

CHAMPION LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY, OHIO

AUDIT REPORT

For the Fiscal Year Ended June 30, 2014





Dave Yost • Auditor of State

Board of Education
Champion Local School District
5759 Mahoning Avenue NW
Warren, Ohio 44483

We have reviewed the *Independent Auditors' Report* of the Champion Local School District, Trumbull County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Champion Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 30, 2015

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**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report	1
Management’s Discussion and Analysis.....	3
Statement of Net Position – June 30, 2014	13
Statement of Activities – For the Fiscal Year Ended June 30, 2014	14
Balance Sheet – Governmental Funds June 30, 2014	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2014	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2014	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2014	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund For the Fiscal Year Ended June 30, 2014	19
Statement of Fiduciary Assets and Liabilities – Agency Fund June 30, 2014	20
Notes to the Basic Financial Statements	21
Federal Awards Receipts and Expenditures Schedule For the Fiscal Year Ended June 30, 2014	52
Notes to the Federal Awards Receipts and Expenditures Schedule For the Fiscal Year Ended June 30, 2014	53
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	54
Independent Auditor’s Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133	56
Schedule of Findings.....	58
Schedule of Prior Audit Findings.....	59
Independent Auditor’s Report on Applying Agreed-Upon Procedures	60

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INDEPENDENT AUDITOR'S REPORT

Champion Local School District
Trumbull County
5759 Mahoning Avenue NW
Warren, Ohio 44483

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Champion Local School District, Trumbull County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Champion Local School District, Trumbull County, Ohio, as of June 30, 2014, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.

December 24, 2014

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The management's discussion and analysis of 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, 2014. 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 fiscal year 2014 are as follows:

- In total, net position of governmental activities increased \$966,500, which represents a 572.42% increase from fiscal year 2013. This significant increase is primarily attributable to the passage of a new property tax levy in May of 2013.
- General revenues accounted for \$12,687,913 in revenue or 83.86% of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,441,471 in revenue or 16.14% of total revenues of \$15,129,384.
- The District had \$14,162,884 in expenses related to governmental activities; only \$2,441,471 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,687,913 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$13,703,578 in revenues and \$12,946,648 in expenditures and other financing uses. The general fund also reported a decrease in nonspendable inventory in the amount of \$3,539. During fiscal year 2014, the general fund's fund balance increased \$753,391 from a deficit balance of \$529,472 to a fund balance of \$223,919.

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 position 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 is by far the most significant fund, and the only governmental fund reported as a major fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the 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 the District do financially during fiscal year 2014?" The statement of net position and the statement of activities answer this question. These statements include all non-fiduciary assets, liabilities, deferred inflows of resources, 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 position and changes in net position. This change in net position 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 position 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 position 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 fund 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 only major governmental fund is the general fund.

Governmental Funds

Most 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 that 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 in the statement of net position 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 15-19 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. The District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities on page 20. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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 21-51 of this report.

The District as a Whole

The statement of net position provides the perspective of the District as a whole.

The table below provides a summary of the District's net position at June 30, 2014 and June 30, 2013.

	Net Position	
	Governmental Activities 2014	Governmental Activities 2013
	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Current assets	\$ 9,097,303	\$ 7,883,330
Capital assets, net	<u>1,620,543</u>	<u>1,791,382</u>
Total assets	<u>10,717,846</u>	<u>9,674,712</u>
<u>Liabilities</u>		
Current liabilities	1,529,770	1,510,852
Long-term liabilities	<u>2,401,661</u>	<u>2,833,050</u>
Total liabilities	<u>3,931,431</u>	<u>4,343,902</u>
<u>Deferred Inflows of Resources</u>	<u>5,651,069</u>	<u>5,161,964</u>
<u>Net Position</u>		
Net investment in capital assets	1,009,452	1,043,842
Restricted	168,024	240,054
Unrestricted (deficit)	<u>(42,130)</u>	<u>(1,115,050)</u>
Total net position	<u>\$ 1,135,346</u>	<u>\$ 168,846</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets exceeded liabilities and deferred inflows of resources by \$1,135,346.

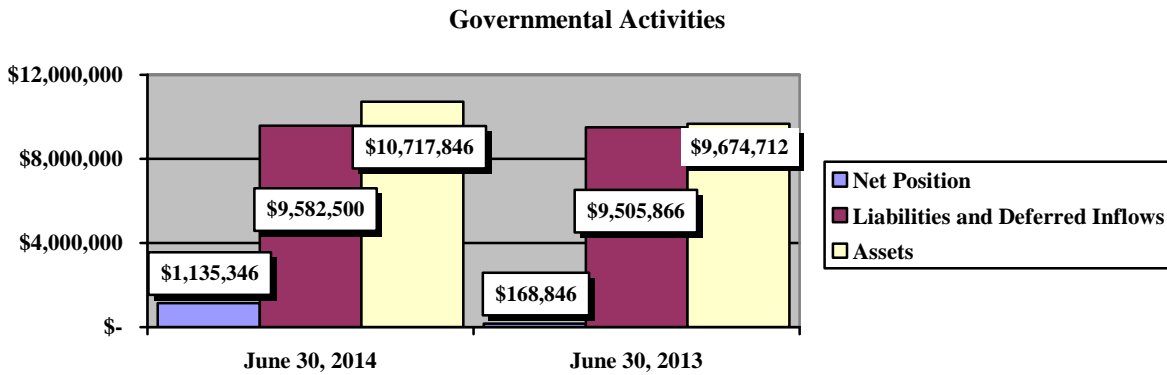
**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

At year end, capital assets represented 15.12% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. The District's net investment in capital assets at June 30, 2014 was \$1,009,452. 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 position, \$168,024, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$42,130.

The graph below illustrates the District's assets, liabilities, deferred inflows of resources, and net position at June 30, 2014 and June 30, 2013.



The table below shows the changes in net position for governmental activities for fiscal years 2014 and 2013.

	Change in Net Position	
	Governmental Activities 2014	Governmental Activities 2013
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,054,622	\$ 1,034,827
Operating grants and contributions	1,386,849	1,191,392
Capital grants and contributions	-	144
General revenues:		
Property taxes	5,241,492	4,827,160
Grants and entitlements	7,363,075	6,974,153
Investment earnings	3,459	3,247
Miscellaneous	<u>79,887</u>	<u>41,213</u>
Total revenues	<u>15,129,384</u>	<u>14,072,136</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Change in Net Position (Continued)

	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 5,266,079	\$ 5,494,862
Special	1,581,963	1,727,909
Vocational	86,862	97,413
Other	540,430	453,612
Support services:		
Pupil	646,758	565,977
Instructional staff	1,071,816	786,917
Board of education	45,147	21,180
Administration	1,036,125	1,062,313
Fiscal	383,954	367,838
Operations and maintenance	1,487,143	1,473,614
Pupil transportation	926,957	881,565
Central	23,580	4,377
Operation of non-instructional services:		
Food service operations	451,898	433,354
Other non-instructional	-	23,016
Extracurricular activities	521,861	525,174
Interest and fiscal charges	<u>92,311</u>	<u>50,480</u>
Total expenses	<u>14,162,884</u>	<u>13,969,601</u>
Change in net position	966,500	102,535
Net position at beginning of year	<u>168,846</u>	<u>66,311</u>
Net position at end of year	<u>\$ 1,135,346</u>	<u>\$ 168,846</u>

Governmental Activities

Net position of the District's governmental activities increased \$966,500. Total governmental expenses of \$14,162,884 were offset by program revenues of \$2,441,471 and general revenues of \$12,687,913. Program revenues supported 17.24% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 83.31% of total governmental revenues. These revenue sources increased during fiscal year 2014 primarily due to the passage of a new property tax levy in May of 2013.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$7,475,334 or 52.78% of total governmental expenses for fiscal year 2014.

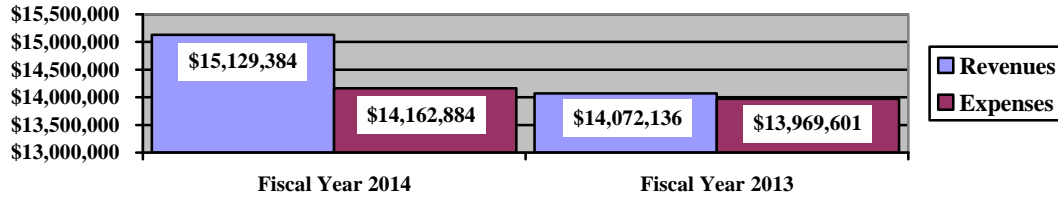
Instructional staff expenses increased during fiscal year 2014 mainly due to an increase in costs associated with instruction-related technology services and other instructional staff support services.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2014 and 2013.

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 for fiscal years 2014 and 2013. That is, it identifies the cost of these services supported by tax revenues, unrestricted State grants and entitlements, and other general revenues of the District.

Governmental Activities

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Program expenses				
Instruction:				
Regular	\$ 5,266,079	\$ 4,660,226	\$ 5,494,862	\$ 4,752,042
Special	1,581,963	380,986	1,727,909	815,986
Vocational	86,862	78,598	97,413	71,473
Other	540,430	540,430	453,612	453,612
Support services:				
Pupil	646,758	646,758	565,977	565,977
Instructional staff	1,071,816	1,071,816	786,917	786,917
Board of education	45,147	45,147	21,180	21,180
Administration	1,036,125	1,036,125	1,062,313	1,062,313
Fiscal	383,954	383,954	367,838	367,838
Operations and maintenance	1,487,143	1,440,355	1,473,614	1,471,693
Pupil transportation	926,957	925,047	881,565	880,601
Central	23,580	23,580	4,377	4,377
Operation of non-instructional services:				
Food service operations	451,898	15,558	433,354	(3,544)
Other non-instructional	-	-	23,016	23,016
Extracurricular activities	521,861	425,495	525,174	419,277
Interest and fiscal charges	92,311	47,338	50,480	50,480
Total expenses	<u>\$ 14,162,884</u>	<u>\$ 11,721,413</u>	<u>\$ 13,969,601</u>	<u>\$ 11,743,238</u>

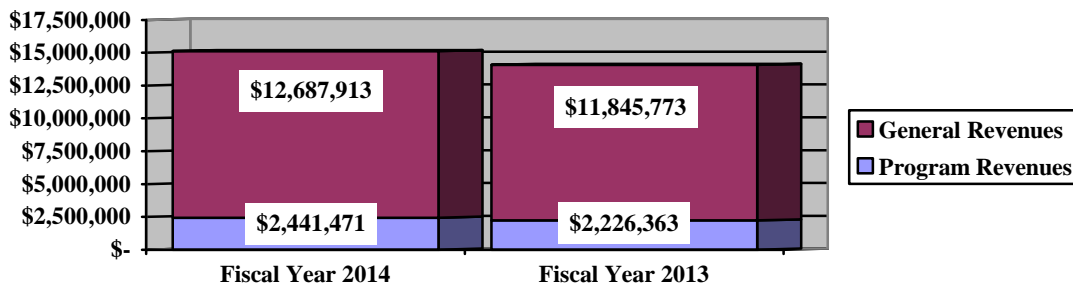
**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

The dependence upon taxes and other general revenues for governmental activities is apparent, as 75.72% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 82.76%. The District's taxpayers and grants and entitlements not restricted to specific programs are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenues for fiscal years 2014 and 2013.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$363,684, which is more than last year's total deficit balance of \$393,393. The table below indicates the fund balance and the total change in fund balance as of June 30, 2014 and June 30, 2013.

	Fund Balance June 30, 2014	Fund Balance (Deficit) June 30, 2013	Increase
General fund	\$ 223,919	\$ (529,472)	\$ 753,391
Nonmajor governmental funds	<u>139,765</u>	<u>136,079</u>	<u>3,686</u>
Total	<u>\$ 363,684</u>	<u>\$ (393,393)</u>	<u>\$ 757,077</u>

General Fund

The District's general fund balance increased \$753,391. This increase in fund balance is primarily attributable to the passage of a new property tax levy in May of 2013, which resulted in an increase in property tax revenue during fiscal year 2014.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

The table that follows assists in illustrating the financial activities of the general fund during fiscal years 2014 and 2013.

	2014 <u>Amount</u>	2013 <u>Amount</u>	Percentage <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 4,969,197	\$ 4,056,667	22.49 %
Tuition	614,912	588,815	4.43 %
Earnings on investments	3,342	3,247	2.93 %
Intergovernmental	7,904,314	7,342,334	7.65 %
Other revenues	<u>211,813</u>	<u>154,862</u>	36.78 %
Total	<u>\$ 13,703,578</u>	<u>\$ 12,145,925</u>	12.82 %
<u>Expenditures</u>			
Instruction	\$ 6,922,822	\$ 7,162,313	(3.34) %
Support services	5,490,636	5,070,921	8.28 %
Extracurricular activities	296,231	296,500	(0.09) %
Capital outlay	-	99,868	(100.00) %
Facilities acquisition and construction	-	1,268	(100.00) %
Debt service	<u>174,359</u>	<u>162,068</u>	7.58 %
Total	<u>\$ 12,884,048</u>	<u>\$ 12,792,938</u>	0.71 %

Overall revenues of the general fund increased \$1,557,653 or 12.82%. Taxes increased \$912,530 or 22.49% mainly due to the passage of a new property tax levy in May of 2013. Intergovernmental revenue increased \$561,980 or 7.65% primarily due to an increase in State revenues received as part of the new property tax levy passed in May of 2013. The increase in other revenues of \$56,951 or 36.78% is attributable to an increase in revenues from contracted services provided by the District.

Overall expenditures of the general fund increased \$91,110 or 0.71%. Support services increased \$419,715 or 8.28% mainly due to an increase in costs associated with instruction-related technology services and other instructional staff support services. Capital outlay decreased due to capital lease transactions reported in fiscal year 2013.

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.

For the general fund, final budgeted revenues and other financing sources were \$11,170,235, which was \$281,594 more than original budgeted revenues and other financing sources of \$10,888,641. Actual revenues and other financing sources of \$11,170,235 matched exactly to the final budgeted amounts.

General fund original appropriations (appropriated expenditures and other financing uses) of \$10,634,634 were increased to \$10,947,436 in the final budget. The actual budget basis expenditures and other financing uses of \$10,947,436 matched exactly to the final budgeted amounts.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the District had \$1,620,543 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities.

Certain capital asset classifications for fiscal year 2013 have been reclassified to conform to fiscal year 2014 presentation. The following table shows June 30, 2014 capital asset balances compared to June 30, 2013.

Capital Assets at June 30 (Net of Depreciation)		
<u>Governmental Activities</u>		
	<u>2014</u>	<u>2013</u>
Land	\$ 38,950	\$ 38,950
Land improvements	22,397	26,917
Buildings and improvements	889,621	1,043,954
Furniture and equipment	375,649	429,177
Vehicles	<u>293,926</u>	<u>252,384</u>
Total	<u>\$ 1,620,543</u>	<u>\$ 1,791,382</u>

The overall decrease in capital assets of \$170,839 is due to depreciation expense of \$295,841 and total disposals of capital assets of \$3,821 (net of accumulated depreciation) exceeding capital outlays of \$128,823.

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

Debt Administration

At June 30, 2014, the District had \$1,300,000 in qualified school construction bonds, \$563,290 in lease-purchase agreements, and \$73,068 in capital lease obligations. Of this total, \$171,183 is due within one year and \$1,765,175 is due in more than one year. The following table summarizes the long-term obligations outstanding at June 30, 2014 and June 30, 2013.

Outstanding Debt at June 30		
	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
Qualified school construction bonds	\$ 1,300,000	\$ 1,395,000
Lease-purchase agreements	563,290	687,811
Capital lease obligations	<u>73,068</u>	<u>91,757</u>
Total	<u>\$ 1,936,358</u>	<u>\$ 2,174,568</u>

At June 30, 2014, the District's overall legal debt margin was \$14,116,656, with an unvoted debt margin of \$171,296.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

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

Current Financial Related Activities

The District is often presented with challenges and opportunities. National, State and local events often affect the District and the surrounding area economically, 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. An additional property tax levy was approved in May of 2013, making it the District's first new levy since voters approved a levy nineteen years ago during the 1994 tax year.

The District has committed itself to educational and financial excellence for many years. The District's most recent State Report Card shows the District achieving an "Excellent" score. This is the twelfth year this has been accomplished. The 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 by the District 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 gather adequate resources to support the educational programs. Overall, the District continues to perform at the highest level as 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 the District. The Ohio Supreme Court ruled on September 6, 2001 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.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and 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, Champion Local School District, 5759 Mahoning Avenue NW, Warren, Ohio, 44483-1139.

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

STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents. . . .	\$ 1,694,193
Receivables:	
Taxes.	7,091,431
Accounts.	9,048
Intergovernmental	246,716
Accrued interest	437
Prepayments	41,641
Materials and supplies inventory.	13,837
Capital assets:	
Land	38,950
Depreciable capital assets, net.	<u>1,581,593</u>
Total capital assets.	<u>1,620,543</u>
Total assets.	<u><u>10,717,846</u></u>
Liabilities:	
Accounts payable.	37,009
Accrued wages and benefits	1,151,567
Pension obligation payable.	226,016
Intergovernmental payable	84,285
Accrued interest payable	30,893
Long-term liabilities:	
Due within one year.	217,222
Due in more than one year.	<u>2,184,439</u>
Total liabilities	<u><u>3,931,431</u></u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	<u>5,651,069</u>
Total deferred inflows of resources	<u><u>5,651,069</u></u>
Net position:	
Net investment in capital assets	1,009,452
Restricted for:	
Capital projects	127,079
State funded programs.	8
Federally funded programs	17,679
Student activities	23,258
Unrestricted (deficit)	<u>(42,130)</u>
Total net position.	<u><u>\$ 1,135,346</u></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, 2014

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular	\$ 5,266,079	\$ 567,298	\$ 38,555	\$ (4,660,226)
Special	1,581,963	132,752	1,068,225	(380,986)
Vocational	86,862	-	8,264	(78,598)
Other	540,430	-	-	(540,430)
Support services:				
Pupil	646,758	-	-	(646,758)
Instructional staff	1,071,816	-	-	(1,071,816)
Board of education	45,147	-	-	(45,147)
Administration	1,036,125	-	-	(1,036,125)
Fiscal	383,954	-	-	(383,954)
Operations and maintenance	1,487,143	46,788	-	(1,440,355)
Pupil transportation	926,957	-	1,910	(925,047)
Central	23,580	-	-	(23,580)
Operation of non-instructional services:				
Food service operations	451,898	214,514	221,826	(15,558)
Extracurricular activities	521,861	93,270	3,096	(425,495)
Interest and fiscal charges	92,311	-	44,973	(47,338)
Total governmental activities	\$ 14,162,884	\$ 1,054,622	\$ 1,386,849	(11,721,413)
General revenues:				
Property taxes levied for:				
General purposes				5,042,463
Debt service				114,467
Capital outlay				84,562
Grants and entitlements not restricted				
to specific programs				7,363,075
Investment earnings				3,459
Miscellaneous				79,887
Total general revenues				12,687,913
Change in net position				966,500
Net position at beginning of year				168,846
Net position at end of year				\$ 1,135,346

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents.	\$ 1,544,691	\$ 149,502	\$ 1,694,193
Receivables:			
Taxes.	6,981,971	109,460	7,091,431
Accounts	8,056	992	9,048
Intergovernmental.	159,927	86,789	246,716
Accrued interest	425	12	437
Prepayments.	41,641	-	41,641
Materials and supplies inventory.	7,079	6,758	13,837
Total assets	\$ 8,743,790	\$ 353,513	\$ 9,097,303
Liabilities:			
Accounts payable	\$ 31,919	\$ 5,090	\$ 37,009
Accrued wages and benefits.	1,079,748	71,819	1,151,567
Compensated absences payable.	1,515	-	1,515
Pension obligation payable	210,856	15,160	226,016
Intergovernmental payable	78,783	5,502	84,285
Total liabilities.	1,402,821	97,571	1,500,392
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	5,563,791	87,278	5,651,069
Delinquent property tax revenue not available.	1,400,105	21,899	1,422,004
Intergovernmental revenue not available.	153,154	7,000	160,154
Total deferred inflows of resources	7,117,050	116,177	7,233,227
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	7,079	6,758	13,837
Prepayments	41,641	-	41,641
Restricted:			
Capital improvements	-	105,180	105,180
Special education	-	7,883	7,883
Targeted academic assistance	-	5,489	5,489
Extracurricular.	-	23,258	23,258
Other purposes.	-	8	8
Committed:			
Student and staff support	79,125	-	79,125
Assigned:			
Student instruction	18,867	-	18,867
Student and staff support.	59,255	-	59,255
School supplies	12,401	-	12,401
Extracurricular.	524	-	524
Other purposes.	5,027	-	5,027
Unassigned (deficit)	-	(8,811)	(8,811)
Total fund balances	223,919	139,765	363,684
Total liabilities, deferred inflows of resources and fund balances.	\$ 8,743,790	\$ 353,513	\$ 9,097,303

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2014

Total governmental fund balances		\$	363,684
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			1,620,543
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.			
Taxes receivable	\$	1,422,004	
Intergovernmental receivable		<u>160,154</u>	
Total			1,582,158
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(30,893)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		(463,788)	
Capital lease obligations payable		(73,068)	
Lease-purchase agreements payable		(563,290)	
Qualified school construction bonds payable		<u>(1,300,000)</u>	
Total			<u>(2,400,146)</u>
Net position of governmental activities		<u>\$</u>	<u>1,135,346</u>

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, 2014

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 4,969,197	\$ 199,262	\$ 5,168,459
Tuition	614,912	-	614,912
Transportation fees	-	464	464
Earnings on investments	3,342	118	3,460
Charges for services	-	214,514	214,514
Extracurricular	-	92,806	92,806
Classroom materials and fees	23,454	-	23,454
Rental income	46,788	-	46,788
Contributions and donations	19,841	3,096	22,937
Contract services	61,684	-	61,684
Other local revenues	60,046	-	60,046
Intergovernmental - state	7,904,314	36,550	7,940,864
Intergovernmental - federal	-	800,183	800,183
Total revenues	<u>13,703,578</u>	<u>1,346,993</u>	<u>15,050,571</u>
Expenditures:			
Current:			
Instruction:			
Regular	5,183,742	35,487	5,219,229
Special	1,104,037	470,944	1,574,981
Vocational	94,613	-	94,613
Other	540,430	-	540,430
Support services:			
Pupil	640,042	-	640,042
Instructional staff	1,066,004	-	1,066,004
Board of education	45,147	-	45,147
Administration	1,025,865	-	1,025,865
Fiscal	381,119	1,630	382,749
Operations and maintenance	1,356,359	140,133	1,496,492
Pupil transportation	952,520	2,340	954,860
Central	23,580	-	23,580
Operation of non-instructional services:			
Food service operations	-	435,022	435,022
Extracurricular activities	296,231	156,843	453,074
Facilities acquisition and construction	-	5,000	5,000
Debt service:			
Principal retirement	143,210	95,000	238,210
Interest and fiscal charges	31,149	64,440	95,589
Total expenditures	<u>12,884,048</u>	<u>1,406,839</u>	<u>14,290,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>819,530</u>	<u>(59,846)</u>	<u>759,684</u>
Other financing sources (uses):			
Transfers in	-	62,600	62,600
Transfers (out)	(62,600)	-	(62,600)
Total other financing sources (uses)	<u>(62,600)</u>	<u>62,600</u>	<u>-</u>
Net change in fund balances	756,930	2,754	759,684
Fund balances (deficit) at beginning of year . .	(529,472)	136,079	(393,393)
Increase (decrease) in nonspendable inventory.	(3,539)	932	(2,607)
Fund balances at end of year	<u>\$ 223,919</u>	<u>\$ 139,765</u>	<u>\$ 363,684</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, 2014

Net change in fund balances - total governmental funds		\$ 759,684
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.		
Capital asset additions	\$ 128,823	
Current year depreciation	(295,841)	
Total		(167,018)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(3,821)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		(2,607)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	73,033	
Intergovernmental revenue	21,881	
Total		94,914
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		238,210
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.		
		3,278
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 governmental funds.		
		43,860
Change in net position of governmental activities		\$ 966,500

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, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 2,958,638	\$ 2,939,604	\$ 2,939,604	\$ -
Tuition.	588,815	614,912	614,912	-
Earnings on investments	2,952	3,500	3,500	-
Rental income	42,990	46,788	46,788	-
Contributions and donations	751	562	562	-
Contract services.	4,000	61,684	61,684	-
Intergovernmental - state	7,238,077	7,353,680	7,353,680	-
Total revenues	<u>10,836,223</u>	<u>11,020,730</u>	<u>11,020,730</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,291,802	3,237,555	3,237,555	-
Special.	1,153,525	1,154,449	1,154,449	-
Vocational.	105,230	94,758	94,758	-
Other.	395,213	543,327	543,327	-
Support services:				
Pupil.	568,269	590,928	590,928	-
Instructional staff	897,194	1,046,888	1,046,888	-
Board of education	25,441	64,170	64,170	-
Administration.	1,120,001	1,075,853	1,075,853	-
Fiscal	345,181	345,686	345,686	-
Operations and maintenance.	1,136,507	1,151,257	1,151,257	-
Pupil transportation	1,024,292	1,088,003	1,088,003	-
Central.	4,415	28,974	28,974	-
Extracurricular activities	367,814	376,463	376,463	-
Facilities acquisition and construction.	117,862	79,150	79,150	-
Total expenditures	<u>10,552,746</u>	<u>10,877,461</u>	<u>10,877,461</u>	<u>-</u>
Excess of revenues over expenditures	<u>283,477</u>	<u>143,269</u>	<u>143,269</u>	<u>-</u>
Other financing sources (uses):				
Refund of prior year's expenditures	49,075	147,444	147,444	-
Refund of prior year's receipts.	(4,100)	-	-	-
Transfers (out).	(77,788)	(69,975)	(69,975)	-
Sale of capital assets	3,343	2,061	2,061	-
Total other financing sources (uses)	<u>(29,470)</u>	<u>79,530</u>	<u>79,530</u>	<u>-</u>
Net change in fund balance	254,007	222,799	222,799	-
Fund balance at beginning of year	607,071	607,071	607,071	-
Prior year encumbrances appropriated	176,890	176,890	176,890	-
Fund balance at end of year	\$ 1,037,968	\$ 1,006,760	\$ 1,006,760	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2014

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 41,660
Total assets.	<u>\$ 41,660</u>
Liabilities:	
Accounts payable.	\$ 503
Due to students.	<u>41,157</u>
Total liabilities	<u>\$ 41,660</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 an elected Board of Education, 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 staffed by 66 non-certified employees and 117 certified full-time teaching personnel who provide services to 1,499 students and other community members. The District currently operates three instructional buildings, one athletic building, and one garage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) 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'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" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has one blended component unit. The basic financial statements of the reporting entity include those of the District (the primary government) and the blended component unit.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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 "Corporation")

The Champion School Building Corporation (the "Corporation") is considered a blended component unit of the District by virtue of meeting the criteria previously noted. 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)

The Northeast Ohio Management Information Network (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 school districts. Each of the school 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 one Treasurer from Trumbull and Ashtabula 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, 528 Educational Highway, Warren, Ohio 44483.

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 fourteen participating school districts' elected governing 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 RATING AND PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP)

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance rating pool. 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 OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants 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, 2014

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

Trumbull County Schools Employee Insurance Benefit Consortium Association (the "Consortium")

The Trumbull County Schools Employee Insurance Benefit Consortium Association (the "Consortium") is a shared risk pool comprised of fifteen Trumbull County school districts. The Consortium is governed by an Assembly, which consists of one representative from each participating school district (usually the Superintendent or designee). The Assembly exercises control over the operations of the Consortium. All Consortium revenues are generated from charges for services and remitted to the fiscal agent, the Trumbull County Educational Service Center. The fiscal agent will then remit the charges for services to Watson Wyatt Worldwide in Cleveland, Ohio, an agent of Medical Mutual, who acts in the capacity of a third-party administrator (TPA) for claims processing.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types. The District has no proprietary funds.

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following is the District's major governmental fund:

General fund -The general fund is used to account for and report all financial resources not accounted for and reported 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.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditures related to debt service activities.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

FIDUCIARY FUNDS

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the 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 which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single 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 deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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 on the fund financial statements. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and deferred outflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange 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). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the 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.

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows of resources. Grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows of resources on the governmental fund financial statements.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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 cost, 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 2014 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 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.
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 July 1, 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 of estimated resources 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 statement, reflects the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2014.
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. 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 appropriations must be approved by the Board of Education.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation 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, 2014. The budget figures, as shown in the accompanying budgetary statement, 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.

During fiscal year 2014, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2014. 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, 2014.

Under existing Ohio statute, interest earnings are assigned to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$3,342, which includes \$395 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 fiscal year end is provided in Note 4.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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. 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 materials and supplies inventory is equally offset by nonspendable fund balance 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 result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions 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:

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

I. Interfund Balances

On the 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 position. The District reported no interfund balances at June 30, 2014.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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 the balance sheet date 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 fifteen 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 leave and sick leave payments has been calculated using pay rates in effect at June 30, 2014 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable". The noncurrent portion of the liability is not reported.

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, compensated absences are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds payable and capital lease obligations are recognized as a liability in the fund financial statements when due.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

L. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

M. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported as assets on the statement of net position/balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense/expenditure 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 considered nonspendable in an amount equal to the carrying value of the asset on the fund financial statements.

N. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing or liabilities used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenses/expenditures 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 expenses/expenditures to the funds that initially paid for them are not presented on the basic financial statements.

Q. 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 2014.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2014, the District has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

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

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Food service	\$ 1,860
Improving teacher quality	193

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 resulted 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 five years 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, 2014

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 in 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, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At June 30, 2014, the District had \$609 in undeposited cash on hand, which is included on the basic financial statements of the District as part of “equity in pooled cash and cash equivalents”.

B. Deposits with Financial Institutions

At June 30, 2014, the carrying amount of all District deposits was \$1,735,242. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2014, \$1,534,748 of the District’s bank balance of \$1,800,970 was exposed to custodial risk as discussed below, while \$266,222 was covered by the FDIC.

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, 2014, the District had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity 6 months or less</u>
STAR Ohio	\$ <u>2</u>	\$ <u>2</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 increase. 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: Standard & Poor’s has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

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. The District has no investment policy dealing with investment custodial credit 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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 position as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,735,242
Investments	2
Cash on hand	<u>609</u>
Total	<u>\$ 1,735,853</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 1,694,193
Agency fund	<u>41,660</u>
Total	<u>\$ 1,735,853</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2014 consisted of the following, as reported on the fund financial statements:

<u>Transfer to nonmajor governmental fund from:</u>	<u>Amount</u>
General fund	<u>\$ 62,600</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 on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$18,075 in the general fund and \$283 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2013 was \$18,013 in the general fund and \$300 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 166,842,160	98.19	\$ 167,862,630	98.00
Public utility personal	<u>3,073,360</u>	<u>1.81</u>	<u>3,433,550</u>	<u>2.00</u>
Total	<u>\$ 169,915,520</u>	<u>100.00</u>	<u>\$ 171,296,180</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 42.25		\$ 48.15	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2014 consisted of taxes, accounts (billings for user charged services and student fees), 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 list of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Taxes	\$ 7,091,431
Accounts	9,048
Intergovernmental	246,716
Accrued interest	<u>437</u>
Total receivables	<u>\$ 7,347,632</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, 2014

NOTE 8 - CAPITAL ASSETS

The beginning balances of the District's capital assets have been adjusted to reflect the proper balances by capital asset classification at July 1, 2013. These adjustments had no effect on the District's beginning net position. Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Adjusted Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2014</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	7,190,657	-	-	7,190,657
Furniture and equipment	2,097,587	29,974	-	2,127,561
Vehicles	<u>1,238,206</u>	<u>98,849</u>	<u>(62,079)</u>	<u>1,274,976</u>
Total capital assets, being depreciated	<u>10,596,161</u>	<u>128,823</u>	<u>(62,079)</u>	<u>10,662,905</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(42,794)	(4,520)	-	(47,314)
Buildings and improvements	(6,146,703)	(154,333)	-	(6,301,036)
Furniture and equipment	(1,668,410)	(83,502)	-	(1,751,912)
Vehicles	<u>(985,822)</u>	<u>(53,486)</u>	<u>58,258</u>	<u>(981,050)</u>
Total accumulated depreciation	<u>(8,843,729)</u>	<u>(295,841)</u>	<u>58,258</u>	<u>(9,081,312)</u>
Governmental activities capital assets, net	<u>\$ 1,791,382</u>	<u>\$ (167,018)</u>	<u>\$ (3,821)</u>	<u>\$ 1,620,543</u>

Depreciation expense was charged to governmental activities as follows:

<u>Instruction:</u>	
Regular	\$ 122,234
Special	2,389
Vocational	3,241
<u>Support services:</u>	
Administration	5,655
Fiscal	528
Operations and maintenance	35,162
Pupil transportation	46,297
Extracurricular activities	73,982
Food service operations	<u>6,353</u>
Total depreciation expense	<u>\$ 295,841</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

- A.** During fiscal year 2013, the District entered into a capitalized lease for copiers. 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 budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$64,531. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2014 was \$19,359, leaving a current book value of \$45,172. A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in fiscal year 2014 totaled \$11,928 and \$2,629, 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, 2014:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 14,559
2016	14,558
2017	14,558
2018	<u>8,492</u>
Total minimum lease payments	52,167
Less: amount representing interest	<u>(4,366)</u>
Total	<u>\$ 47,801</u>

- B.** During fiscal year 2013, the District entered into a capital lease agreement for computer heating controls. The items received as part of this capital lease agreement were not capitalized. 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 budgetary statements.

A liability corresponding to this capital lease agreement is recorded in the government-wide financial statements. Principal and interest payments in fiscal year 2014 totaled \$6,761 and \$839, respectively, paid by the general fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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, 2014:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 7,600
2016	7,601
2017	7,601
2018	<u>3,801</u>
Total minimum lease payments	26,603
Less: amount representing interest	<u>(1,336)</u>
Total	<u>\$ 25,267</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2014, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2014</u>	Amounts Due in <u>One Year</u>
Qualified school construction bonds (2010)	\$ 465,000	\$ -	\$ (35,000)	\$ 430,000	\$ 35,000
Qualified school construction bonds (2011)	930,000	-	(60,000)	870,000	60,000
Lease-purchase agreements	687,811	-	(124,521)	563,290	56,706
Capital lease obligations	91,757	-	(18,689)	73,068	19,477
Compensated absences	<u>658,482</u>	<u>44,524</u>	<u>(237,703)</u>	<u>465,303</u>	<u>46,039</u>
Total governmental activities long-term liabilities	<u>\$ 2,833,050</u>	<u>\$ 44,524</u>	<u>\$ (475,913)</u>	<u>\$ 2,401,661</u>	<u>\$ 217,222</u>

B. *Qualified School Construction Bonds (2010)*: On December 21, 2009, the District issued \$567,762 in qualified school construction bonds. These bonds have an interest rate of 1.93% and mature on September 15, 2024. The improvements resulting from this bond issuance were not capitalized by the District. Principal and interest payments are made from the bond retirement fund (a nonmajor governmental fund).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the District's future annual debt service requirements to maturity for the qualified school construction bonds (2010):

Fiscal Year Ended.	Qualified School Construction Bonds (2010)		
	Principal	Interest	Total
2015	\$ 35,000	\$ 7,962	\$ 42,962
2016	35,000	7,286	42,286
2017	35,000	6,610	41,610
2018	40,000	5,886	45,886
2019	40,000	5,114	45,114
2020 - 2024	200,000	13,990	213,990
2025	45,000	434	45,434
Total	<u>\$ 430,000</u>	<u>\$ 47,282</u>	<u>\$ 477,282</u>

Qualified School Construction Bonds (2011): On February 28, 2011, the District issued \$1,051,500 in qualified school construction bonds. These bonds have an interest rate of 6.20% and mature on September 15, 2025. The improvements resulting from this bond issuance were not capitalized by the District. Principal and interest payments are made from the bond retirement fund (a nonmajor governmental fund).

The following is a summary of the District's future annual debt service requirements to maturity for the qualified school construction bonds (2011):

Fiscal Year Ended.	Qualified School Construction Bonds (2011)		
	Principal	Interest	Total
2015	\$ 60,000	\$ 52,080	\$ 112,080
2016	65,000	48,205	113,205
2017	65,000	44,175	109,175
2018	65,000	40,145	105,145
2019	65,000	36,115	101,115
2020 - 2024	375,000	112,375	487,375
2025 - 2026	175,000	11,625	186,625
Total	<u>\$ 870,000</u>	<u>\$ 344,720</u>	<u>\$ 1,214,720</u>

Lease-Purchase Agreement - Athletic Facilities: During fiscal year 2002, the District entered into a lease-purchase agreement with the Champion School Building Corporation to provide new athletic facilities, including stadium bleachers, a field house, an 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-purchase agreement is being repaid in equal installments over a twenty year period, beginning December 1, 2002. Lease-purchase agreement payments are made from the general fund. Lease-purchase agreement 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 budgetary statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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-purchase agreement payments at the time of acquisition. Accumulated depreciation as of June 30, 2014 was \$660,000, leaving a current book value of \$440,000. A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in fiscal year 2014 totaled \$54,578 and \$24,097, respectively, paid by the general fund.

The following is a schedule of the future long-term minimum lease-purchase agreement payments required under the lease-purchase agreement and the present value of the future minimum lease-purchase agreement payments as of June 30, 2014:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 78,674
2016	78,674
2017	78,674
2018	78,675
2019	78,674
2020 - 2022	<u>278,670</u>
Total minimum lease-purchase agreement payments	672,041
Less: amount representing interest	<u>(108,751)</u>
Total	<u>\$ 563,290</u>

Lease-Purchase Agreement - Roof Construction: 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. Lease-purchase agreement 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 budgetary statements.

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-purchase agreement payments at the time of acquisition. Accumulated depreciation as of June 30, 2014 was \$287,500, leaving a current book value of \$287,500. Principal and interest payments in fiscal year 2014 totaled \$69,943 and \$3,584, respectively, paid by the general fund. A corresponding liability was recorded in the government-wide financial statements. However, this lease-purchase agreement was retired during fiscal year 2014.

Capital Lease Obligations: The capital lease obligations will be paid from the general fund. See Note 9 for details.

Compensated Absences: Compensated absences will be paid from the fund from which the employee is paid which, for the District, is primarily the general fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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, 2014, are a voted debt margin of \$14,116,656 and an unvoted debt margin of \$171,296.

NOTE 11 - COMPENSATED ABSENCES

The criteria for determining vested vacation leave and sick leave components are derived from negotiated agreements and State laws. Classified 11 or 12-month employees earn 10 to 25 days of vacation leave per year, depending upon length of service. Vacation leave for these employees is not accumulated and must be used by May 30 of each fiscal year.

Each employee is entitled to 15 days of sick leave with pay each year under contract and accrues sick leave at the rate of 1¼ days for each calendar month under contract.

Only administrative or school support personnel accumulate vacation leave 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 receives 30 days and the Treasurer receives 25 days of vacation leave, annually.

Classified employees with 5 years of service in the District who elect to retire shall receive, in one lump-sum payment, 33.34% of their unused sick leave (up to a maximum of 60 days) multiplied times their per-diem rate at the time of retirement. Certified employees with 5 years of service in the District who elect to retire shall receive, in one lump-sum payment, 20% of their unused sick leave (up to a maximum of 65 days) multiplied times their per-diem rate at the time of retirement. The Superintendent and Treasurer receive severance based upon 50% of their unused sick leave.

Teachers, administrators, and classified employees earn sick leave at the rate of 1¼ days per month. Sick leave may be accumulated up to a maximum of 325 days for all certified employees and up to a maximum of 180 days for all classified employees.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 12 - 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 2014, the District contracted with Argonaut Insurance Company for property insurance with a \$1,000 deductible, and professional liability with a \$1,000,000 per occurrence and \$3,000,000 aggregate limit.

Vehicles are also covered by Argonaut Insurance Company and hold a \$500 deductible 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.

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

B. Workers' Compensation Group Rating Plan

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance rating pool (See 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 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. Participation in the GRP is limited to districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 12 - RISK MANAGEMENT - (Continued)

C. Health Insurance

The District has elected to provide various employee benefits through a consortium of school districts known as the Trumbull County Schools Employee Insurance Benefit Consortium Association (the "Consortium"). The lone exception 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 ING, Inc. 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 \$0.95 per \$10,000 of coverage.

The provider contracted through the Consortium for medical/surgical benefits is Medical Mutual. The District pays monthly premiums for Preferred Provider 1 of \$1,382 for family coverage or \$531 for individual coverage. Preferred Provider 2 monthly benefit premiums are \$1,241 for family coverage or \$477 for individual coverage. Preferred Provider 3 monthly benefit premiums are \$1,100 for family coverage or \$422 for individual coverage. 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 and/or individual situation.

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 per month per employee. Dental coverage is available to staff working 20 hours or more per week.

Vision coverage is extended to District employees through Vision Service Plan. Premiums for vision coverage are \$16 per month per employee. Vision coverage is available to staff working 20 hours or more per week.

NOTE 13 - 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, disability, survivor 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 "Employers/Audit Resources".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 13 - PENSION PLANS - (Continued)

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 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 14 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 and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$201,122, \$201,688 and \$201,339, respectively; 89.96 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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 website at www.strsoh.org, under "Publications".

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 13 - PENSION PLANS - (Continued)

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 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, 2014, 2013 and 2012 were \$747,215, \$758,318 and \$771,880, respectively; 83.35 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$24,931 made by the District and \$19,589 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, 2014 certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$34,770, \$36,597 and \$35,973, respectively; 89.96 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013 and 2012 were \$11,668, \$11,393 and \$11,890, respectively; 89.96 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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, under "Publications" 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 2014, 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, 2014, 2013 and 2012 were \$57,478, \$58,332 and \$59,375, respectively; 83.35 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is 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);
- (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 assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget 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 is as follows:

Net Change in Fund Balance	<u>General fund</u>
Budget basis	\$ 222,799
Net adjustment for revenue accruals	7,914
Net adjustment for expenditure accruals	373,407
Net adjustment for other sources/uses	(142,130)
Funds budgeted elsewhere	105,101
Adjustment for encumbrances	<u>189,839</u>
GAAP basis	<u>\$ 756,930</u>

Certain funds that are legally budgeted in separate fund classifications are considered part of the general fund on a GAAP basis. This includes the special rotary fund, uniform school supplies fund, emergency levy fund, and the public school support fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 16 - 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 involved in no material litigation as either plaintiff or defendant.

NOTE 17 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year end. This amount must be carried forward to be used for the same purpose in future years. Expenditures and other applicable offsets exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	256,678
Current year qualifying expenditures	(259,894)
Current year offsets	<u>(112,083)</u>
Total	<u>\$ (115,299)</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 18 - COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year End Encumbrances</u>
General fund	\$ 164,263
Nonmajor governmental funds	<u>1,840</u>
Total	<u>\$ 166,103</u>

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
<i>Child Nutrition Cluster</i>						
National School Lunch Program	2014	10.555	\$ 186,660	\$ 31,286	\$ 186,660	\$ 31,286
<i>Total Child Nutrition Cluster</i>			186,660	31,286	186,660	31,286
Total U.S. Department of Agriculture			186,660	31,286	186,660	31,286
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
<i>Title I</i>						
Title I Grants to Local Education Agencies	2013	84.010	14,602	-	29,820	-
Title I Grants to Local Education Agencies	2014	84.010	196,619	-	189,679	-
<i>Total Title I</i>			211,221	-	219,499	-
<i>Special Education</i>						
Special Education Grants to States - IDEA Part B	2013	84.027	14,812	-	22,155	-
Special Education Grants to States - IDEA Part B	2014	84.027	226,138	-	222,106	-
<i>Total Special Education</i>			240,950	-	244,261	-
<i>Improving Teacher Quality</i>						
Improving Teacher Quality State Grants	2013	84.367	-	-	391	-
Improving Teacher Quality State Grants	2014	84.367	33,155	-	33,155	-
<i>Total Improving Teacher Quality State Grants</i>			33,155	-	33,546	-
Total U.S. Department of Education			485,326	-	497,306	-
Total Federal Awards Receipts and Expenditures			\$ 671,986	\$ 31,286	\$ 683,966	\$ 31,286

The accompanying notes are an integral part of this schedule.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

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

Champion Local School District
Trumbull County
5759 Mahoning Avenue NW
Warren, Ohio 44483

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Champion Local School District, Trumbull County, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 24, 2014.

Internal Control Over Financial Reporting

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

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

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

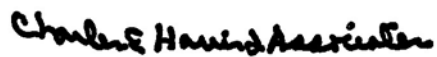
Compliance and Other Matters

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

However, we noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 24, 2014.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
December 24, 2014

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

Champion Local School District
Trumbull County
5759 Mahoning Avenue NW
Warren, Ohio 44483

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Champion Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect the major federal program for the year ended June 30, 2014.


Report on Internal Control Over Compliance

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

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

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

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



Charles E. Harris & Associates, Inc.
December 24, 2014

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster - CFDA #10.555
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014**

The prior audit report, for the year ended June 30, 2013, reported no material citations or recommendations.

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Independent Auditor's Report on Applying Agreed-Upon Procedures

Champion Local School District
Trumbull County
5759 Mahoning Avenue NW
Warren, Ohio 44483

To the Board of Education:

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

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

1. In the prior report dated March 11, 2014, it was noted the Board adopted an anti-harassment policy on November 15, 2010. However, this policy did not include all matters required by Ohio Rev. Code 3313.666.
2. We inquired with the Board's management regarding the aforementioned policy. They stated they have not amended the November 15, 2010 policy. The policy lacks the following required by Ohio Rev. Code Section 3313.666.

- (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property, on a school bus, or at school-sponsored events and expressly providing for the possibility of suspension of a student found responsible for harassment, intimidation, or bullying by an electronic act.

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

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

Charles Harris Associates

Charles E. Harris & Associates, Inc.
December 24, 2014



Dave Yost • 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
APRIL 9, 2015**