024,619	0
Pupil Transportation	18,578	20,000	20,000	0
Operation of Non-Instructional Services	239,125	257,422	257,422	0
Food Service Operation	131,270	141,315	141,315	0
Capital Outlay	9,248,966	9,956,678	9,956,678	0
<i>Total Expenditures</i>	17,474,089	18,811,170	18,811,170	0
<i>Net Change in Fund Balance</i>	36,822,832	17,411,829	(3,004,227)	(20,416,056)
<i>Fund Deficit Beginning of Year</i>	(17,306,745)	(17,306,745)	(17,306,745)	0
Prior Year Encumbrances Appropriated	17,316,041	17,316,041	17,316,041	0
<i>Fund Balance (Deficit) End of Year</i>	\$36,832,128	\$17,421,125	(\$2,994,931)	(\$20,416,056)

See accompanying notes to the basic financial statements

Youngstown City School District
Statement of Fund Net Position
Internal Service Funds
June 30, 2023

	Internal Service
Assets	
Equity in Pooled Cash and Cash Equivalents	\$4,291,246
Prepaid Items	227,393
<i>Total Assets</i>	4,518,639
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	1,150
Claims Payable	476
Total Current Liabilities	1,626
<i>Long-Term Liabilities</i>	
Claims Payable	1,430
<i>Total Liabilities</i>	3,056
Net Position	
Unrestricted	\$4,515,583

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, 2023*

	Internal Service
Operating Revenues	
Charges for Services	\$661,911
Miscellaneous	73,314
	735,225
Operating Expenses	
Fringe Benefits	531,008
Purchased Services	36,020
Claims	1,906
Change in Workers' Compensation Estimate	(14,734)
	554,200
<i>Total Operating Expenses</i>	<i>554,200</i>
<i>Change in Net Position</i>	<i>181,025</i>
<i>Net Position Beginning of Year</i>	<i>4,334,558</i>
<i>Net Position End of Year</i>	<i>\$4,515,583</i>

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, 2023

	Internal Service
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$661,911
Other Cash Receipts	85,825
Cash Payments to Employees for Services and Benefits	(484,505)
Cash Payments for Goods and Services	(36,020)
Cash Payments for Claims	(1,698)
<i>Net Cash Provided by (Used for) Operating Activities</i>	225,513
<i>Cash and Cash Equivalents Beginning of Year</i>	4,065,733
<i>Cash and Cash Equivalents End of Year</i>	\$4,291,246
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$181,025
Adjustments:	
(Increase) Decrease in Assets:	
Intergovernmental Receivable	12,511
Prepaid Items	45,353
Increase (Decrease) in Liabilities:	
Accounts Payable	1,150
Claims Payable	(14,526)
Total Adjustments	44,488
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$225,513
See accompanying notes to the basic financial statements	

Youngstown City School District
Statement of Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2023

	<u>Choffin Vocational Programs</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$56,309
Liabilities	
Accounts Payable	<u>6,823</u>
Net Position	
Restricted for Vocational Instruction Programs	<u><u>\$49,486</u></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, 2023

	Choffin Vocational Programs
Additions	
Contributions and Donations	\$62,914
Deductions	
Vocational Instruction Programs	190,185
<i>Change in Net Position</i>	(127,271)
<i>Net Position Beginning of Year</i>	176,757
<i>Net Position End of Year</i>	\$49,486

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, 2023

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. On July 1, 2022, the Board regained governing authority and Mr. Justin Jennings was hired as Superintendent. The School District's instructional and support facilities are staffed by 517 non-certified employees, 538 certified full-time teaching personnel and 86 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 2023 fiscal year was 4,650. The School District operates six elementary schools, two middle schools, one early college middle school, two high schools, one vocational school, one early college high school and one alternative 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 17 and 18 to the basic financial statements.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

Elementary and Secondary School Emergency Relief Fund The elementary and secondary school emergency relief fund is used to account for and report restricted emergency COVID-19 pandemic relief grants to school districts for the coordination of preparedness and response efforts, training and professional development of staff, planning and coordination during long-term closure and purchasing technology for students.

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, 2023.

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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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.

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For proprietary funds, the statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from the private purpose trust fund.

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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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 assets 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.

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 assets 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, leases and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. The deferred inflow for leases is related to the leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. 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. 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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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.

During fiscal year 2023, 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, commercial paper and negotiable certificates of deposit. Except for STAR Ohio and the first American treasury obligations fund, investments are reported at fair value.

The School District also has a bank account for monies held from the School District's central bank account related to the unreleased debt proceeds for the financed purchase of energy conservation building improvements. The balance in this account is presented on the financial statements as "cash and cash equivalents with fiscal agents".

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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost. The School District's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year. 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.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment Earnings/Interest revenue credited to the general fund during 2023 amounted to \$393,345, which includes \$163,039 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, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory

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

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the general fund include 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 (except for intangible right to use lease assets which are discussed below) 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

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

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

Description	Estimated Lives
Buildings and Improvements	20 - 40 years
Furniture and Equipment	5 - 20 years
Vehicles	8 years
Intangible Right to Use - Equipment	5 years

The School District is reporting intangible right to use assets related to leased equipment. The lease assets are initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement, plus certain initial direct costs. Subsequently, these intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Leases

The School District serves as both lessee and lessor in various noncancellable leases which are accounted for as follows:

Lessee At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor At the commencement of a lease, the School District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

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

For governmental funds, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employee who has accumulated unpaid leave is paid.

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, financed purchases and 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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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. Restricted net position for OPEB plans represents the corresponding restricted asset amounts after considering the related deferred outflows and deferred inflows.

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

Fund Balance

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

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

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 2024’s operations.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

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

Operating Revenues and Expenses

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

Interfund Activity

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

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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 3 - 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	Elementary and Secondary School Emergency Relief	Other Governmental Funds	Total
<i>Nonspendable</i>				
Prepays	\$29,997	\$0	\$0	\$29,997
Materials and Supplies Inventory	0	0	15,039	15,039
Unclaimed Monies	500,047	0	0	500,047
<i>Total Nonspendable</i>	530,044	0	15,039	545,083
<i>Restricted for</i>				
Food Service Operations	0	0	2,965,355	2,965,355
Scholarship	0	0	20,533	20,533
Student Enrichment	0	0	571,765	571,765
Classroom Facilities Maintenance	0	0	2,493,129	2,493,129
Student/Extracurricular Activities	0	0	336,149	336,149
Non-Public Schools	0	0	805,393	805,393
Data Communications	0	0	43,059	43,059
Entry Year Programs	0	0	200	200
Debt Service Payments	0	0	4,970,379	4,970,379
Capital Improvements	0	0	1,897,700	1,897,700
<i>Total Restricted</i>	0	0	14,103,662	14,103,662
<i>Committed to</i>				
Educational Service Center Services	40,143	0	0	40,143
Student Services	29,837	0	0	29,837
Consulting and Audit Services	17,648	0	0	17,648
Other Purposes	122,915	0	0	122,915
Capital Improvements	0	0	92,869	92,869
<i>Total Committed</i>	210,543	0	92,869	303,412
<i>Assigned to</i>				
Purchases on Order	295,532	0	0	295,532
Pupil Support Services	92,711	0	0	92,711
Fiscal Year 2024 Operations	6,312,988	0	0	6,312,988
<i>Total Assigned</i>	6,701,231	0	0	6,701,231
<i>Unassigned (Deficit)</i>	10,205,145	(159,109)	(2,968,254)	7,077,782
<i>Total Fund Balances (Deficit)</i>	\$17,646,963	(\$159,109)	\$11,243,316	\$28,731,170

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 4 – Accountability and Compliance

Accountability

Fund balances at June 30, 2023, included the following individual fund deficits:

<i>Other Governmental Funds:</i>	
Adult Education	\$1,130,734
Public Preschool	149,807
Adult Basic Education	143,163
Race to the Top	89,305
Title VI-B	336,885
Vocational Education	11,541
Limited English Proficiency	6,275
Title I	907,574
Title IV-A	66,821
Preschool for Handicapped	6,014
Reducing Class Size	120,135

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 negative cash balances in the following special revenue funds, indicating that revenue from other sources were used to pay obligations of these funds contrary to Ohio Revised Code Section 5705.10.

<i>Other Governmental Funds:</i>	
Adult Education	\$51,703
Preschool for Handicapped	791

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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 elementary and secondary school emergency relief 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. 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	Elementary and Secondary School Emergency Relief
GAAP Basis	(\$128,808)	(\$159,109)
Revenue Accruals	588,055	2,355,560
Ending Unrecorded Cash	(327,757)	0
Beginning Fair Value Adjustment for Investments	(454,684)	0
Ending Fair Value Adjustment for Investments	481,562	0
Expenditure Accruals	(1,088,272)	(2,323,563)
Perspective Difference:		
Public School Support	(6,782)	0
Encumbrances	(578,677)	(2,877,115)
Budget Basis	(\$1,515,363)	(\$3,004,227)

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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).

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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.

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, 2023, \$7,220,148 of the School District's total bank balance of \$19,528,011 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 50 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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Investments

Investments are reported at fair value. As of June 30, 2023, 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	\$2,805,702	Average 38.5 Days	AAAm	N/A
First American Treasury Obligations Fund	417,650	Less than one year	AAAm	N/A
Total Net Asset Value (NAV) per share	<u>3,223,352</u>			
Amortized Cost				
Commercial Paper	<u>3,997,726</u>	Less than one year	A-1+ or A-1	18.58%
Fair Value - Level Two Inputs				
Federal Home Loan Mortgage Corporation Notes	489,189	Less than one year	AA+	2.27%
Federal Home Loan Bank Notes	2,998,454	Less than three years	AA+	13.94%
Federal National Mortgage Association Notes	765,412	Less than three years	AA+	3.56%
Federal Farm Credit Bank Notes	1,354,848	Less than one year	AA+	6.30%
US Treasury Notes	694,098	Less than two years	AA+	3.23%
Negotiable Certificates of Deposit	7,987,706	Less than four years	N/A	37.13%
Total Fair Value - Level Two Inputs	<u>14,289,707</u>			
Total Investments	<u>\$21,510,785</u>			

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, 2023. 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, AA+ or A-1+ 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. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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 2023 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, 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 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien on December 31, 2021, were levied after April 1, 2022, and are collected in 2023 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Mahoning County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 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, 2023, 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, 2023 was \$499,404 in the general fund, \$41,069 in the bond retirement fund and \$4,527 in the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2022 was \$789,855 in the general fund, \$64,984 in the bond retirement fund and \$7,161 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 2023 taxes were collected are:

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$459,932,350	83.11%	\$453,991,250	81.58%
Public Utility	93,488,110	16.89	102,500,650	18.42
Total Assessed Value	<u>\$553,420,460</u>	<u>100.00%</u>	<u>\$556,491,900</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$61.00		\$61.00	

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 8 – Tax Abatements

For fiscal year 2023, the School District’s property taxes were reduced by \$1,175,568 and \$265,886, respectively, under commercial community reinvestment areas and enterprise zone agreements entered into by Mahoning County.

Note 9 - Receivables

Receivables at June 30, 2023, consisted of taxes, accrued interest, accounts (tuition and fees and charges for services), leases 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 and leases, 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	\$43,681,719	\$12,801,186	\$30,880,533

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<i>Governmental Activities</i>	
Title I Grants	\$1,072,362
Title VI-B Grants	388,500
Medicaid Reimbursement	289,471
Elementary and Secondary School Emergency Relief Grant	258,187
Preschool Grants	135,844
Ohio Department of Education Reimbursement	113,462
Miscellaneous Federal Grants	89,315
JJC Reimbursements	79,918
Foundation Adjustments	79,401
Title IV Part A Grants	66,821
Reducing Class Size Grants	53,684
Excise Tax Refund	39,352
Federal Breakfast and Lunch Reimbursements	28,219
Vocational Education Grants	12,767
Limited English Proficiency Grants	12,485
Miscellaneous State Grants	9,536
JROTC Reimbursement	6,807
Miscellaneous Refunds and Reimbursements	1,511
<i>Total Governmental Activities</i>	<i>\$2,737,642</i>

Lease Receivable

The School District is reporting a lease receivable of \$170,268 in the permanent improvement capital projects fund at June 30, 2023. These amounts represent the discounted future lease payments. This discount is being amortized using the interest method. For fiscal year 2023, the School District recognized lease revenue of \$11,733 and interest revenue of \$2,763 in the permanent improvement capital projects fund.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

A description of the School District’s leasing arrangement is as follows:

Cell Tower Lease – The School District has entered into a lease agreement for a cell tower with Crown Castle. The lease commenced on August 29, 2005, for a period of thirty years ending August 28, 2035. Payments are received on a monthly basis.

A summary of future lease revenue is as follows:

<u>Fiscal Year</u>	<u>Permanent Improvement</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$11,917	\$2,578
2025	12,105	2,390
2026	12,296	2,200
2027	12,647	2,006
2028	13,638	1,800
2029-2033	72,662	5,698
2034-2036	35,003	619
	<u>\$170,268</u>	<u>\$17,291</u>

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, 2023, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding is 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, 2023 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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 11 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance 6/30/2022	Additions	Deductions	Balance 6/30/2023
Governmental Activities				
<i>Capital Assets not being Depreciated:</i>				
Land	\$1,002,781	\$0	\$0	\$1,002,781
Construction in Progress	2,401,124	8,356,092	(4,431,968)	6,325,248
<i>Total Nondepreciable Capital Assets</i>	<u>3,403,905</u>	<u>8,356,092</u>	<u>(4,431,968)</u>	<u>7,328,029</u>
<i>Capital Assets being Depreciated/Amortized:</i>				
Buildings and Improvements	206,357,657	7,085,314	0	213,442,971
Furniture and Equipment	23,194,863	1,732,148	0	24,927,011
Vehicles	10,673,902	809,200	0	11,483,102
Intangible Right to Use - Equipment**	1,320,900	804,694	(1,320,900)	804,694
<i>Total Capital Assets being Depreciated/Amortized</i>	<u>241,547,322</u>	<u>10,431,356</u>	<u>(1,320,900)</u>	<u>250,657,778</u>
<i>Less Accumulated Depreciation/Amortization:</i>				
Buildings and Improvements	(89,279,181)	(5,262,594)	0	(94,541,775)
Furniture and Equipment	(18,535,352)	(767,371)	0	(19,302,723)
Vehicles	(2,591,258)	(1,183,090)	0	(3,774,348)
Intangible Right to Use - Equipment**	(594,405)	(80,469)	594,405	(80,469)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(111,000,196)</u>	<u>(7,293,524) *</u>	<u>594,405</u>	<u>(117,699,315)</u>
<i>Total Assets being Depreciated/Amortized</i>	<u>130,547,126</u>	<u>3,137,832</u>	<u>(726,495)</u>	<u>132,958,463</u>
<i>Net Governmental Activities</i>				
<i>Capital Assets, Net</i>	<u>\$133,951,031</u>	<u>\$11,493,924</u>	<u>(\$5,158,463)</u>	<u>\$140,286,492</u>

* Depreciation/Amortization expense was charged to governmental activities as follows:

Instruction:	
Regular	\$2,814,033
Special	624,774
Vocational	85,703
Adult/Continuing	308
Support Services:	
Pupil	470,775
Instructional Staff	344,073
Administration	458,173
Operation and Maintenance of Plant	619,522
Pupil Transportation	776,836
Central	80,469
Operation of Non-Instructional Services	148,566
Food Service Operation	115,850
Extracurricular Activities	754,442
Total Depreciation/Amortization Expense	<u>\$7,293,524</u>

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

** Of the current year depreciation/amortization total of \$7,293,524, \$80,469 is presented as support services – central expense on the Statement of Activities related to the School District’s intangible assets of copiers, which is included as an Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

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 2023, the School District contracted with Liberty Mutual Insurance for property and liability insurance. The comprehensive commercial insurance coverage limits are \$452,167,433 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 Chief of Staff/Operations Manager; a \$500,000 surety bond for the Treasurer; and a \$250,000 public official bond for the Superintendent. These bonds are maintained for the Chief of Staff/Operations Manager, Treasurer and Superintendent by Liberty Surety.

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, 2023 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 \$1,906 at June 30, 2023, is based on the requirements of GASB Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the past two 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
2022	\$54,685	\$16,432	\$40,262	(\$14,423)	\$16,432
2023	16,432	1,906	1,698	(14,734)	1,906

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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 2023, 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) represents 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.

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

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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.

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. 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. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

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

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System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$2,723,454 for fiscal year 2023. Of this amount \$92,605 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 upon a determination by its actuary that it was necessary 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. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years 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 regardless of age.

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

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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 on or after July 1, 2013, 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 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The School District’s contractually required contribution to STRS was \$5,723,953 for fiscal year 2023. Of this amount \$117,374 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, 2022, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.46220030%	0.31686633%	
Prior Measurement Date	<u>0.44734700%</u>	<u>0.31353960%</u>	
Change in Proportionate Share	<u>0.01485330%</u>	<u>0.00332673%</u>	
Proportionate Share of the Net			
Pension Liability	\$24,999,388	\$70,439,784	\$95,439,172
Pension Expense	\$643,256	\$8,008,009	\$8,651,265

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At June 30, 2023, 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	\$1,012,496	\$901,720	\$1,914,216
Changes of assumptions	246,673	8,429,526	8,676,199
Net difference between projected and actual earnings on pension plan investments	0	2,451,151	2,451,151
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	550,995	240,847	791,842
School District contributions subsequent to the measurement date	<u>2,723,454</u>	<u>5,723,953</u>	<u>8,447,407</u>
Total Deferred Outflows of Resources	<u>\$4,533,618</u>	<u>\$17,747,197</u>	<u>\$22,280,815</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$164,115	\$269,454	\$433,569
Changes of assumptions	0	6,345,010	6,345,010
Net difference between projected and actual earnings on pension plan investments	872,364	0	872,364
Changes in proportionate share and Difference between School District contributions and proportionate share of contributions	<u>252,448</u>	<u>1,455,897</u>	<u>1,708,345</u>
Total Deferred Inflows of Resources	<u>\$1,288,927</u>	<u>\$8,070,361</u>	<u>\$9,359,288</u>

\$8,447,407 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2024	\$130,620	(\$480,235)	(\$349,615)
2025	187,079	(718,065)	(530,986)
2026	(1,246,191)	(1,992,556)	(3,238,747)
2027	<u>1,449,729</u>	<u>7,143,739</u>	<u>8,593,468</u>
Total	<u>\$521,237</u>	<u>\$3,952,883</u>	<u>\$4,474,120</u>

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

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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, 2022, are presented below:

	June 30, 2022
Inflation	2.4 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five year period ended June 30, 2020.

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 rebalancing uncorrelated asset classes.

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 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 (7.00 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 7.00 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 (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$36,797,905	\$24,999,388	\$15,059,297

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	<u>June 30, 2022</u>
Inflation	2.50 percent
Salary increases	From 2.5 percent to 12.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement mortality rates are based on 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 June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00%	

* Target allocation percentage is effective July 1, 2022.

Target weights were phased in over a 3 month period concluding on October 1, 2022

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of 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 7.00 percent as of June 30, 2022. 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

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30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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 7.00 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 (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$106,408,871	\$70,439,784	\$40,021,073

Note 14 – Defined Benefit OPEB Plans

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. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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. 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

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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 2023, 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 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care 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 2023, the School District’s surcharge obligation was \$276,279.

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 \$276,279 for fiscal year 2023. Of this amount \$276,279 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, 2023, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liability (Asset), 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, 2022, 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/Asset:			
Current Measurement Date	0.47185860%	0.31686633%	
Prior Measurement Date	0.46053430%	0.31353960%	
Change in Proportionate Share	0.01132430%	0.00332673%	
Proportionate Share of the:			
Net OPEB Liability	\$6,624,944	\$0	\$6,624,944
Net OPEB (Asset)	\$0	(\$8,204,724)	(\$8,204,724)
OPEB Expense	(\$570,235)	(\$1,441,183)	(\$2,011,418)

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At June 30, 2023, 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	\$55,693	\$118,939	\$174,632
Changes of assumptions	1,053,782	349,494	1,403,276
Net difference between projected and actual earnings on OPEB plan investments	34,432	142,824	177,256
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	346,740	156,445	503,185
School District contributions subsequent to the measurement date	<u>276,279</u>	<u>0</u>	<u>276,279</u>
Total Deferred Outflows of Resources	<u>\$1,766,926</u>	<u>\$767,702</u>	<u>\$2,534,628</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$4,237,800	\$1,232,192	\$5,469,992
Changes of assumptions	2,719,588	5,817,938	8,537,526
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>1,022,290</u>	<u>54,644</u>	<u>1,076,934</u>
Total Deferred Inflows of Resources	<u>\$7,979,678</u>	<u>\$7,104,774</u>	<u>\$15,084,452</u>

\$276,279 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, 2024. 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:			
2024	(\$1,450,099)	(\$1,844,456)	(\$3,294,555)
2025	(1,508,195)	(1,784,751)	(3,292,946)
2026	(1,395,136)	(886,726)	(2,281,862)
2027	(893,278)	(369,161)	(1,262,439)
2028	(518,948)	(480,084)	(999,032)
Thereafter	<u>(723,375)</u>	<u>(971,894)</u>	<u>(1,695,269)</u>
Total	<u>(\$6,489,031)</u>	<u>(\$6,337,072)</u>	<u>(\$12,826,103)</u>

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

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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, 2022, are presented below:

	June 30, 2022
Inflation	2.40 percent
Future Salary Increases, including inflation	
Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	7.00 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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The most recent experience study was completed for the five year period ended June 30, 2020.

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 2016 through 2020, and was adopted by the Board in 2021. 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 long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 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, 2022 was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27 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 contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022, and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022 and 1.92 percent at June 30, 2021.

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 (3.08%) and higher (5.08%) than the current discount rate (4.08%). 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 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	\$8,228,280	\$6,624,944	\$5,330,616
	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$5,109,021	\$6,624,944	\$8,604,985

Youngstown City School District
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For the Fiscal Year Ended June 30, 2023

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, 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, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

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, 2022, calculated using the current period discount rate assumption of 7.00 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 (6.00 percent) or one percentage point higher (8.00 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	(\$7,585,051)	(\$8,204,724)	(\$1,204,245)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	(\$8,510,294)	(\$8,204,724)	(\$7,819,016)

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 twenty-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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 16 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2023 were as follows:

	Principal Outstanding 6/30/22	Additions	Deductions	Principal Outstanding 6/30/23	Amounts Due in One Year
General Obligation Bonds					
2005 Classroom Facilities Bonds					
Serial Bonds	\$55,000	\$0	\$0	\$55,000	\$0
Unamortized Premium	24,996	0	4,166	20,830	0
Total 2005 Classroom Facilities Bonds	<u>79,996</u>	<u>0</u>	<u>4,166</u>	<u>75,830</u>	<u>0</u>
2012 Classroom Facilities Refunding Bonds					
Serial Bonds	3,685,000	0	1,805,000	1,880,000	1,880,000
Unamortized Premium	212,631	0	150,092	62,539	0
Total 2012 Classroom Facilities Refunding Bonds	<u>3,897,631</u>	<u>0</u>	<u>1,955,092</u>	<u>1,942,539</u>	<u>1,880,000</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	581,634	95,822	0	677,456	0
Term Bonds	295,000	0	145,000	150,000	150,000
Unamortized Premium	344,923	0	63,678	281,245	0
Total 2013 Classroom Facilities Refunding Bonds	<u>8,461,545</u>	<u>95,822</u>	<u>208,678</u>	<u>8,348,689</u>	<u>150,000</u>
Total General Obligation Bonds	<u>12,439,172</u>	<u>95,822</u>	<u>2,167,936</u>	<u>10,367,058</u>	<u>2,030,000</u>
Other Long-term Obligations					
Net Pension Liability					
STRS	40,088,856	30,350,928	0	70,439,784	0
SERS	16,505,807	8,493,581	0	24,999,388	0
Total Net Pension Liability	<u>56,594,663</u>	<u>38,844,509</u>	<u>0</u>	<u>95,439,172</u>	<u>0</u>
Net OPEB Liability					
SERS	8,715,989	0	2,091,045	6,624,944	0
Financed Purchases from direct borrowing	606,918	2,715,394	299,343	3,022,969	519,503
Lease Payable	175,566	804,694	175,566	804,694	132,197
Claims Payable	16,432	1,906	16,432	1,906	476
Compensated Absences	5,308,136	76,785	347,101	5,037,820	229,190
Total Other Long-term Obligations	<u>71,417,704</u>	<u>42,443,288</u>	<u>2,929,487</u>	<u>110,931,505</u>	<u>881,366</u>
Total Governmental Activities	<u><u>\$83,856,876</u></u>	<u><u>\$42,539,110</u></u>	<u><u>\$5,097,423</u></u>	<u><u>\$121,298,563</u></u>	<u><u>\$2,911,366</u></u>

The classroom facilities bonds will be paid with property taxes from the debt service fund. The financed purchases payable and lease payable will be paid from the general fund. Claims payable will be paid from the workers compensation internal service 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, title VI-B, vocational education, limited English proficiency, title I, title IV-A, 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

Youngstown City School District
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For the Fiscal Year Ended June 30, 2023

contributions are made from the following funds: the general fund, and the food service, adult education, auxiliary services, public preschool, title VI-B, vocational education, title I, preschool for handicapped, title IV-A, reducing class size and miscellaneous federal grants 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, 2023.

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, 2023 is \$1,665,000. The accretion recorded for fiscal year 2023 was \$95,822, for a total outstanding bond liability of \$1,122,444 at June 30, 2023.

The School District's overall debt margin was \$45,729,662 with an unvoted debt margin of \$556,492 at June 30, 2023. 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
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	0	0	2,335,000	49,038	0	0
2028	0	0	55,000	1,169	444,988	1,220,012
Total	\$150,000	\$1,594	\$8,730,000	\$646,752	\$444,988	\$1,220,012

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Financed Purchase – In fiscal year 2019, the School District entered into a financed purchase agreement for school buses in the amount of \$1,740,000 to be paid from the general fund. In fiscal year 2023, the School District entered into a financed purchase agreement for energy conservation building improvements in the amount of \$2,715,394 to be paid from the general fund.

Principal and interest requirements to retire financed purchases outstanding at June 30, 2023, are as follows:

Fiscal Year Ending June 30	<i>From Direct Borrowings</i>	
	Financed Purchases	
	Principal	Interest
2024	\$519,503	\$154,981
2025	223,363	135,087
2026	235,416	123,034
2027	248,119	110,331
2028	261,508	96,943
2029-2033	1,535,060	257,192
Total	\$3,022,969	\$877,568

The School District has an outstanding agreement to lease copiers. Due to the implementation of GASB Statement 87, this lease meets the criteria of a lease thus requiring it to be recorded by the School District. The future lease payments were discounted based on the interest rate implicit in the lease. This discount is being amortized using the interest method over the life of the lease. A summary of the principal and interest amounts for the remaining leases is as follows:

Fiscal Year Ending June 30	Leases	
	Principal	Interest
2024	\$132,197	\$35,859
2025	151,642	31,692
2026	159,798	23,536
2027	168,392	14,942
2028	177,449	5,885
2029	15,216	62
Total	\$804,694	\$111,976

Note 17 - 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 \$288,302 to ACCESS during fiscal year 2023. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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.

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 2023.

Note 18 – 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 19 - Set-Aside Calculations

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years.

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

	Capital Improvements
Set-Aside Balance as of June 30, 2022	\$0
Current Year Set-Aside Requirement	976,312
Offsets	(2,290,303)
Qualifying Disbursements	(677,307)
Total	(\$1,991,298)
Set-Aside Balance as of June 30, 2023 and Carried Forward to Future Fiscal Years	\$0

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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.

Note 20 - Interfund Transactions

Interfund Transfers

The general fund transferred \$751,319 to the other governmental funds to help provide funding for fiscal year 2023.

Interfund Balances

Interfund Payable	Interfund Receivable General
<i>Other Governmental Funds:</i>	
Adult Education	\$1,033,474
Public Preschool	24,190
Adult Basic Education	232,560
Race to the Top	107,000
Elementary and Secondary School Emergency Relief	127,816
Title VI-B	33,822
Limited English Proficiency	6,210
Title I	517,526
Title IV-A	52,144
Preschool for Handicapped	5,497
Reducing Class Size	83,249
Miscellaneous Federal Grants	57,770
<i>Total All Funds</i>	\$2,281,258

Interfund receivables/payables of \$2,281,258 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.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 21 – Significant Commitments

Contractual Commitments

The School District had the following contractual commitments outstanding at June 30, 2023:

Vendor	Contract Amount	Amount Paid	Remaining on Contract
Gardiner Service Company	\$9,848,723	\$6,988,815	\$2,859,908

\$2,859,908 of the remaining commitments were encumbered at fiscal year-end. The amount of \$626,707 in contracts payable has been capitalized.

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	\$578,677
Elementary and Secondary School Emergency Relief	2,877,115
Other Governmental Funds	1,208,897
Total	\$4,664,689
 Internal Service Funds	 \$1,338
 Private Purpose Trust Fund	 \$6,823

Note 22 – Change in Accounting Principle

For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 91, *Conduit Debt Obligations*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99, *Omnibus 2022*.

GASB Statement 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The School District did not have any debt that met the definition of conduit debt.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The School District did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

Youngstown City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). These changes were incorporated in the School District's 2023 financial statements. The School District did not have any long-term contracts that met the GASB 96 definition of a SBITA.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

Note 23 – 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 2021 while the national state of emergency ended in April 2023. During fiscal year 2023, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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 Ten Fiscal Years

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.46220030%	0.44734700%	0.46554480%	0.50206830%
School District's Proportionate Share of the Net Pension Liability	\$24,999,388	\$16,505,807	\$30,792,115	\$30,039,627
School District's Covered Payroll	\$17,295,300	\$15,579,893	\$16,387,214	\$17,239,807
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	144.54%	105.94%	187.90%	174.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%

*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

2019	2018	2017	2016	2015	2014
0.50855900%	0.47715350%	0.45881240%	0.46925940%	0.47112400%	0.47112400%
\$29,126,116	\$28,508,866	\$33,580,834	\$26,776,396	\$23,843,316	\$28,016,232
\$16,632,244	\$14,900,043	\$14,542,950	\$14,200,157	\$13,739,579	\$13,775,992
175.12%	191.33%	230.91%	188.56%	173.54%	203.37%
71.36%	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 Seven Fiscal Years (1)

	2023	2022	2021
School District's Proportion of the Net OPEB Liability	0.47185860%	0.46053430%	0.47791130%
School District's Proportionate Share of the Net OPEB Liability	\$6,624,944	\$8,715,989	\$10,386,577
School District's Covered Payroll	\$17,295,300	\$15,579,893	\$16,387,214
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	38.30%	55.94%	63.38%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%

(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

2020	2019	2018	2017
0.51335730%	0.51403350%	0.48297070%	0.46349940%
\$12,909,855	\$14,260,678	\$12,961,665	\$13,211,447
\$17,239,807	\$16,632,244	\$14,900,043	\$14,542,950
74.88%	85.74%	86.99%	90.84%
15.57%	13.57%	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 Ten Fiscal Years

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.31686633%	0.31353960%	0.31607122%	0.32554110%
School District's Proportionate Share of the Net Pension Liability	\$70,439,784	\$40,088,856	\$76,477,989	\$71,991,458
School District's Covered Payroll	\$41,290,857	\$39,079,079	\$38,346,771	\$38,486,457
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	170.59%	102.58%	199.44%	187.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

*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

2019	2018	2017	2016	2015	2014
0.32939440%	0.31622409%	0.32028947%	0.33056756%	0.31995006%	0.31995006%
\$72,426,434	\$75,119,710	\$107,210,541	\$91,359,205	\$77,822,927	\$92,702,162
\$37,667,750	\$36,028,471	\$33,663,150	\$34,795,407	\$32,455,057	\$35,107,600
192.28%	208.50%	318.48%	262.56%	239.79%	264.05%
77.30%	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 Seven Fiscal Years (1)

	2023	2022	2021
School District's Proportion of the Net OPEB Liability/Asset	0.31686633%	0.31353960%	0.31607122%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$8,204,724)	(\$6,610,724)	(\$5,554,944)
School District's Covered Payroll	\$41,290,857	\$39,079,079	\$38,346,771
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-19.87%	-16.92%	-14.49%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%

(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

2020	2019	2018	2017
0.32554110%	0.32939440%	0.31622409%	0.32028947%
(\$5,391,741)	(\$5,293,031)	\$12,337,897	\$17,129,164
\$38,486,457	\$37,667,750	\$36,028,471	\$33,663,150
-14.01%	-14.05%	34.24%	50.88%
174.70%	176.00%	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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Pension Liability				
Contractually Required Contribution	\$2,723,454	\$2,421,342	\$2,181,185	\$2,294,210
Contributions in Relation to the Contractually Required Contribution	<u>(2,723,454)</u>	<u>(2,421,342)</u>	<u>(2,181,185)</u>	<u>(2,294,210)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$19,453,243	\$17,295,300	\$15,579,893	\$16,387,214
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 (2)	\$276,279	\$304,338	\$292,440	\$282,503
Contributions in Relation to the Contractually Required Contribution	<u>(276,279)</u>	<u>(304,338)</u>	<u>(292,440)</u>	<u>(282,503)</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>1.42%</u>	<u>1.76%</u>	<u>1.88%</u>	<u>1.72%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.42%</u>	<u>15.76%</u>	<u>15.88%</u>	<u>15.72%</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

2019	2018	2017	2016	2015	2014
\$2,327,374	\$2,245,353	\$2,086,006	\$2,036,013	\$1,871,581	\$1,904,306
(2,327,374)	(2,245,353)	(2,086,006)	(2,036,013)	(1,871,581)	(1,904,306)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$17,239,807	\$16,632,244	\$14,900,043	\$14,542,950	\$14,200,157	\$13,739,579
<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>
\$394,081	\$352,427	\$257,542	\$228,283	\$357,004	\$251,199
(394,081)	(352,427)	(257,542)	(228,283)	(357,004)	(251,199)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>2.29%</u>	<u>2.12%</u>	<u>1.73%</u>	<u>1.57%</u>	<u>2.51%</u>	<u>1.83%</u>
<u>15.79%</u>	<u>15.62%</u>	<u>15.73%</u>	<u>15.57%</u>	<u>15.69%</u>	<u>15.69%</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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Pension Liability				
Contractually Required Contribution	\$5,723,953	\$5,780,720	\$5,471,071	\$5,368,548
Contributions in Relation to the Contractually Required Contribution	<u>(5,723,953)</u>	<u>(5,780,720)</u>	<u>(5,471,071)</u>	<u>(5,368,548)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$40,885,379	\$41,290,857	\$39,079,079	\$38,346,771
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

2019	2018	2017	2016	2015	2014
\$5,388,104	\$5,273,485	\$5,043,986	\$4,712,841	\$4,871,357	\$4,219,157
(5,388,104)	(5,273,485)	(5,043,986)	(4,712,841)	(4,871,357)	(4,219,157)
\$0	\$0	\$0	\$0	\$0	\$0
\$38,486,457	\$37,667,750	\$36,028,471	\$33,663,150	\$34,795,407	\$32,455,057
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%
\$0	\$0	\$0	\$0	\$0	\$324,551
0	0	0	0	0	(324,551)
\$0	\$0	\$0	\$0	\$0	\$0
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Youngstown City School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 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 prior years are presented below:

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2017</u>	<u>Fiscal Year 2016 and Prior</u>
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 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 2022, 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 years 2018-2021 and fiscal year 2017 and prior are presented below:

Youngstown City School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	From 2.5 percent to 12.5 percent based on age	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	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	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

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were 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.

Changes in Benefit Term – STRS

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient’s retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Youngstown City School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Net OPEB Liability

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

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 2023	3.69 percent
Fiscal year 2022	1.92 percent
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 2023	4.08 percent
Fiscal year 2022	2.27 percent
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, 2023

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent.)

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.

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022 premium based on June 30, 2021 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

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YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor Pass Through Grantor Program / Cluster Title	Federal AL Number	Total Federal Expenditures
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>		
<i>Passed Through Ohio Department of Education and Workforce:</i>		
<i>Nutrition Cluster:</i>		
<i>Non-Cash Assistance (Food Distribution):</i>		
National School Lunch Program	10.555	\$316,471
<i>Cash Assistance:</i>		
School Breakfast Program	10.553	1,041,700
National School Lunch Program	10.555	2,506,675
Covid-19 School Lunch Program	10.555	116,202
Fresh Fruit and Vegetable Program	10.582	74,241
<i>Total Nutrition Cluster</i>		4,055,289
Cash-in-Lieu	10.558	10,436
Child and Adult Care Food Program	10.558	182,881
<i>Total Cash-in-Lieu and Child and Adult Care Food Program</i>		193,317
SNAP / PEBT	10.649	3,135
Total U.S. Department of Agriculture		4,251,741
<u>UNITED STATES DEPARTMENT OF DEFENSE</u>		
<i>Direct Program:</i>		
Junior Reserve Officer Training Corp	12.000	75,839
Total U.S. Department of Defense - Junior ROTC		75,839
<u>UNITED STATES DEPARTMENT OF TREASURY</u>		
<i>Direct Program:</i>		
Covid-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	1,122,963
Total U.S. Department of Treasury - Coronavirus State and Local Fiscal Recovery Funds		1,122,963
<u>UNITED STATES DEPARTMENT OF THE FEDERAL COMMUNICATIONS COMMISSION</u>		
<i>Direct Program:</i>		
Covid-19 Emergency Connectivity Fund	32.009	1,563,576
Total U.S. Department of the Federal Communications Commission		1,563,576
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>		
<i>Direct Programs:</i>		
<i>Student Financial Aid Cluster:</i>		
Federal Pell Grant Program	84.063	147,771
Federal Direct Student Loans	84.268	136,918
<i>Total Student Financial Aid Cluster</i>		284,689
Covid-19 Higher Education Emergency Relief Fund (HEERF)	84.425	203,391
<i>Total Higher Education Emergency Relief Fund</i>		203,391
<i>Passed Through Ohio Department of Education and Workforce:</i>		
Covid-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425 D	6,202,830
Covid-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425 U	9,535,062
Covid-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425 W	196,164
<i>Total Elementary and Secondary School Emergency Relief Fund (ESSER)</i>		15,934,056
<i>Special Education Cluster:</i>		
Special Education-Grants to States (IDEA, Part B)	84.027	2,024,585
Covid-19 Special Education-Grants to States (IDEA, Part B)	84.027	51,468
Special Education-Preschool Grants	84.173	30,183
Covid-19 Special Education-Preschool Grants	84.173	10,224
<i>Total Special Education Cluster</i>		2,116,460
Title I Grants to Local Educational Agencies (Title 1, Part A)	84.010	7,957,097
Career and Technical Education - Basic Grants to States	84.048	375,991
Twenty-First Century Community Learning Centers	84.287	140,120
English Language Acquisition Grants (Title III)	84.365	67,563
Improving Teacher Quality State Grants (Title II-A)	84.367	808,356
Student Support Academic Enrichment	84.424	510,064
Computer Literacy State Development	84.371	484,312
Total U.S. Department of Education		28,882,099
TOTAL FEDERAL EXPENDITURES		\$ 35,896,218

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, 2023**

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 School District) under programs of the federal government for the year ended June 30, 2023. 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School 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.

NOTE C – INDIRECT COST RATE

The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F – NUTRITION CLUSTER

The amount reported on the School District's federal schedule in fiscal year 2022 was overstated by \$371,822 for AL# 10.555. In 2022, the School District had federal receipts that were greater than expenditures in the amount totaling \$371,822. This amount will be carried forward to future years when the School District spends the money.

OHIO AUDITOR OF STATE KEITH FABER



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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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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 School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated May 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

May 28, 2024

OHIO AUDITOR OF STATE KEITH FABER



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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

Opinion on Each Major Federal Program

We have audited Youngstown City School District's, Mahoning County, (the School District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Youngstown City School District's major federal programs for the year ended June 30, 2023. Youngstown City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Youngstown City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The School District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

May 28, 2024

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**YOUNGSTOWN CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster (AL# 10.553/10.555/10.582) Coronavirus State and Local Fiscal Recovery (AL# 21.027) Emergency Connectivity (AL# 32.009) Special Education Cluster (AL# 84.027/84.173) ESSER (AL# 84.425 D,U&W) Career and Technical Education Grant (AL# 84.048)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$1,078,886 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Youngstown City School District

*‘Honoring the Past, Embracing the Future’
“Today’s Scholars-Tomorrow’s Leaders”*

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
2 CFR 200.511(b)
JUNE 30, 2023**

Finding Number	Finding Summary	Status	Additional Information
2022-001	Costs incurred under the Education Stabilization Fund (ESF) must be consistent with the purpose of the ESF which is to prevent, prepare for, and respond to Covid-19. The District had one expenditure totaling \$239,173 that was determined to not be allowable based on the ESF grant guidelines and 2 CFR § 200.403 (a).	Corrective Action Taken and Finding is Fully Corrected	The Board of Education has now regained control of the District and moving forward, the District will closely monitor grant funded expenditures. The District utilizes its Grants Council to review grant awards and develop plans for expenditures. This includes ensuring the expenditures are necessary and reasonable for the grant program in accordance with 2 CFR § 200.403(a) and allowable under the grant guidelines.

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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 7/9/2024

65 East State 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