



**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Champion Local School District, Trumbull County, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Champion Local School District, Trumbull County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2001 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jim Petro
Auditor of State

November 28, 2001

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**Champion Local School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2000**

	Governmental Fund Types				Proprietary	Fiduciary	Account Groups		Totals
	General	Special	Debt	Capital	Fund Type	Trust and	General	General	2000
		Revenue	Service	Project	Enterprise	Agency	Fixed Assets	Long Term	(Memorandum)
Assets and Other Debits:									
Equity in Pooled Cash and Investments	\$ 2,775,664	91,049	0	279,304	6,794	82,936	0	0	\$ 3,235,747
Restricted Assets	85,196	0	0	0	0	0	0	0	85,196
Taxes Receivable	3,778,286	1,829,760	0	105,800	0	0	0	0	5,713,846
Interfund Receivables	587	0	0	0	0	0	0	0	587
Due from Other Funds	0	0	0	0	0	174,164	0	0	174,164
Intergovernmental Receivables	10,973	0	0	0	7,983	0	0	0	18,956
Accounts Receivable	64,102	1,554	0	2,305	517	65	0	0	68,543
Supply Inventory	5,646	0	0	0	1,546	0	0	0	7,192
Inventory for Resale	0	0	0	0	6,121	0	0	0	6,121
Property, Plant & Equipment	0	0	0	0	162,560	0	10,856,895	0	11,019,455
Accumulated Depreciation, Where Applicable	0	0	0	0	(93,932)	0	0	0	(93,932)
Amount Available in Debt Service	0	0	0	0	0	0	0	0	0
Amount to be Provided for Retirement of GLTD	0	0	0	0	0	0	0	1,339,770	1,339,770
Total Assets and Other Debits	\$ 6,720,454	1,922,363	0	387,409	91,589	257,165	10,856,895	1,339,770	\$ 21,575,645

(Continued)

Champion Local School District
Combined Balance Sheet
All Fund Types and Account Groups, Continued
June 30, 2000

	Governmental Fund Types				Proprietary	Fiduciary	Account Groups		Totals
	General	Special	Debt	Capital	Fund Type	Trust and	General	General	2000
		Revenue	Service	Project	Enterprise	Agency	Fixed Assets	Long Term	(Memorandum)
Liabilities:									
Interfund Payables	\$ 0	0	0	0	587	0	0	0	\$ 587
Due to Other Funds	172,826	1,320	0	0	18	0	0	0	174,164
Intergovernmental Payables	3,321	1,091	0	0	3,253	227,140	0	73,576	308,381
Accounts Payable	117,764	24,394	0	2,974	3,750	80	0	0	148,962
Accrued Salaries and Benefits	819,839	245,253	0	0	3,476	0	0	0	1,068,568
Deferred Revenue	3,766,364	1,829,760	0	105,800	2,004	0	0	0	5,703,928
Due to Others	0	0	0	0	0	25,179	0	0	25,179
Notes Payable	0	0	0	0	0	0	0	510,933	510,933
Compensated Absences Payable	354,808	0	0	0	10,595	0	0	755,261	1,120,664
Total Liabilities	<u>5,234,922</u>	<u>2,101,818</u>	<u>0</u>	<u>108,774</u>	<u>23,683</u>	<u>252,399</u>	<u>0</u>	<u>1,339,770</u>	<u>9,061,366</u>
Fund Equity and Other Credits:									
Investment in General Fixed Assets	0	0	0	0	0	0	10,856,895	0	10,856,895
Retained Earnings	0	0	0	0	67,906	0	0	0	67,906
Fund Balances:									
Reserved for Supply Inventory	5,646	0	0	0	0	0	0	0	5,646
Reserved for Budget Stabilization	85,196	0	0	0	0	0	0	0	85,196
Reserved for Encumbrances	82,437	22,254	0	5,229	0	0	0	0	109,920
Reserved for Future Appropriation	11,922	0	0	0	0	0	0	0	11,922
Unreserved Fund Balance	1,300,331	(201,709)	0	273,406	0	4,766	0	0	1,376,794
Total Fund Balances	<u>1,485,532</u>	<u>(179,455)</u>	<u>0</u>	<u>278,635</u>	<u>0</u>	<u>4,766</u>	<u>0</u>	<u>0</u>	<u>1,589,478</u>
Total Fund Balances/Retained Earnings and Other	<u>1,485,532</u>	<u>(179,455)</u>	<u>0</u>	<u>278,635</u>	<u>67,906</u>	<u>4,766</u>	<u>10,856,895</u>	<u>0</u>	<u>12,514,279</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$ 6,720,454</u>	<u>1,922,363</u>	<u>0</u>	<u>387,409</u>	<u>91,589</u>	<u>257,165</u>	<u>10,856,895</u>	<u>1,339,770</u>	<u>\$ 21,575,645</u>

See Accompanying Notes to the General Purpose Financial Statements

Champion Local School District
Combined Statement of Revenue, Expenditures, and Changes in Fund Balance
All Governmental Fund Types and Expendable Trust Funds

Year Ended June 30, 2000

	Governmental Fund Types			Fiduciary Fund Type	Totals	
	General	Special Revenue	Debt Service	Capital Project	Expendable Trust	(Memorandum) (Only)
REVENUES:						
Revenue from Local Sources						
Taxes	\$ 2,869,053	1,783,586	98,670	79,401	0	\$ 4,830,710
Tuition	30,780	0	0	0	0	30,780
Transportation Fees	0	1,047	0	0	0	1,047
Earnings on Investments	201,662	0	0	9,573	0	211,235
Extracurricular Activities	0	95,033	0	0	0	95,033
Miscellaneous	60,812	64,869	0	0	4,060	129,741
Revenue from State Sources						
Unrestricted Grants-in-Aid	5,671,246	208,724	0	10,122	0	5,890,092
Restricted Grants-in-Aid	35,332	21,243	0	69,500	0	126,075
Revenue for/on Behalf of District	23,948	0	0	0	0	23,948
Revenue from Federal Sources						
Unrestricted Grants in Aid	0	18,695	0	0	0	18,695
Restricted Grants in Aid	0	136,008	0	0	0	136,008
Total Revenue	<u>8,892,833</u>	<u>2,329,205</u>	<u>98,670</u>	<u>168,596</u>	<u>4,060</u>	<u>11,493,364</u>
EXPENDITURES:						
Instruction						
Regular Instruction	3,849,822	1,608,238	0	50,488	8,883	5,517,431
Special Instruction	1,177,121	118,747	0	0	162	1,296,030
Vocational Instruction	121,580	0	0	0	0	121,580
Other Instruction	113,784	78,715	0	0	0	192,499
Supporting Services						
Supporting Services-Pupils	531,313	0	0	0	326	531,639
Supporting Services-Instructional Staff	258,273	21,567	0	0	0	279,840
Supporting Services-Board of Education	14,923	1,888	0	0	0	16,811
Supporting Services-Administration	1,038,352	76,880	0	0	0	1,115,232
Fiscal Services	249,425	38,782	0	6,921	0	295,128
Operation & Maintenance-Plant	714,218	321,565	0	38,601	0	1,074,384
Supporting Services-Pupil Transportation	497,313	0	0	0	0	497,313
Supporting Services-Central	5,249	5,179	0	0	0	10,428
Extracurricular Activities						
Academic & Subject Oriented	18,346	28,563	0	0	0	46,909
Sports Oriented	193,522	107,675	0	0	0	301,197
Co-Curricular Activities	13,481	0	0	0	0	13,481
Capital Outlay						
Architecture & Engineering	0	0	0	1,200	0	1,200
Building Improvement	543,298	0	0	0	0	543,298
Debt Service						
Repayment of Debt	0	0	98,670	0	0	98,670
Total Expenditures	<u>9,340,020</u>	<u>2,407,799</u>	<u>98,670</u>	<u>97,210</u>	<u>9,371</u>	<u>11,953,070</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(447,187)	(78,594)	0	71,386	(5,311)	(459,706)
Other Financing Sources and Uses:						
Other Financing Sources						
Sale & Loss of Assets	3,740	0	0	0	0	3,740
Transfers-In	0	42,470	0	144,938	0	187,408
Refund of Prior Year Expenses	54,349	102	0	0	0	54,451
Other Financing Uses						
Refund of Prior Years Receipts	0	0	0	0	0	0
Transfer-Out	(42,470)	0	(144,938)	0	0	(187,408)
Net Other Financing Sources and Uses	<u>15,619</u>	<u>42,572</u>	<u>(144,938)</u>	<u>144,938</u>	<u>0</u>	<u>58,191</u>
Excess (Deficiency) of Revenue Receipts and Other Sources Over Expenditure						
Disbursement and Other Uses	(431,568)	(36,022)	(144,938)	216,324	(5,311)	(401,515)
Increase (Decrease) Inventory	5,392	0	0	0	0	5,392
Beginning Fund Balance	1,911,708	(143,433)	144,938	62,311	10,077	1,985,601
Ending Fund Balance	<u>\$ 1,485,532</u>	<u>\$ (179,455)</u>	<u>\$ 0</u>	<u>\$ 278,635</u>	<u>\$ 4,766</u>	<u>\$ 1,589,478</u>

See Accompanying Notes to the General Purpose Financial Statements

Champion Local School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types
Year Ended June 30, 2000

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 2,869,491	2,869,491	0	1,783,586	1,783,586	\$ 0
Tuition	45,116	45,116	0	0	0	0
Transportation Fees	0	0	0	1,152	1,152	0
Earnings on Investment	198,852	198,852	0	0	0	0
Extracurricular Activities	0	0	0	95,033	95,033	0
Miscellaneous	61,481	61,481	0	63,903	63,903	0
State Unrestricted Grants-in-Aid	5,671,246	5,671,246	0	208,724	208,724	0
State Restricted Grants-in-Aid	35,332	35,332	0	21,243	21,243	0
Revenue for/on Behalf of District	24,148	24,148	0	0	0	0
Federal Unrestricted Grants-in-Aid	0	0	0	18,695	18,695	0
Federal Restricted Grants-in-Aid	0	0	0	136,008	136,008	0
Total Revenue	8,905,666	8,905,666	0	2,328,344	2,328,344	0
Expenditures:						
Regular Instruction	3,500,283	3,500,283	0	1,587,475	1,587,475	0
Special Instruction	1,207,417	1,207,417	0	113,432	113,432	0
Vocational Instruction	120,294	120,294	0	0	0	0
Other Instruction	30,440	30,440	0	78,715	78,715	0
Support Services-Pupils	528,342	528,342	0	0	0	0
Support Services-Instructional Staff	258,777	258,777	0	21,567	21,567	0
Support Services-Board of Education	14,929	14,929	0	1,888	1,888	0
Support Services-Administration	1,058,985	1,058,985	0	76,880	76,880	0
Fiscal Services	261,325	261,325	0	38,782	38,782	0
Operation & Maintenance-Plant	752,183	752,183	0	350,141	350,141	0
Support Services-Transportation	560,397	560,397	0	101,168	101,168	0
Support Services-Central	5,249	5,249	0	5,179	5,179	0
Academic & Subject Oriented	17,881	17,881	0	28,762	28,762	0
Sports Oriented	192,142	192,142	0	113,474	113,474	0
Co-Curricular Activities	13,527	13,527	0	0	0	0
Architecture & Engineering	0	0	0	0	0	0
Building Improvement	669,123	669,123	0	0	0	0
Repayment of Debt	0	0	0	0	0	0
Total Expenditures	9,191,294	9,191,294	0	2,517,463	2,517,463	0
Excess of Revenue Over (Under) Expenditures	(285,628)	(285,628)	0	(189,119)	(189,119)	0
Other Financing Sources (Uses):						
Sale & Loss of Assets	3,836	3,836	0	0	0	0
Transfer-In	0	0	0	42,470	42,470	0
Advances-In	4,572	4,572	0	0	0	0
Refund of Prior Years Expenditures	49,703	49,703	0	102	102	0
Transfer-Out	(42,227)	(42,227)	0	0	0	0
Advances-Out	(588)	(588)	0	0	0	0
Total Other Sources (Uses)	15,296	15,296	0	42,572	42,572	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(270,332)	(270,332)	0	(146,547)	(146,547)	0
Beginning Fund (Deficit) Balance	2,534,859	2,534,859	--	89,357	89,357	--
Prior Year Carry Over Encumbrances	486,983	486,983	--	114,896	114,896	--
Ending Fund (Deficit) Balance	\$ 2,751,510	2,751,510	0	57,706	57,706	\$ 0

(Continued)

Champion Local School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types - Continued
Year Ended June 30, 2000

	Debt Service Funds			Capital Project Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 98,670	98,670	0	79,401	79,401	\$ 0
Tuition	0	0	0	0	0	0
Transportation Fees	0	0	0	0	0	0
Earnings on Investment	0	0	0	7,368	7,368	0
Extracurricular Activities	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	0	0	0	10,122	10,122	0
State Restricted Grants-in-Aid	0	0	0	69,500	69,500	0
Revenue for/on Behalf of District	0	0	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
Total Revenue	98,670	98,670	0	166,391	166,391	0
Expenditures:						
Regular Instruction	0	0	0	51,452	51,452	0
Special Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	0	0	0
Other Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	0	0	0
Support Services-Instructional Staff	0	0	0	0	0	0
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Fiscal Services	0	0	0	6,957	6,957	0
Operation & Maintenance-Plant	0	0	0	43,808	43,808	0
Support Services-Transportation	0	0	0	0	0	0
Support Services-Central	0	0	0	0	0	0
Academic & Subject Oriented	0	0	0	0	0	0
Sports Oriented	0	0	0	0	0	0
Co-Curricular Activities	0	0	0	0	0	0
Architecture & Engineering	0	0	0	1,200	1,200	0
Facilities Acquisition & Construction	0	0	0	0	0	0
Repayment of Debt	98,670	98,670	0	0	0	0
Total Expenditures	98,670	98,670	0	103,417	103,417	0
Excess of Revenue Over (Under) Expenditures	0	0	0	62,974	62,974	0
Other Financing Sources (Uses):						
Sale & Loss of Assets	0	0	0	0	0	0
Transfer-In	0	0	0	144,938	144,938	0
Advances-In	0	0	0	0	0	0
Refund of Prior Years Expenditures	0	0	0	0	0	0
Transfer-Out	(144,938)	(144,938)	0	0	0	0
Advances-Out	0	0	0	0	0	0
Total Other Sources (Uses)	(144,938)	(144,938)	0	144,938	144,938	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(144,938)	(144,938)	0	207,912	207,912	0
Beginning Fund (Deficit) Balance	144,938	144,938	--	60,390	60,390	--
Prior Year Carry Over Encumbrances	0	0	--	2,762	2,762	--
Ending Fund (Deficit) Balance	\$ 0	0	0	271,064	271,064	\$ 0

(Continued)

Champion Local School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types - Continued
Year Ended June 30, 2000

	Expendable Trust Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 0	0	0	4,831,148	4,831,148	\$ 0
Tuition	0	0	0	45,116	45,116	0
Transportation Fees	0	0	0	1,152	1,152	0
Earnings on Investment	0	0	0	206,220	206,220	0
Extracurricular Activities	0	0	0	95,033	95,033	0
Miscellaneous	4,060	4,060	0	129,444	129,444	0
State Unrestricted Grants-in-Aid	0	0	0	5,890,092	5,890,092	0
State Restricted Grants-in-Aid	0	0	0	126,075	126,075	0
Revenue for/on Behalf of District	0	0	0	24,148	24,148	0
Federal Unrestricted Grants-in-Aid	0	0	0	18,695	18,695	0
Federal Restricted Grants-in-Aid	0	0	0	136,008	136,008	0
Total Revenue	4,060	4,060	0	11,503,131	11,503,131	0
Expenditures:						
Regular Instruction	8,883	8,883	0	5,148,093	5,148,093	0
Special Instruction	162	162	0	1,321,011	1,321,011	0
Vocational Instruction	0	0	0	120,294	120,294	0
Other Instruction	0	0	0	109,155	109,155	0
Support Services-Pupils	326	326	0	528,668	528,668	0
Support Services-Instructional Staff	0	0	0	280,344	280,344	0
Support Services-Board of Education	0	0	0	16,817	16,817	0
Support Services-Administration	0	0	0	1,135,865	1,135,865	0
Fiscal Services	0	0	0	307,064	307,064	0
Operation & Maintenance-Plant	0	0	0	1,146,132	1,146,132	0
Support Services-Transportation	0	0	0	661,565	661,565	0
Support Services-Central	0	0	0	10,428	10,428	0
Academic & Subject Oriented	0	0	0	46,643	46,643	0
Sports Oriented	0	0	0	305,616	305,616	0
Co-Curricular Activities	0	0	0	13,527	13,527	0
Architecture & Engineering	0	0	0	1,200	1,200	0
Building Improvement	0	0	0	669,123	669,123	0
Repayment of Debt	0	0	0	98,670	98,670	0
Total Expenditures	9,371	9,371	0	11,920,215	11,920,215	0
Excess of Revenue Over (Under) Expenditures	(5,311)	(5,311)	0	(417,084)	(417,084)	0
Other Financing Sources (Uses):						
Sale & Loss of Assets	0	0	0	3,836	3,836	0
Transfer-In	0	0	0	187,408	187,408	0
Advances-In	0	0	0	4,572	4,572	0
Refund of Prior Years Expenditures	0	0	0	49,805	49,805	0
Transfer-Out	0	0	0	(187,165)	(187,165)	0
Advances-Out	0	0	0	(588)	(588)	0
Total Other Sources (Uses)	0	0	0	57,868	57,868	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,311)	(5,311)	0	(359,216)	(359,216)	0
Beginning Fund (Deficit) Balance	6,095	6,095	--	2,835,639	2,835,639	--
Prior Year Carry Over Encumbrances	3,982	3,982	--	608,623	608,623	--
Ending Fund (Deficit) Balance	\$ 4,766	4,766	0	3,085,046	3,085,046	\$ 0

See Accompanying Notes to the General Purpose Statements

Champion Local School District
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
All Proprietary Fund Types
Year Ended June 30, 2000

	Enterprise Funds
Operating Revenues:	
Food Service	\$ 305,060
Classroom Materials & Fees	43,743
Total Operating Revenue	348,803
Operating Expenses:	
Salary and Wages	129,915
Employee Benefits	68,146
Purchase Services	2,506
Supplies and Materials	211,181
Other Expenses	6
Depreciation	746
Total Operating Expenses	412,500
Operating Loss	(63,697)
Non-Operating Revenues:	
Earnings on Investments	586
State Unrestricted Grants In-Aid	2,069
Federal Unrestricted Grants In-Aid	63,427
Federal Restricted Grants In-Aid	21,857
Other Revenue	90
Total Non-Operating Revenue	88,029
Non-Operating Expenses:	
Other Expenses	44
Total Non-Operating Expenses	44
Net Income Before Operating Transfers	24,288
Net Income	24,288
Beginning Retained Earning	43,618
Retained Earnings at End of Year	\$ 67,906

See Accompanying Notes to the General Purpose Financial

**Champion Local School District
 Combined Statement of Cash Flows
 All Proprietary Fund Types
 Year Ended June 30, 2000**

	Enterprise Funds
Cash Flows from Operating Activities	
Operating Loss	\$ (63,697)
Adjustment to Reconcile Operating Gain (Loss)	
To Net Cash used in Operating Activities:	
Depreciation	746
Net (Increase) Decrease in Assets:	
Intergovernmental Receivables	(7,983)
Accounts Receivable	(255)
Inventory	340
Inventory for Resale	2,665
Net Increase (Decrease) in Liabilities:	
Due to Other Funds	(3,200)
Intergovernmental Payable	3,205
Accounts Payable	(6,317)
Accrued Wages & Benefits	133
Deferred Revenue	(2,573)
Compensated Absences	(2,295)
Total Adjustments	(15,534)
Net Cash Used in Operating Activities	(79,231)
Cash Flows from Noncapital Financing Activities:	
Earnings on Investments	586
Net Advances from Other Funds	(3,984)
Operating Grants from State Sources	2,069
Operating Grants from Federal Sources	85,284
Other Sources	46
Net Cash Provided by Noncapital Financing Sources	84,001
Cash Flows from Capital Financing Activities:	
Acquisition of Capital Assets	0
Net Cash Provided by Capital Financing Activities	0
Net Increase (Decrease) in Cash & Cash Equivalents	4,770
Cash and Cash Equivalents at Beginning of Year	2,024
Cash and Cash Equivalents at End of Year	\$ 6,794

See Accompanying Notes to the General Purpose Financial Statements

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of the Champion Local School District (the District) has been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (five members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 1999, was 1,787. The District employed 5 administrative and 2 supervisory personnel, 120 certified employees and 73 non-certificated employees. The District is supervised by the Trumbull County Educational Service Center, a separate entity.

The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisition and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

The accompanying General Purpose Financial Statements comply with the provisions of (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the District is financially accountable. This report includes all activities considered by management to be part of the District by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following entities which perform activities within the District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these entities, nor are they fiscally dependent on the District.

The township government of Champion is a separate body politic and corporate. Three trustees are elected independent of any school district relationships, and administer the provision of traditional services. These trustees act as the taxing and budgeting authority for these services.

The Trumbull County Career & Technical Center is a separate body politic and corporate, established by the Ohio Revised Code to provide vocational and special education needs of the students. Its board of education is appointed by the representative school districts. The District is not involved in the budgeting or management of the Trumbull County Career & Technical Center. The District's students may attend the vocational school.

The District is not involved in the budgeting or management of the parent/teacher or booster clubs. The District is not responsible for any debt, and has no influence over the organizations or clubs.

The District is a participating member of the Northeast Ohio Management Information Network (NEOMIN). NEOMIN provides data services needed by the participating school districts. The Trumbull County Educational Service Center serves as fiscal agent. This is a jointly governed organization, and the District's participation is discussed in Note 13 to the General Purpose Financial Statements.

Management believes the financial statements included in this report represent all of the funds of the District over which Board of Education is financially accountable.

B. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental Fund Types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (expenditures and other financing uses) of "available spendable resources" during the period.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital assets or facilities (other than those financed by proprietary funds and trust funds).

Proprietary Fund Types

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the District's proprietary fund types:

Enterprise Funds - These funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - These funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District had no Internal Service Funds at June 30, 2000.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary fund types are:

Expendable Trust Funds - These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Nonexpendable Trust Funds - These funds account for trust principal which may not be expended. Only interest earned on the principal may be used for trust operations. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. The District had no Non-Expendable Trust Funds at June 30, 2000.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Agency Funds - These funds are purely custodial and thus do not involve measurement of results of operations.

Account Groups

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not affect expendable available financial resources. The following are the District's account groups:

General Fixed Assets Account Group - This account group is used to account for all of the District's fixed assets other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is used to account for all of the District's long-term obligations other than those accounted for in the proprietary funds.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund are determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet.

Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The District has elected, under GASB No. 20, to apply Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989 except those that conflict with a GASB pronouncement.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for Governmental, Expendable Trust and Agency Funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants and entitlements, and accounts (student fees and rent).

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports deferred revenues of governmental funds on its combined balance sheet when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000 which are intended to finance fiscal year 2001 operations, have been recorded as deferred 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. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocation of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable.

D. Budget and Budgetary Accounting

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendments through the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated, the primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget - 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 express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for rate determination.

Estimated Resources - Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate issued during fiscal year 2000.

Appropriations - Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the District. The appropriation resolution, 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 at any level of control.

Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations with functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.

Encumbrances - As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

E. Cash and Investments

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. 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 Investments." During the fiscal year all investments were limited to certificates of deposit, State Treasury Asset Reserve of Ohio (STAR Ohio) and repurchase agreements.

Investments are reported at cost except for investments in STAR Ohio which are reported at fair value. Fair value is based on quoted market prices.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District has invested funds in STAR Ohio during 2000. 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 share price which is the price the investment could be sold for on June 30, 2000.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund.

For the District, all investment earnings accrue to the General Fund, Permanent Improvements Funds and Lunchroom Fund as authorized by board resolution. Interest income earned in fiscal year 2000 totaled \$201,662 for the General Fund and \$9,573 for the Permanent Improvement Funds and \$586 for the Lunchroom Fund. Total interest income earned in fiscal year was \$211,821.

F. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents (an intergovernmental receivable) set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after a two-thirds vote of the board of education and receiving approval from the State Superintendent of Public Instruction for the replenishment of the reserve. A fund balance reserve has also been established.

G. Inventories

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed. Reported inventories in these funds are equally offset by a fund balance reserve which indicate they are unavailable for appropriation. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale, and are expended when used.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000 are recorded as prepaid items by using the non-allocation method. Prepaid items are expensed when purchased not when consumed.

I. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method over an estimated useful life of the assets.

J. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program

Special Revenue

Management Information Systems
Local Professional Development Block
Power Up
Ohio Reads
Safe Schools
E-Rate

Non-Reimbursable Grants

Special Revenue Funds

School Net
Textbook
Title VI-B
Title I
Title VI

Reimbursable Grants

General Fund

Driver Education Reimbursement
School Bus Reimbursement

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 54% of the District's operating revenue during the 2000 fiscal year.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables." At June 30, 2000, the District had \$174,164 in "Due to/from Other Funds" and \$587 in "interfund receivables/payables."

L. Advances to Other Funds

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicated that they do not constitute expendable available financial resources and therefore are not available for appropriation. The District had no long-term interfund loans at June 30, 2000.

M. Compensated Absences

The District accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics should be accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. To calculate the liability, these accumulations should be reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future should be based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments. This method is known as the vesting method.

Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1.) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee; and 2.) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For governmental funds, the District records a liability for accumulated unused vacation time when earned. 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" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt account group. In proprietary funds, compensated absences are expenses when earned. The entire amount of compensated absences are expensed when earned. The entire amount of compensated absences is reported as a fund liability.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. The assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expended and closed to unreserved retained earnings at year end. Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. At June 30, 2000, the District had no contributed capital.

O. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year.

For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

P. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Q. Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and, therefore, are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of materials and supplies, and for budget stabilization. The reserve for future appropriation represents the amount of the property taxes available for advance and recognized as revenue.

The District is prohibited by law from appropriating the advance, since it was not received, for the current fiscal year. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purposes of those funds.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Estimates

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

S. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types 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 GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures/expenses for all funds (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).
4. Proceeds from a principal payment on short-term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. BUDGETARY BASIS OF ACCOUNTING (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

**Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
Governmental Fund Types**

	General Fund	Special Revenue	Debt Service	Capital Project	Expendable Trust
GAAP Basis	\$(431,568)	(36,022)	(144,938)	216,324	\$ (5,311)
Increase (Decrease):					
Due to Revenues:					
Net Adjustments to Revenues	12,833	(861)	0	(2,205)	0
Due to Expenditures:					
Net Adjustments to Expenditures	148,726	(109,664)	0	(6,207)	0
Due to Other	(323)	0	0	0	0
Budget Basis	<u>\$(270,332)</u>	<u>(146,547)</u>	<u>(144,938)</u>	<u>207,912</u>	<u>\$ (5,311)</u>

3. LEGAL COMPLIANCE-BUDGETS

Pursuant to Section 117.11(A) of the Revised Code, the Auditor of State performed tests of compliance with various provisions of local, state and/or federal laws, as appropriate. The auditor's recommendations and citations are included in a separate report.

4. CASH 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 period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. CASH AND INVESTMENTS (Continued)

Protection of school 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.

Monies held by the District which are not considered active are classified as inactive. Inactive 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 or its political subdivisions, provided that such political subdivisions are located wholly or partly within the District;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the District lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value; and

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. CASH AND INVESTMENTS (Continued)

9. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits: At fiscal year end, the carrying amount of the District's deposits was (\$115,616) and the bank balance was \$44,500. All of the bank balance was covered by federal depository insurance. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Investments: GASB Statement No. 3, entitled *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* requires the District's investments to be categorized to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category			Carrying Value	Fair Value
	1	2	3		
Repurchase Agreement	\$ 0	\$ 0	\$ 536,004	\$ 536,004	\$ 536,004
STAR Ohio	0	0	2,900,455	2,900,455	2,900,455
Total Investments				<u>\$ 3,436,459</u>	<u>\$ 3,436,459</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, entitled *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. CASH AND INVESTMENTS (Continued)

A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 3,320,943	\$ 0
Investments:		
Repurchase Agreement	(536,004)	536,004
STAR Ohio	(2,900,455)	2,900,455
Total	(115,516)	3,436,459
Cash on Hand	(100)	0
GASB Statement No. 3	\$ (115,616)	\$ 3,436,459

5. PROPERTY TAX

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1999. Real property taxes are payable annually or semi-annually. If paid annually, payment is due February. If paid semi-annually, the first payment is due in February, with the remainder payable in July.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers may pay annually or semi-annually, the first payment is due April 30, with the remainder payable by October.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35 percent of market value and personal property is assessed at 100 percent of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Trumbull County Treasurer collects property tax on behalf of the District. The Trumbull County Auditor remits the collected taxes to the District the taxes collected. Tax settlements are made each March and August for real property taxes and each June and October for personal property taxes.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. PROPERTY TAX (Continued)

The full tax rate at the fiscal year ended June 30, 2000 for operations was \$42.90 per \$1,000 of assessed valuation and \$1.50 per \$1,000 of assessed valuation for permanent improvements. The assessed values of real and tangible personal property on which the 2000 taxes were collected were as follows:

Real Property	\$ 127,374,490
Public Utility Personal Property	5,188,440
Tangible Personal Property	<u>20,522,432</u>
Total Assessed Value	<u><u>\$ 153,085,362</u></u>

6. RECEIVABLES

Receivables at June 30, 2000, consisted of taxes, accounts (rent and student fees), interest and intergovernmental grants and entitlements. 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 guarantee of Federal funds.

A summary of the principal items of intergovernmental receivables follows:

General Fund:

Excess Costs	\$ 10,223
Driver Ed Reimbursements	<u>750</u>
Total General Fund	<u>\$ 10,973</u>

Enterprise Funds:

Federal Lunchroom Reimbursement	\$ 7,983
Total Enterprise Funds	<u>\$ 7,983</u>
Total Intergovernmental Receivables	<u><u>\$ 18,956</u></u>

7. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

7. DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9 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. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$220,728, \$196,800 and \$185,148, respectively; 50 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$110,364 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$811,680, \$720,624 and \$724,368, respectively; 83.3 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$135,280 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

C. Social Security

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System /State Teachers Retirement System. As of June 30, 2000, no members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

8. POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State Statute. Both systems are funded on a pay as you go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$463,817 for fiscal year 2000. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 million at June 30, 1999 (the latest information available). For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase of 2.2 percent from fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$134,013 during the 2000 fiscal year.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999, (the latest information available) were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

9. COMPENSATED ABSENCES

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

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

9. COMPENSATED ABSENCES (Continued)

Sick Leave: Each employee is entitled to fifteen (15) days sick leave with pay each year under contract and accrues sick leave at the rate of one and one-fourth (1 1/4) days for each calendar month under contract.

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

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

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

Service Retirement:

Classified Employees: Employees with five years of service in the District who elect to retire shall receive, in one lump sum, based upon the following table, unused sick leave multiplied times the per diem rate at the time of retirement.

Years of Service	Percentage	Not to Exceed
Not less than 05	30	600 Hours
Not less than 10	30	720 Hours
Not less than 15	30	840 Hours
Not less than 20	30	960 Hours

Certified Employees: Employees with five years of service in the District who elect to retire shall receive, in one lump sum, one fourth (1/4) of the value of unused sick leave to a maximum of twenty-five days (i.e., 1/4 of 100 days) multiplied times the per diem rate at the time of retirement. In addition, a maximum of one-eighth (1/8) of the additional accumulated sick leave up to 300 days shall be included in the lump sum payment.

The Superintendent and Treasurer receive severance based on half of their accumulated sick leave.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2000.

B. Litigation

The District is not a party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending project at June 30, 2000.

11. GENERAL LONG-TERM DEBT

A summary of changes in long-term obligations for the year ended June 30, 2000, are as follows:

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Intergovernmental Payable	\$ 90,046	73,576	90,046	\$ 73,576
Energy Conservation Note	232,400	0	58,100	174,300
EPA Asbestos Note	363,563	0	26,930	336,633
Compensated Absences *	862,543	0	107,282	755,261
Total	\$ 1,548,552	73,576	282,358	\$ 1,339,770

* Additions and deletions of compensated absences are shown net since it is impractical for the District to determine these amounts separately.

Energy Conservation Note: The Board of Education authorized the issuance of a note in the maximum amount of \$581,000. This note was dated January 1993 for \$581,000. It is repaid in annual installments through January 2003, with interest payable at 5.8%. This outstanding note relates to a project in 1993 to purchase and install energy conservation measures. This note will mature January 2003. This is an unvoted note authorized by House Bill 264 which was legislation enacted by the Ohio General Assembly.

	Payment	Interest	Principal
FY 2001	\$ 68,370	10,271	\$ 58,100
FY 2002	64,925	6,825	58,100
FY 2003	61,508	3,408	58,100
Total	\$ 194,803	20,504	\$ 174,300

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

11. GENERAL LONG-TERM DEBT (Continued)

The Ohio Revised Code 133.06 stipulates that the principal amount of a district's unvoted debt for energy conservation measures may not exceed nine tenths of one percent of its valuation, and the total net unvoted debt of the District shall not exceed one percent of the District's tax valuation. The District's energy conservation notes stand within these statutory limitations as prescribed by O.R.C. 133.06.

EPA Asbestos Note: The EPA Asbestos note was issued by the United States Federal Government to the District for the removal of asbestos from District buildings. This is a no interest note with the first payment due in May 1995, and amortized over an 18 year period.

	Payment
FY 2001	\$ 26,930
FY 2002	26,930
FY 2003 & Thereafter	282,773
Total	\$ 336,633

12. FIXED ASSETS

The following is a summary of the proprietary funds' fixed assets at June 30, 2000:

Furniture and Fixtures	\$ 162,560
Less Accumulated Depreciation	93,932
Net Fixed Assets	\$ 68,628

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2000:

	General Fixed Assets			General Fixed Assets
	July 1, 1999	Additions	Deletions	June 30, 2000
Land	\$ 39,532	\$ 0	\$ 0	\$ 39,532
Buildings	5,494,754	474,113	0	5,968,867
Equipment	3,565,091	423,374	21,552	3,966,913
Vehicles	860,408	126,163	104,988	881,583
Total	\$ 9,959,785	\$ 1,023,650	\$ 126,540	\$ 10,856,895

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

13. JOINTLY GOVERNED ORGANIZATIONS

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 administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge.

Superintendents and Treasurers of the participating school districts are eligible to be voting members of the Governing Board. The Board consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County districts, and two treasurers, one from each county. The District was not represented on the Governing Board during fiscal year 2000. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of a complete set of separate financial statements, write to the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio, 44481.

14. 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 2000, the District contracted with the Indiana Insurance Company for property insurance with a \$1,000 deductible. Professional liability is protected by the Nationwide Mutual Insurance Company with a \$1,000,000 per occurrence and \$5,000,000 aggregate limit.

Vehicles are covered by the Nationwide Mutual Insurance Company and hold \$100 and \$1,000 deductibles for comprehensive and collision. Automobile liability has a \$300,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the last ten years.

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

The District also provides a supplemental health insurance policy through Lawrence E. Smith and Associates, Inc. for its students in grades 6th through 12th for athletic accidents. The premium is \$6.50 per student enrolled in grades 6th through 12th on the October Average Daily Membership. The policy is effective from August 1 until the last day of school attendance.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

14. RISK MANAGEMENT (Continued)

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries paid. This calculated rate is based on accident history and administrative costs. The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing 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 Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

B. Health Insurance

The District has elected to provide various employee benefits through a consortium of school districts known as the Trumbull County Schools Insurance Consortium Association.

The District provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is \$50,000 for all certified and administrative staff and their support staff and \$30,000 for all union and non-union full time classified staff. The Superintendent and Treasurer are covered by \$100,000 policies. The provider contracted through the Consortium is Medical Life Insurance Company. The premium is \$1.25 per \$10,000 of coverage.

The provider contracted through the Consortium for medical/surgical benefits is United Healthcare. The District pays monthly premiums for traditional benefits of \$458.11 for family coverage or \$176.20 for individual coverage. Preferred Provider benefit premiums are \$399.68 for family coverage or \$154.33 for individual coverage per month. Prescription benefits are also provided by United Healthcare, and the premiums for this coverage are \$85.66 monthly on a composite basis. The District also offers a health maintenance plan to its employees and pays \$501.47 for family coverage and \$220.36 for individual coverage per month.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

14. RISK MANAGEMENT (Continued)

Dental insurance is provided through Coresource. A third party administrator, Coresource, located in Columbus, Ohio, reviews and pays claims for the Consortium. Premiums for dental coverage are \$58.00 monthly on a composite basis. This dental coverage is available only to certified, administrative and non-union full time classified staff.

Union classified staff have dental coverage and hearing aid coverage also provided by Coresource with a composite rate of \$33.90.

Vision coverage is extended to its employees through Vision Care. The premium is \$11.83 per month per employee. The premium is paid by the fund that pays the salary of the employee. This benefit is provided for outside of the Consortium.

15. SEGMENTS OF ENTERPRISE ACTIVITIES

Key financial data for the District's Enterprise Funds for the year ended June 30, 2000, are as follows:

	Lunchroom Fund	Uniform School Supplies Fund	Total
Operating Revenues	\$ 305,060	43,743	\$ 348,803
Operating Expenses:			
Depreciation	746	0	746
Other Expenses	366,880	44,874	411,754
Total Operating Expenses	367,626	44,874	412,500
Operating Income (loss)	(62,566)	(1,131)	(63,697)
Non Operating Revenues			
Earnings on Investments	586	0	586
Operating Grants	87,353	0	87,353
Other Revenue & Expenses	90	(44)	46
Net Income (loss)	\$ 25,463	(1,175)	\$ 24,288
Net Working Capital	\$ (2,539)	1,817	\$ (722)
Total Assets	\$ 89,011	2,578	\$ 91,589
Total Fund Equity	\$ 6,131	663	\$ 6,794

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

16. SCHOOL FUNDING DECISION/SUBSEQUENT EVENT

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 28, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the case cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

**CHAMPION LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

17. STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Balance, 7/1/1999	\$ 0	\$ 0	\$ 53,048	\$ 53,048
Required Set Aside	96,444	96,444	32,148	225,036
Offset Credits	0	0	0	0
Qualifying Expenditures	(96,444)	(96,444)	0	(192,888)
Balance, 6/30/2000	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 85,196</u>	<u>\$ 85,196</u>

18. FUND DEFICITS

The following funds had deficit balances at June 30, 2000:

Emergency Levy	\$ (244,451)
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The Emergency Levy Fund deficit resulted from the conversion to generally accepted accounting principles and adjustments for accrued liabilities. The District is aware of the deficit and will take the necessary steps to alleviate the deficit. The Emergency Levy Fund deficit results from revenue being insufficient to cover expenditures on the modified accrual basis of accounting. The general fund is liable for any deficit in the fund and provides operating transfers when cash is required, not when accruals occur.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
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Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

To the Board of Education:

We have audited the financial statements of Champion Local School District, Trumbull County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated November 28, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 28, 2001.

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

Jim Petro
Auditor of State

November 28, 2001



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OFFICE OF THE AUDITOR

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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
JANUARY 3, 2002**