



Mary Taylor, CPA
Auditor of State

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Champion Local School District
Trumbull County
5759 Mahoning Avenue, N.W.
Warren, Ohio 44483

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Champion Local School District, Trumbull County, Ohio (the "District"), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Champion Local School District, Trumbull County, Ohio, as of June 30, 2008, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General and Emergency Levy funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule provides additional information and is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 30, 2009

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

The management's discussion and analysis of the Champion Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the 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 District's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- In total, net assets of governmental activities decreased \$168,240 which represents a 22.80% decrease from 2007.
- General revenues accounted for \$12,622,971 in revenue or 83.30% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,530,474 or 16.70% of total revenues of \$15,153,445.
- The District had \$15,321,685 in expenses related to governmental activities; only \$2,530,474 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,622,971 were not adequate to provide for these programs.
- The District's major governmental funds are the General fund and Emergency Levy fund. The General fund had \$11,584,934 in revenues and other financing sources and \$11,906,036 in expenditures and other financing uses. During fiscal year 2008, the General fund's fund deficit increased \$320,107 from a deficit of \$938,377 to a deficit of \$1,258,484.
- The Emergency Levy fund had \$2,102,367 in revenues and \$2,057,530 in expenditures. During fiscal year 2008, the Emergency Levy fund's fund deficit decreased \$44,837 from a deficit of \$356,794 to a deficit of \$311,957.

Using the Basic Financial Statements (BFS)

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the 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 tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the General fund and Emergency Levy fund are by far the most significant funds, and the only governmental funds reported as major funds.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the 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 the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance, pupil transportation, extracurricular activities, and food service operations.

The District's *Statement of Net Assets* and *Statement of Activities* can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General fund and Emergency Levy fund.

Governmental Funds

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the 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 on the *Statement of Net Assets* and the *Statement of Activities*) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-20 of this report.

Reporting the District's Fiduciary Responsibilities

The District acts as fiduciary in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in a separate *Statement of Fiduciary Net Assets* on page 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-49 of this report.

The District as a Whole

The *Statement of Net Assets* provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2008 and 2007.

	Net Assets	
	Governmental Activities 2008	Governmental Activities 2007
<u>Assets</u>		
Current and other assets	\$ 6,613,636	\$ 7,154,161
Capital assets, net	<u>2,722,256</u>	<u>2,902,212</u>
Total assets	<u>9,335,892</u>	<u>10,056,373</u>
<u>Liabilities</u>		
Current liabilities	6,573,928	6,761,908
Long-term liabilities	<u>2,192,222</u>	<u>2,556,483</u>
Total liabilities	<u>8,766,150</u>	<u>9,318,391</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	1,372,907	1,431,666
Restricted	120,073	217,044
Unrestricted (deficit)	<u>(923,238)</u>	<u>(910,728)</u>
Total net assets	<u>\$ 569,742</u>	<u>\$ 737,982</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the District's assets exceeded liabilities by \$569,742.

At fiscal year-end, capital assets represented 29.16% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2008, were \$1,372,907. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

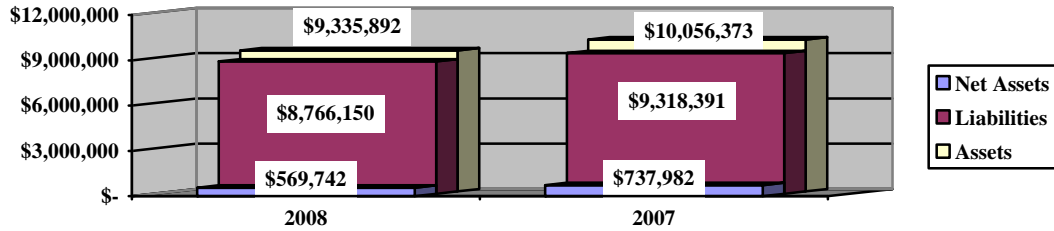
A portion of the District's net assets, \$120,073, represents resources that are subject to external restriction on how they may be used.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

The graph below presents the District's assets, liabilities and net assets for fiscal years 2008 and 2007.

Governmental Activities



The table below shows the change in net assets for fiscal years 2008 and 2007.

Change in Net Assets

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,304,042	\$ 1,392,517
Operating grants and contributions	1,211,290	1,111,772
Capital grants and contributions	15,142	36,012
General revenues:		
Property taxes	5,160,019	5,101,814
Grants and entitlements	7,354,880	7,153,457
Investment earnings	37,939	78,873
Other	<u>70,133</u>	<u>70,965</u>
Total revenues	<u>15,153,445</u>	<u>14,945,410</u>

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**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

Change in Net Assets (Continued)

	<u>Governmental Activities 2008</u>	<u>Governmental Activities 2007</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 6,142,863	\$ 6,389,488
Special	1,625,054	1,599,347
Vocational	189,846	172,689
Other	516,134	449,382
Support services:		
Pupil	633,524	615,627
Instructional staff	501,615	454,646
Board of education	47,382	45,876
Administration	1,754,042	1,632,661
Fiscal	358,797	361,334
Operations and maintenance	1,645,446	1,531,323
Pupil transportation	855,685	771,655
Central	12,030	13,152
Operations of non-instructional services:		
Food service operations	448,204	438,220
Other non-instructional	569	-
Extracurricular activities	506,634	462,245
Interest and fiscal charges	<u>83,860</u>	<u>123,321</u>
Total expenses	<u>15,321,685</u>	<u>15,060,966</u>
Change in net assets	(168,240)	(115,556)
Net assets at beginning of year	<u>737,982</u>	<u>853,538</u>
Net assets at end of year	<u>\$ 569,742</u>	<u>\$ 737,982</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$168,240. Total governmental expenses of \$15,321,685 were offset by program revenues of \$2,530,474 and general revenues of \$12,622,971. Program revenues supported 16.52% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 82.59% of total governmental revenue. Real estate property is reappraised every six years.

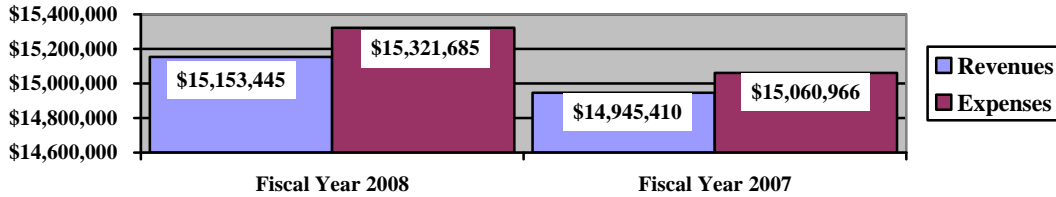
The largest expense of the District is for instructional programs. Instruction expenses totaled \$8,473,897 or 55.31% of total governmental expenses for fiscal year 2008.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2008 and 2007.

Governmental Activities - Revenues and Expenses



The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Program expenses				
Instruction:				
Regular	\$ 6,142,863	\$ 5,504,556	\$ 6,389,488	\$ 5,823,557
Special	1,625,054	375,124	1,599,347	290,415
Vocational	189,846	165,057	172,689	145,722
Other	516,134	516,134	449,382	449,382
Support services:				
Pupil	633,524	627,642	615,627	610,847
Instructional staff	501,615	489,180	454,646	450,081
Board of education	47,382	47,382	45,876	45,876
Administration	1,754,042	1,754,042	1,632,661	1,632,661
Fiscal	358,797	358,797	361,334	361,334
Operations and maintenance	1,645,446	1,640,234	1,531,323	1,531,323
Pupil transportation	855,685	845,755	771,655	755,867
Central	12,030	6,286	13,152	7,560
Operations of non-instructional services:				
Food service operations	448,204	(22,303)	438,220	7,932
Other non-instructional	569	569	-	-
Extracurricular activities	506,634	398,896	462,245	284,787
Interest and fiscal charges	83,860	83,860	123,321	123,321
Total expenses	<u>\$ 15,321,685</u>	<u>\$ 12,791,211</u>	<u>\$ 15,060,966</u>	<u>\$ 12,520,665</u>

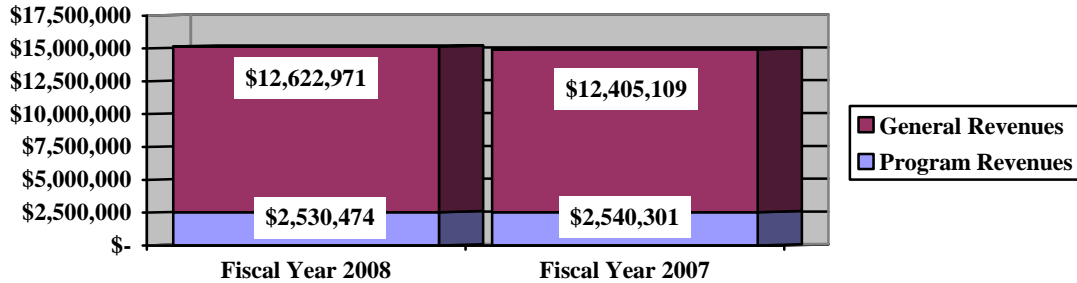
The dependence upon tax and other general revenues for governmental activities is apparent, 77.42% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 82.39%. The District's taxpayers and unrestricted grants and entitlements received from the State are by far the primary support for District's students.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

The graph below presents the District's governmental activities revenue for fiscal years 2008 and 2007.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund deficit balance of \$1,359,143, which is greater than last year's deficit of \$1,103,608. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and 2007.

	Fund Balance (Deficit) <u>June 30, 2008</u>	Fund Balance (Deficit) <u>June 30, 2007</u>	Increase (Decrease)	Percentage <u>Change</u>
General	\$ (1,258,484)	\$ (938,377)	\$ (320,107)	(34.11) %
Emergency levy	(311,957)	(356,794)	44,837	12.57 %
Other governmental	<u>211,298</u>	<u>191,563</u>	<u>19,735</u>	10.30 %
Total	<u>\$ (1,359,143)</u>	<u>\$ (1,103,608)</u>	<u>\$ (255,535)</u>	(23.15) %

General Fund

The District's General fund's fund deficit increased \$320,107. The table that follows assists in illustrating the financial activities and fund balance of the General fund.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

	<u>2008</u>	<u>2007</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 3,235,814	\$ 3,361,052	(3.73) %
Tuition	804,488	810,693	(0.77) %
Earnings on investments	37,939	70,247	(45.99) %
Intergovernmental	7,428,465	7,230,838	2.73 %
Other revenues	<u>75,093</u>	<u>162,261</u>	(53.72) %
Total	<u>\$ 11,581,799</u>	<u>\$ 11,635,091</u>	(0.46) %
<u>Expenditures</u>			
Instruction	\$ 6,049,020	\$ 6,108,852	(0.98) %
Support services	5,333,108	4,818,780	10.67 %
Operation of non-instructional services	569	-	100.00 %
Extracurricular activities	295,074	257,535	14.58 %
Debt service	<u>179,523</u>	<u>214,470</u>	(16.29) %
Total	<u>\$ 11,857,294</u>	<u>\$ 11,399,637</u>	4.01 %

Investment earnings decreased 45.99%, due to decreased interest rates. Other revenues decreased due to no revenue from extracurricular activities being received during fiscal year 2008 while approximately \$80,000 was received in the prior year. Support services expenditures increased 10.67% from the prior fiscal year. This is primarily due to wage and benefit increases for the District.

Emergency Levy Fund

The District's Emergency Levy fund's fund deficit balance decreased by \$44,837. The decrease in fund deficit balance can be attributed to decreased expenditures as compared to the prior fiscal year.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General fund.

During the course of the fiscal year 2008, the District amended its General fund budget several times. For the General fund, final budgeted revenues and other financing sources were \$12,748,898 which was more than original budgeted revenues and other financing sources of \$12,728,854. Actual revenues and other financing sources for the fiscal year 2008 was \$12,749,910, which was \$1,012 more than final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures and other financing uses) of \$12,511,106 were increased to \$12,997,998 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2008 were unchanged from the final budgeted expenditures and other financing sources.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2008, the District had \$2,722,256 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2008 balances compared to 2007:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2008	2007
Land	\$ 38,950	\$ 38,950
Land improvements	48,363	52,802
Building and improvements	1,763,152	1,915,723
Furniture and equipment	518,485	612,727
Vehicles	353,306	282,010
Total	\$ 2,722,256	\$ 2,902,212

Total additions to capital assets for 2008 were \$172,984. Depreciation expense for fiscal year 2008 was \$351,656 and disposals were \$1,284 (net of accumulated depreciation). Overall, capital assets of the District decreased \$179,956, due to depreciation expense.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2008, the District had \$1,349,349 in asbestos notes and lease obligations outstanding. Of this total, \$125,868 is due within one year and \$1,223,481 is due within greater than one year. The following table summarizes the notes and lease obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	2008	2007
EPA asbestos notes	\$ 121,187	\$ 148,118
Capital leases	1,228,162	1,322,428
Total	\$ 1,349,349	\$ 1,470,546

At June 30, 2008, the District's overall legal debt margin was \$15,652,097 with an unvoted debt margin of \$173,911.

See Note 10 to the basic financial statements for additional information on the District's debt administration.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

Current Financial Related Activities

The District is often presented with challenges and opportunities. National, State and local events often economically affect the District and the surrounding area both positively and adversely. However, the District has carefully managed its budget in order to optimize the dollars available for educating the students it serves and to minimize the levy millage amounts needed periodically from the community's citizens. Sound fiscal management by the Board of Education and administration has enabled the District to continue a quality, comprehensive educational program for the past fourteen years without the need of additional tax levies.

The Board's most recent five-year projections indicate that the District would not require additional levy millage.

The District has committed itself to educational and financial excellence for many years. Our most recent State Report Card shows the District achieving an excellent score. This is also the sixth year this has been accomplished. Our District has continually scored well on the State Report Card since its inception. The budgeting and internal controls utilized by the District are well regarded as exemplified by the unqualified audit opinions that have been received. Each challenge identified in this section is viewed simultaneously as an opportunity for the District to foray down paths not previously traveled to continue its commitment to excellence. The District is committed to living within its financial means, and working with the community it serves in order to garner adequate resources to support the educational program. Overall, the District continues to perform at the highest level determined by the State of Ohio, which is measured by a defined set of criteria.

Several significant legislative and judicial actions have occurred that may have a major impact on our District. The Ohio Supreme Court ruled in March 1997 that the State of Ohio was operating an unconstitutional educational system, one that was neither "adequate" nor "equitable" as defined by the State Constitution. The State has not yet developed a school-funding plan that has been deemed acceptable by the Court and ultimate resolution still seems to be some time in the future. There is concern that the State may not have the ability to fully fund the previously approved subsidies for primary and secondary education in the State budget. The biennial budget approved by the State for fiscal years 2008 and 2009 does not prove helpful to the funding situation for the District. In spite of this, the Board is committed to upholding its levy promise to the community, and will not seek additional operating millage until all other avenues of increasing revenues or decreasing expenditures have been exhausted.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Brian Gillespie, Treasurer at 5759 Mahoning Ave. NW, Warren, Ohio 44483-1139.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 346,233
Receivables:	
Taxes	6,136,517
Intergovernmental	65,653
Accrued interest	3,058
Prepayments.	50,623
Materials and supplies inventory	11,552
Capital assets:	
Land	38,950
Depreciable capital assets, net	2,683,306
Total capital assets.	<u>2,722,256</u>
Total assets.	<u>9,335,892</u>
Liabilities:	
Accounts payable.	79,517
Accrued wages and benefits	1,242,050
Pension obligation payable.	327,313
Intergovernmental payable	97,518
Unearned revenue.	4,802,212
Accrued interest payable	25,318
Long-term liabilities:	
Due within one year.	277,660
Due in more than one year	1,914,562
Total liabilities	<u>8,766,150</u>
Net assets:	
Invested in capital assets, net	
of related debt.	1,372,907
Restricted for:	
Capital projects	80,886
Debt service.	1,496
Student activities.	37,691
Unrestricted (deficit)	<u>(923,238)</u>
Total net assets	<u>\$ 569,742</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 6,142,863	\$ 580,150	\$ 58,157	\$ -	\$ (5,504,556)
Special	1,625,054	320,116	929,814	-	(375,124)
Vocational	189,846	-	24,789	-	(165,057)
Other	516,134	-	-	-	(516,134)
Support services:					
Pupil	633,524	-	5,882	-	(627,642)
Instructional staff	501,615	5,431	7,004	-	(489,180)
Board of education	47,382	-	-	-	(47,382)
Administration	1,754,042	-	-	-	(1,754,042)
Fiscal	358,797	-	-	-	(358,797)
Operations and maintenance	1,645,446	-	-	5,212	(1,640,234)
Pupil transportation	855,685	-	-	9,930	(845,755)
Central	12,030	-	5,744	-	(6,286)
Operation of non-instructional services:					
Food service operations	448,204	294,952	175,555	-	22,303
Other non-instructional services	569	-	-	-	(569)
Extracurricular activities	506,634	103,393	4,345	-	(398,896)
Interest and fiscal charges	83,860	-	-	-	(83,860)
Totals	\$ 15,321,685	\$ 1,304,042	\$ 1,211,290	\$ 15,142	(12,791,211)

General revenues:

Property taxes levied for:	
General fund	3,354,757
Special revenue	1,711,819
Debt service	28,287
Capital projects	65,156
Grants and entitlements not restricted	
to specific programs	7,354,880
Investment earnings	37,939
Miscellaneous	70,133
Total general revenues	12,622,971
Change in net assets	(168,240)
Net assets at beginning of year	737,982
Net assets at end of year	\$ 569,742

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>General</u>	<u>Emergency Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 96,581	\$ 7,815	\$ 241,837	\$ 346,233
Receivables:				
Taxes	4,110,946	1,914,657	110,914	6,136,517
Accrued interest	1,968	-	1,090	3,058
Interfund loans	2,803	-	-	2,803
Intergovernmental	-	-	65,653	65,653
Prepayments	50,623	-	-	50,623
Materials and supplies inventory	1,961	-	9,591	11,552
Total assets	\$ 4,264,882	\$ 1,922,472	\$ 429,085	\$ 6,616,439
Liabilities:				
Accounts payable	\$ 40,136	\$ 439	\$ 4,888	\$ 45,463
Accrued wages and benefits	913,870	270,781	57,399	1,242,050
Compensated absences payable	106,195	-	-	106,195
Pension obligation payable	297,531	-	29,782	327,313
Interfund loans payable	-	-	2,803	2,803
Intergovernmental payable	70,511	55,922	5,139	131,572
Deferred revenue	878,048	408,947	30,979	1,317,974
Unearned revenue	3,217,075	1,498,340	86,797	4,802,212
Total liabilities	5,523,366	2,234,429	217,787	7,975,582
Fund balances:				
Reserved for encumbrances	58,915	1,500	6,195	66,610
Reserved for materials and supplies inventory	1,961	-	9,591	11,552
Reserved for property tax unavailable for appropriation	15,823	7,370	427	23,620
Reserved for prepayments	50,623	-	-	50,623
Unreserved, undesignated (deficit), reported in:				
General fund	(1,385,806)	-	-	(1,385,806)
Special revenue funds	-	(320,827)	115,141	(205,686)
Capital projects funds	-	-	79,944	79,944
Total fund balances (deficit)	(1,258,484)	(311,957)	211,298	(1,359,143)
Total liabilities and fund balances	\$ 4,264,882	\$ 1,922,472	\$ 429,085	\$ 6,616,439

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2008

Total governmental fund balances (deficit)		\$ (1,359,143)
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,722,256
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 1,310,685	
Intergovernmental revenue	7,289	
Total		1,317,974
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(25,318)
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
Asbestos notes	121,187	
Compensated absences	736,678	
Capital lease obligations	1,228,162	
Total		(2,086,027)
Net assets of governmental activities		\$ 569,742

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Emergency Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 3,235,814	\$ 1,701,093	\$ 91,432	\$ 5,028,339
Tuition	804,488	-	-	804,488
Transportation fees	-	-	972	972
Charges for services	-	-	294,952	294,952
Earnings on investments	37,939	-	7,600	45,539
Extracurricular	-	-	102,124	102,124
Classroom materials and fees	-	-	35,775	35,775
Other local revenues	75,093	-	69,904	144,997
Intergovernmental - State	7,428,465	401,274	64,685	7,894,424
Intergovernmental - Federal	-	-	743,400	743,400
Total revenues	<u>11,581,799</u>	<u>2,102,367</u>	<u>1,410,844</u>	<u>15,095,010</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,248,693	1,595,656	152,631	5,996,980
Special	1,120,187	-	507,209	1,627,396
Vocational	186,616	-	-	186,616
Other	493,524	-	-	493,524
Support services:				
Pupil	638,968	-	9,191	648,159
Instructional staff	479,031	-	20,569	499,600
Board of education	47,382	-	-	47,382
Administration	1,808,669	-	-	1,808,669
Fiscal	325,451	29,446	1,618	356,515
Operations and maintenance	1,099,473	432,428	106,384	1,638,285
Pupil transportation	927,974	-	-	927,974
Central	6,160	-	5,870	12,030
Operation of non-instructional services:				
Food service operations	-	-	451,971	451,971
Other operation of non-instruction services	569	-	-	569
Extracurricular activities	295,074	-	157,792	452,866
Debt service:				
Principal retirement	94,266	-	26,931	121,197
Interest and fiscal charges	85,257	-	-	85,257
Total expenditures	<u>11,857,294</u>	<u>2,057,530</u>	<u>1,440,166</u>	<u>15,354,990</u>
Excess of revenues over (under) expenditures	<u>(275,495)</u>	<u>44,837</u>	<u>(29,322)</u>	<u>(259,980)</u>
Other financing sources (uses):				
Sale of capital assets	3,135	-	-	3,135
Transfers in	-	-	48,742	48,742
Transfers (out)	<u>(48,742)</u>	<u>-</u>	<u>-</u>	<u>(48,742)</u>
Total other financing sources (uses)	<u>(45,607)</u>	<u>-</u>	<u>48,742</u>	<u>3,135</u>
Net change in fund balances	(321,102)	44,837	19,420	(256,845)
Fund balances (deficit) at				
beginning of year	(938,377)	(356,794)	191,563	(1,103,608)
Increase in reserve for inventory	995	-	315	1,310
Fund balances (deficit) at end of year	<u>\$ (1,258,484)</u>	<u>\$ (311,957)</u>	<u>\$ 211,298</u>	<u>\$ (1,359,143)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

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, 2008

Net change in fund balances - total governmental funds \$ (256,845)

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Additions	\$	172,984	
Depreciation expense		(351,656)	
Total			(178,672)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.

Disposals		(88,014)	
Accumulated depreciation on disposals		86,730	
Total			(1,284)

Governmental funds report expenditures for inventory when purchased, however, in the statement of activities they are reported as an expense when consumed.

1,310

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

Taxes		131,680	
Intergovernmental revenue		(76,380)	
Total			55,300

Repayment of notes and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.

121,197

In the statement of activities, interest is accrued on outstanding notes, whereas in governmental funds, an interest expenditure is reported when due.

1,397

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

89,357

Change in net assets of governmental activities **\$ (168,240)**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 3,234,023	\$ 3,237,812	\$ 3,237,812	\$ -
Tuition.	803,113	804,488	804,488	-
Earnings on investments.	41,355	41,426	41,426	-
Other local revenues.	75,052	75,180	75,180	-
Intergovernmental - State	7,415,769	7,428,465	7,428,465	-
Total revenues.	<u>11,569,312</u>	<u>11,587,371</u>	<u>11,587,371</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,063,619	4,313,937	4,313,937	-
Special.	1,130,244	1,208,021	1,208,021	-
Vocational.	185,161	197,612	197,612	-
Other	476,881	490,454	490,454	-
Support services:				
Pupil.	618,044	607,274	607,274	-
Instructional staff	532,848	484,071	484,071	-
Board of education	37,780	56,653	56,653	-
Administration.	1,799,981	1,726,718	1,726,718	-
Fiscal	340,336	318,381	318,381	-
Operations and maintenance.	1,025,350	1,106,057	1,106,057	-
Pupil transportation	797,283	956,182	956,182	-
Central.	5,200	6,160	6,160	-
Extracurricular activities.	367,335	380,551	380,551	-
Facilities aquisition and construction	73,600	73,528	73,528	-
Debt service:				
Principal retirement	1,000,000	1,000,000	1,000,000	-
Interest and fiscal charges	20,854	20,854	20,854	-
Total expenditures	<u>12,474,516</u>	<u>12,946,453</u>	<u>12,946,453</u>	<u>-</u>
Deficiency of revenues under expenditures.	<u>(905,204)</u>	<u>(1,359,082)</u>	<u>(1,359,082)</u>	<u>-</u>
Other financing sources (uses):				
Refund of prior year expenditures.	158,121	158,392	158,392	-
Transfers (out)	(36,590)	(48,742)	(48,742)	-
Advances in.	-	-	1,012	1,012
Advances (out)	-	(2,803)	(2,803)	-
Sale of notes.	998,291	1,000,000	1,000,000	-
Sale of capital assets.	3,130	3,135	3,135	-
Total other financing sources (uses)	<u>1,122,952</u>	<u>1,109,982</u>	<u>1,110,994</u>	<u>1,012</u>
Net change in fund balance	217,748	(249,100)	(248,088)	1,012
Fund balance at beginning of year	62,636	62,636	62,636	-
Prior year encumbrances appropriated	188,367	188,367	188,367	-
Fund balance at end of year.	<u>\$ 468,751</u>	<u>\$ 1,903</u>	<u>\$ 2,915</u>	<u>\$ 1,012</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMERGENCY LEVY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 1,796,400	\$ 1,703,071	\$ 1,703,071	\$ -
Intergovernmental - State	419,100	401,274	401,274	-
Total revenues	<u>2,215,500</u>	<u>2,104,345</u>	<u>2,104,345</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,772,400	1,671,684	1,671,684	-
Support services:				
Fiscal	29,500	29,446	29,446	-
Operations and maintenance	416,391	400,131	400,131	-
Total expenditures	<u>2,218,291</u>	<u>2,101,261</u>	<u>2,101,261</u>	<u>-</u>
Net change in fund balance	(2,791)	3,084	3,084	-
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	2,791	2,791	2,791	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 5,875</u>	<u>\$ 5,875</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2008**

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 46,428
Total assets	<u>\$ 46,428</u>
Liabilities:	
Due to students	\$ 46,428
Total liabilities	<u>\$ 46,428</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Champion Local School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The District provides educational services as authorized by State statute and/or federal guidelines.

The District is the 335th largest in the State of Ohio (out of approximately 896 public school districts and community schools in the State of Ohio) in terms of enrollment. It is staffed by 68 non-certified employees and 113 certified full-time teaching personnel who provide services to 1,617 students and other community members. The District currently operates 3 instructional buildings, 1 athletic building and 1 garage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The 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 District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of these criteria, the District has one component unit, the Champion School Building Corporation. The basic financial statements of the reporting entity include only those of the District (the primary government).

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the District:

BLENDED COMPONENT UNIT

Champion School Building Corporation

The Champion School Building Corporation is considered a component unit of the District by virtue of meeting the criteria noted above. The corporation is a nonprofit organization with the specific purpose of purchasing, leasing or otherwise acquiring real estate and to construct thereon any and all public improvements, within the boundaries of the District.

JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Management Information Network (NEOMIN)

NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts and a treasurer from each county who must be employed by a participating school district, the fiscal agent or NEOMIN. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio 44446.

Trumbull Career and Technical Center

The Trumbull Career and Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the 15 participating school district's elected boards, which possesses its own budgeting and taxing authority. Financial information may be obtained by contacting the Treasurer of the Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

INSURANCE PURCHASING POOL

Ohio Association of School Business Officials Workers' Compensation Group Rating Program

The District participates in the Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP was established under Section 4123.29 of the Ohio Revised Code. The GRP's business and affairs are conducted by a three-member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OASBO. The Executive Director of the OASBO, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Emergency Levy Fund - The Emergency Levy special revenue fund is used to account for the accumulation of tax revenue generated by an emergency tax levy and the use of those funds.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) for the accumulation of resources for and repayment of, general long-term debt principal, interest and related costs; and (c) for grants and other resources whose use is restricted to a particular purpose; and (d) for food service operations.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The *Statement of Net Assets* and the *Statement of Activities* display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The government-wide *Statement of Activities* presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value 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 District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the 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 6).

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the 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, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2008 are recorded as deferred revenue in the governmental funds.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the *Statement of Revenues, Expenditures and Changes in Fund Balances* as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2008 is as follows:

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

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statements, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2008.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2008. The budget figures, as shown in the accompanying budgetary statements, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the basic financial statements.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

During fiscal year 2008, investments included the State Treasury Asset Reserve of Ohio (STAR Ohio), and repurchase agreements. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

The District has invested funds in STAR Ohio during fiscal 2008. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2008.

Under existing Ohio statutes, all investment earnings are assigned to the general fund, unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the General fund, the Permanent Improvement capital projects fund, the district managed Student Activities special revenue fund and the Food Service special revenue fund. The Food Service special revenue fund receives interest earnings based upon federal mandate. Interest revenue credited to the General fund during fiscal 2008 amounted to \$37,939, which includes \$21,026 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year-end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide *Statement of Net Assets*, but are not reported in the fund financial statements.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$1,000. 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. The District does not possess infrastructure.

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

Description	Governmental Activities <u>Estimated Lives</u>
Buildings and improvements	15 - 30 years
Land improvements	15 - 30 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 15 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable." These amounts are eliminated in the governmental activities column on the *Statement of Net Assets*.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2008, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least 15 years of current service with the District, were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2008, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

L. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, property tax revenue unavailable for appropriation and prepayments. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

M. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset on the fund financial statements.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

O. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

P. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by State statute. See Note 18 for detail.

Q. Interfund Activity

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2008.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues" and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 15) have been modified to conform to the new reporting requirements.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the District.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2008 included the following individual fund deficits:

<u>Major funds</u>	<u>Deficit</u>
General	\$ 1,258,484
Emergency levy	311,957
 <u>Nonmajor funds</u>	
Management information systems	399
Title VI-B	7,006
Title V	23
Title II-A	683

The General fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 of Education 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.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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 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.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At year-end, the District had \$112 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

B. Deposits with Financial Institutions

At June 30, 2008, the carrying amount of all District deposits was \$377,397, exclusive of the \$3,203 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$358,987 of the District's bank balance of \$458,987 was exposed to custodial risk as discussed below, while \$100,000 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

As of June 30, 2008, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> <u>6 months or less</u>
Repurchase agreement	\$ 3,203	\$ 3,203
STAR Ohio	<u>11,949</u>	<u>11,949</u>
Total	<u>\$ 15,152</u>	<u>\$ 15,152</u>

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently rise. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The District's investments in the federal agency securities that underlie the repurchase agreement, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For the District's \$3,203 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase agreement	\$ 3,203	21.14
STAR Ohio	<u>11,949</u>	<u>78.86</u>
Total	<u>\$ 15,152</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the *Statement of Net Assets* as of June 30, 2008:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 377,397
Investments	15,152
Cash on hand	<u>112</u>
Total	<u>\$ 392,661</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 346,233
Agency fund	<u>46,428</u>
Total	<u>\$ 392,661</u>

**CHAMPION LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2008 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 2,803</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B. Interfund transfers for the year ended June 30, 2008, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds from:	<u>Amount</u>
General fund	<u>\$ 48,742</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the *Statement of Activities*.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. Tangible personal property tax is being phased out. For 2007, tangible personal property is assessed at 12.50% for property including inventory. This percentage was reduced to 6.25% for 2008, and will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2008-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Trumbull County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 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 unearned revenue.

The amount available as an advance at June 30, 2008 was \$15,823 in the General fund, \$132 in the Bond Retirement fund (a nonmajor governmental fund), \$295 in the Permanent Improvement fund (a nonmajor governmental fund) and \$7,370 in the Emergency Levy fund. This amount has been recorded as revenue. The amount available as an advance at June 30, 2007 was \$17,821 in the General fund, \$140 in the Bond Retirement fund (a nonmajor governmental fund), \$369 in the Permanent Improvement fund (a nonmajor governmental fund) and \$9,348 in the Emergency Levy fund.

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

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2008 taxes were collected are:

	<u>2007 Second Half Collections</u>		<u>2008 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 169,984,120	94.05	\$ 171,414,060	97.07
Public utility personal	3,808,120	2.11	2,499,490	1.42
Tangible personal property	<u>6,952,673</u>	<u>3.84</u>	<u>2,659,007</u>	<u>1.51</u>
Total	<u>\$ 180,744,913</u>	<u>100.00</u>	<u>\$ 176,572,557</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$44.80		\$44.30

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008 consisted of taxes, intergovernmental grants and entitlements and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 6,136,517
Intergovernmental	65,653
Accrued interest	<u>3,058</u>
Total	<u>\$ 6,205,228</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Balance</u> <u>06/30/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/07</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 38,950	\$ -	\$ -	\$ 38,950
Total capital assets, not being depreciated	<u>38,950</u>	<u>-</u>	<u>-</u>	<u>38,950</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	69,711	-	-	69,711
Buildings and improvements	7,197,807	-	-	7,197,807
Furniture and equipment	2,680,065	34,153	(1,750)	2,712,468
Vehicles	<u>1,116,315</u>	<u>138,831</u>	<u>(86,264)</u>	<u>1,168,882</u>
Total capital assets, being depreciated	<u>11,063,898</u>	<u>172,984</u>	<u>(88,014)</u>	<u>11,148,868</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(16,909)	(4,439)	-	(21,348)
Buildings and improvements	(5,282,084)	(152,571)	-	(5,434,655)
Furniture and equipment	(2,067,338)	(127,111)	466	(2,193,983)
Vehicles	<u>(834,305)</u>	<u>(67,535)</u>	<u>86,264</u>	<u>(815,576)</u>
Total accumulated depreciation	<u>(8,200,636)</u>	<u>(351,656)</u>	<u>86,730</u>	<u>(8,465,562)</u>
Governmental activities capital assets, net	<u>\$ 2,902,212</u>	<u>\$ (178,672)</u>	<u>\$ (1,284)</u>	<u>\$ 2,722,256</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 184,435
Special	1,813
Vocational	2,811
<u>Support services:</u>	
Pupil	864
Instructional staff	4,357
Administration	6,853
Fiscal	1,169
Operations and maintenance	9,010
Pupil transportation	70,535
Extracurricular activities	67,303
Food service operations	<u>2,506</u>
Total depreciation expense	<u>\$ 351,656</u>

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

- A. During fiscal year 2002, the District entered into a lease contract with the Champion School Building Corporation to provide new athletic facilities including stadium bleachers, field house, all-weather track and concession/restroom facilities. The Champion School Building Corporation borrowed \$1,100,000 on March 27, 2002, at an interest rate of 4.75%. On May 1, 2002, it assigned the loan to the District. The lease will be repaid in equal installments over a 20 year period, beginning December 1, 2002. Lease payments will be funded by the General fund. The lease agreement meets the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of building improvements have been capitalized in the amount of \$1,100,000. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2008 was \$330,000, leaving a current book value of \$770,000. A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in fiscal year 2008 totaled \$42,444 and \$42,697, respectively, paid by the General fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2008:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2009	\$ 85,142
2010	85,141
2011	85,142
2012	85,142
2013	85,141
2014 - 2018	425,708
2019 - 2022	<u>340,612</u>
Total	1,192,028
Less: amount representing interest	<u>(335,583)</u>
Present value of minimum lease payments	<u>\$ 856,445</u>

- B. On October 29, 2004, the District entered into a \$575,000 lease-purchase agreement with the Champion School Building Corporation to finance roof construction and improvements throughout the District. The source of revenue to fund the principal and interest payments is derived from general operating revenues of the District. These lease agreements met the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

Capital assets consisting of building improvements have been capitalized in the amount of \$575,000. This amount represents the present value of the minimum lease payments at the time of acquisition.

Accumulated depreciation as of June 30, 2008 was \$115,000, leaving a current book value of \$460,000. A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in fiscal year 2008 totaled \$51,822 and \$21,706, respectively, paid by the General fund.

A liability in the amount of the present value of minimum lease payments has been recorded in the governmental activities of the District.

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the minimum lease payments as of June 30, 2008.

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2009	\$ 73,528
2010	73,528
2011	73,528
2012	73,528
2013	73,528
2014	<u>73,527</u>
Total	441,167
Less: amount representing interest	<u>(69,450)</u>
Present value of minimum lease payments	<u>\$ 371,717</u>

NOTE 10 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2008, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>06/30/07</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/08</u>	Amounts Due in <u>One Year</u>
EPA asbestos notes	\$ 148,118	\$ -	\$ (26,931)	\$ 121,187	\$ 26,930
Capital lease obligations	1,322,428	-	(94,266)	1,228,162	98,938
Compensated absences	<u>1,085,937</u>	<u>71,762</u>	<u>(314,826)</u>	<u>842,873</u>	<u>151,792</u>
Total governmental activities	<u>\$ 2,556,483</u>	<u>\$ 71,762</u>	<u>\$ (436,023)</u>	<u>\$ 2,192,222</u>	<u>\$ 277,660</u>

- B. EPA Asbestos Notes - In May 1995, the District issued \$484,746 in asbestos notes through the U.S. Federal Government. The notes will be retired from the Bond Retirement fund (a nonmajor governmental fund). The notes are interest free.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid, which, for the District, are primarily the General fund and the Emergency Levy fund.

Capital Lease Obligations: The District issued a capital lease for the construction of an athletic complex in fiscal year 2002. The District entered into a lease purchase agreement for roof construction and improvements during fiscal year 2005. See Note 9 for details.

The following is a summary of the future debt service requirements to maturity for the asbestos notes:

<u>Fiscal Year Ending</u>	<u>Payment</u>
2009	\$ 26,930
2010	26,931
2011	26,930
2012	26,931
2013	<u>13,465</u>
Total	<u>\$ 121,187</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2008, are a voted debt margin of \$15,652,097 (including available funds of \$132) and an unvoted debt margin of \$173,911.

NOTE 11 - NOTES PAYABLE

On February 8, 2008, the District issued a \$1,000,000 current tax revenue note for the purpose of paying current expenses of the District in fiscal year 2008, in anticipation of current property tax revenues. This note was authorized by the Ohio Revised Code, particularly Section 133.10. The note had an annual interest rate of 5.25% and matured on June 30, 2008. The note was received into the General fund, which made the principal and interest payments during fiscal year 2008.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 12 - COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified eleven or twelve month employees earn 10 to 20 days of vacation per year, depending upon length of service. Vacation time is not accumulated and must be used by April 30 of each fiscal year.

Each employee is entitled to 15 days sick leave with pay each year under contract and accrues sick leave at the rate of 1 1/4 days for each calendar month under contract.

Only administrative or school support personnel accumulate vacation on the following factors:

<u>School Support Personnel</u>	<u>Vacation Leave</u>
After 1 year	10 days
9 or more years	15 days
16 or more years	20 days

The Superintendent and Treasurer each receives 25 days of vacation leave, annually.

Classified employees with five years of service in the District who elect to retire shall receive, in one lump sum payment for 33.34% up to a maximum of 60 days of their unused sick leave multiplied times the per diem rate at the time of retirement. Certified employees with five years of service in the District who elect to retire shall receive, in one lump sum payment for 20% up to a maximum of 65 days of their unused sick leave multiplied times the per diem rate at the time of retirement. The Superintendent and Treasurer receive severance based on half of their accumulated sick leave.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 325 days for all certified employees and up to 180 days for classified employees.

NOTE 13 - RISK MANAGEMENT

A. General Risk

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to school employees and natural disasters. During fiscal year 2008, the District contracted with the Indiana Insurance Company for property insurance with a \$1,000 deductible. Professional liability is protected by the Ohio School Plan administered by the Hylant Group with a \$1,000,000 per occurrence and \$3,000,000 aggregate limit.

Vehicles are covered by the Auto Owners Insurance Company and hold \$100 and \$1,000 deductibles for comprehensive and collision. Automobile liability has a \$1,000,000 per vehicle limit of liability. Settled claims have not exceeded this commercial coverage in any of the last ten years.

\$20,000 performance bonds are maintained for the Superintendent, Treasurer and Board President. All performance bonds are maintained by the Nationwide Mutual Insurance Company.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 13 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation Group Rating Program

For fiscal year 2008, the District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund".

This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice provides administrative, cost control and actuarial services to the GRP.

C. Health Insurance

The District has elected to provide various employee benefits through a consortium of school districts known as the Trumbull County Schools Insurance Consortium Association (the "Consortium"). The lone exception to this Consortium is Vision Insurance which is contracted directly through Vision Service Plan. All of the following noted premiums are paid from the fund that pays the salary of the employee so enrolled.

The provider contracted through the Consortium for Life Insurance is Medical Life Insurance Company. Coverage is \$50,000 for all certified and administrative staff and their support staff and \$40,000 for all union and non-union full time classified staff. The Superintendent is covered by a \$150,000 policy and the Treasurer is covered by a \$100,000 policy. The premium is \$1.05 per \$10,000 of coverage.

The provider contracted through the Consortium for medical/surgical benefits is Medical Mutual. The District pays monthly premiums for traditional benefits of \$1,301.18 for family coverage or \$500.47 for individual coverage. Preferred Provider benefit premiums are \$1,270.01 for family coverage or \$488.47 for individual coverage per month. Health Maintenance Plan benefit premiums are \$1,283.39 for family coverage and \$493.57 for individual coverage per month. Hospitalization coverage is available to staff working 20 hours or more per week. Premium contributions are required of specific enrollees depending upon their employee classification.

The provider contracted through the Consortium for dental benefits is Oasis Trust. A third party administrator, Coresource located in Columbus, Ohio reviews and pays claims for the Consortium. Premiums for dental coverage are \$72.13 per month per employee. Dental coverage is available to staff working 20 hours or more per week.

Vision coverage is extended to its employees through Vision Service Plan. Premiums for vision coverage are \$14.21 per month per employee. Vision coverage is available to staff working 20 hours or more per week.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 14 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$149,227, \$154,637 and \$157,472, respectively; 42.44 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System of Ohio

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

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

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 14 - PENSION PLANS - (Continued)

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

Funding Policy - For fiscal year 2008, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007 and 2006 were \$847,171, \$861,463 and \$861,856, respectively; 82.92 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$13,715 made by the District and \$26,359 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2008, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

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

The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$101,354, \$84,596 and \$87,267, respectively; 42.44 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$10,752, \$10,515 and \$12,534, respectively; 42.44 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$65,167, \$66,266 and \$66,297, respectively; 82.92 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements.

The *Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)* presented for the General fund and Emergency Levy funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and
- (d) Advance-in and Advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the General fund and Emergency Levy fund are as follows:

Net Change in Fund Balance

	<u>General fund</u>	<u>Emergency Levy fund</u>
Budget basis	\$ (248,088)	\$ 3,084
Net adjustment for revenue accruals	(5,572)	(1,978)
Net adjustment for expenditure accruals	995,493	41,792
Net adjustment for other sources/(uses)	(1,156,601)	-
Year-end encumbrances	<u>93,666</u>	<u>1,939</u>
GAAP basis	<u>\$ (321,102)</u>	<u>\$ 44,837</u>

NOTE 17 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is not involved in any material litigation as either plaintiff or defendant.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 18 - STATUTORY RESERVES

The District is required by State law to set-aside certain General fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2008, the reserve activity was as follows:

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Acquisition</u>
Set-aside balance as of June 30, 2007	\$ (47,240)	\$ -
Current year set-aside requirement	258,371	258,371
Qualifying disbursements	<u>(279,292)</u>	<u>(367,052)</u>
Total	<u>\$ (68,161)</u>	<u>\$ (108,681)</u>
Balance carried forward to FY 2009	<u>\$ (68,161)</u>	<u>\$ -</u>

The District had qualifying disbursements during the year that reduced the textbooks/instructional materials set-aside amount below zero. The extra amounts spent for textbooks/instructional materials may be used to reduce the set-aside requirement for future years.

CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non -Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Food Donation Program		10.550	-	\$35,900	-	\$35,900
Nutrition Cluster:						
National School Lunch Program		10.555	157,648	-	157,648	-
Total U.S. Department of Agriculture			157,648	35,900	157,648	\$35,900
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Special Education Cluster:						
Title I Grants to Local Education Agencies Total	C1-S1-08	84.010	123,492	-	123,538	-
Special Education Grants to States-IDEA B Total	6B-SF-08	84.027	342,034	-	356,011	-
Safe and Drug Free Schools and Communities - State Grants- Title IV-A	DR-S1-08	84.186	4,770	-	4,770	-
State Grants for Innovative Programs- Title V Total	C2-S1-08	84.298	2,022	-	3,621	-
Education Technology State Grants- Title II-D Total	TJ-S1-08	84.318	1,148	-	440	-
Improving Teacher Quality State Grants- Title II-A Total	TR-S1-08	84.367	41,827	-	43,114	-
Total U.S. Department of Education			515,293	-	531,494	-
Total			672,941	35,900	\$689,142	35,900

The accompanying notes are an integral part of this schedule.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Champion Local School District
Trumbull County
5759 Mahoning Avenue, N.W.
Warren, Ohio 44483

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Champion Local School District, Trumbull County, (the "District") as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

Compliance and Other Matters

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 30, 2009



Mary Taylor, CPA

Auditor of State

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

Champion Local School District
Trumbull County
5759 Mahoning Avenue, N.W.
Warren, Ohio 44483

To the Board of Education:

Compliance

We have audited the compliance of Champion Local School District, (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Champion Local School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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



Mary Taylor, CPA
Auditor of State

September 30, 2009

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title VI-B CFDA 84.027
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**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



Mary Taylor, CPA
Auditor of State

CHAMPION LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 5, 2009