

CHAMPION LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY

Single Audit

For the Year Ended June 30, 2021



OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Champion Local School District
5976 Mahoning Avenue NW Ste B
Warren, OH 44483

We have reviewed the *Independent Auditor's Report* of the Champion Local School District, Trumbull County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 25, 2022

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**Champion Local School District
Trumbull County**

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Trumbull County**

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INDEPENDENT AUDITOR'S REPORT

Champion Local School District
Trumbull County
5976 Mahoning Avenue NW
Warren, Ohio 44483

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Champion Local School District, Trumbull County, Ohio (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as our evaluation of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Champion Local School District, Trumbull County, Ohio, as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of net pension liabilities, net OPEB (assets) liabilities, pension contributions and OPEB contributions listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

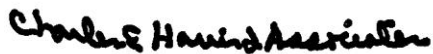
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards (the Schedule) is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
December 15, 2021

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The management's discussion and analysis of Champion Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- In total, net position of governmental activities decreased \$1,295,253, which represents a 43.74% decrease from June 30, 2020 net position.
- General revenues accounted for \$15,052,112 in revenue or 84.55% of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,751,057 in revenue or 15.45% of total revenues of \$17,803,169.
- The District had \$19,098,422 in expenses related to governmental activities; only \$2,751,057 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$15,052,112 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and bond retirement fund. The general fund had \$15,049,206 in revenues and \$14,564,627 in expenditures and other financing uses. During fiscal year 2021, the general fund's fund balance increased \$484,579 from a fund balance of \$3,149,591 to a balance of \$3,634,170.
- The bond retirement fund had \$889,570 in revenues and \$853,356 in expenditures. During fiscal year 2021, the bond retirement fund's fund balance increased \$36,214 from a fund balance of \$609,553 to a balance of \$645,767.

Using the Basic Financial Statements (BFS)

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

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and the bond retirement fund are by far the most significant funds, and the only governmental funds reported as major funds.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during fiscal year 2021?" The statement of net position and the statement of activities answer this question. These statements include all non-fiduciary assets, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

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

The District's statement of net position and statement of activities can be found on pages 15-16 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 11. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the bond retirement fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-61 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset and pension and net OPEB contributions. The required supplementary information can be found on pages 64-81 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at June 30, 2021 and June 30, 2020.

	Net Position	
	Governmental Activities 2021	Governmental Activities 2020
	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current and other assets	\$ 14,491,857	\$ 14,113,164
Net OPEB asset	1,036,607	958,808
Capital assets, net	<u>27,182,148</u>	<u>27,975,170</u>
Total assets	<u>42,710,612</u>	<u>43,047,142</u>
<u>Deferred Outflows of Resources</u>		
Pension	3,265,077	3,238,928
OPEB	<u>461,978</u>	<u>381,608</u>
Total deferred outflows of resources	<u>3,727,055</u>	<u>3,620,536</u>
<u>Liabilities</u>		
Current liabilities	1,827,347	1,677,938
Long-term liabilities:		
Due within one year	546,791	474,445
Due in more than one year:		
Net pension liability	17,513,010	15,865,094
Net OPEB liability	1,107,860	1,319,171
Other amounts	<u>14,575,973</u>	<u>15,049,572</u>
Total liabilities	<u>35,570,981</u>	<u>34,386,220</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for next year	6,926,621	6,628,037
Pension	364,937	1,065,703
OPEB	<u>1,909,183</u>	<u>1,626,520</u>
Total deferred inflows of resources	<u>9,200,741</u>	<u>9,320,260</u>
<u>Net Position</u>		
Net investment in capital assets	13,764,950	14,212,841
Restricted	1,451,250	2,062,969
Unrestricted (deficit)	<u>(13,550,255)</u>	<u>(13,314,612)</u>
Total net position	<u>\$ 1,665,945</u>	<u>\$ 2,961,198</u>

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2021 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/asset to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,665,945.

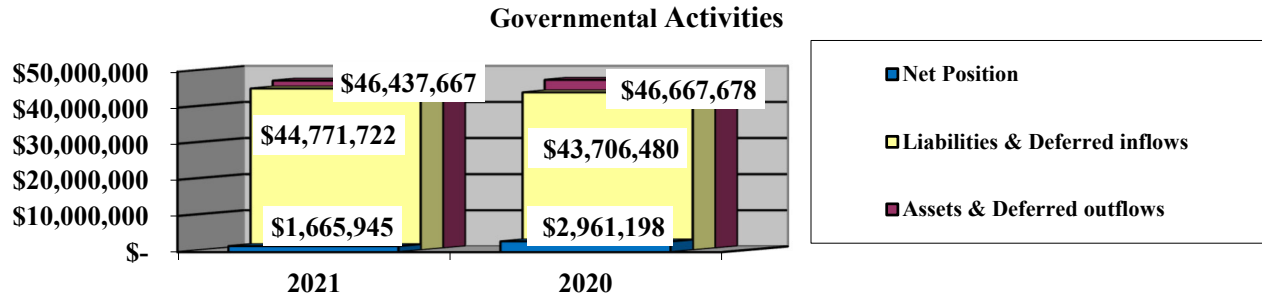
At year end, capital assets represented 63.64% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. The District's net investment in capital assets at June 30, 2021 was \$13,764,950. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

A portion of the District's net position, \$1,451,250 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$13,550,255.

The graph below illustrates the District's assets, liabilities, deferred inflows of resources, and net position at June 30, 2021 and June 30, 2020.



The table below shows the changes in net position for governmental activities for fiscal years 2021 and 2020.

	Change in Net Position	
	Governmental Activities 2021	Governmental Activities 2020
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 481,910	\$ 738,473
Operating grants and contributions	2,269,147	1,627,954
General revenues:		
Property taxes	6,950,176	6,661,341
Grants and entitlements	7,860,360	7,846,780
Investment earnings	3,012	40,745
Miscellaneous	238,564	76,543
Total revenues	17,803,169	16,991,836

-Continued

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

	Change in Net Position (Continued)	
	Governmental Activities 2021	Governmental Activities 2020
<u>Expenses</u>	<u>2021</u>	<u>2020</u>
Program expenses:		
Instruction:		
Regular	7,576,068	7,545,845
Special	2,136,347	2,295,975
Other	605,699	582,298
Support services:		
Pupil	1,481,415	1,277,491
Instructional staff	375,124	378,796
Board of education	27,722	45,506
Administration	1,612,833	1,576,438
Fiscal	633,253	491,749
Business	2,138	-
Operations and maintenance	2,207,223	1,995,581
Pupil transportation	849,631	944,710
Central	102,798	131,525
Operation of non-instructional services:		
Food service operations	436,364	450,462
Other non-instructional	1,432	-
Extracurricular activities	552,219	637,373
Interest and fiscal charges	498,156	511,499
Total expenses	<u>19,098,422</u>	<u>18,865,248</u>
Change in net position	(1,295,253)	(1,873,412)
Net position at beginning of year	<u>2,961,198</u>	<u>4,834,610</u>
Net position at end of year	<u>\$ 1,665,945</u>	<u>\$ 2,961,198</u>

Governmental Activities

Net position of the District's governmental activities decreased \$1,295,253. Total governmental expenses of \$19,098,422 were offset by program revenues of \$2,751,057 and general revenues of \$15,052,112. Program revenues supported 14.40% of the total governmental expenses.

In the area of program revenues, operating grants and contributions increased, which is primarily attributable to \$278,174 and \$88,932 in Elementary and Secondary School Emergency (ESSER) funding and Coronavirus Relief funding, respectively, received during fiscal 2021 in response to the COVID-19 pandemic.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 83.19% of total governmental revenues. Miscellaneous general revenues increased during fiscal year as a result of a refunds and a dividend received by the Bureau of Workers' Compensation (BWC). Investment earnings experience a significant decrease during the fiscal year as a result of the COVID-19 Pandemic and the Federal Reserve cutting increase rates.

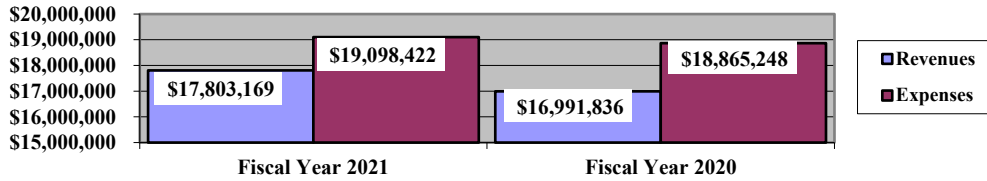
The largest expense of the District is for instructional programs. Instructional expenses totaled \$10,318,114 or 54.03% of total governmental expenses for fiscal year 2021.

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2021 and 2020.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2021 and 2020. That is, it identifies the cost of these services supported by tax revenues, unrestricted State grants and entitlements, and other general revenues of the District.

Governmental Activities

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Program expenses				
Instruction:				
Regular	\$ 7,576,068	\$ 7,176,608	\$ 7,545,845	\$ 7,184,282
Special	2,136,347	945,836	2,295,975	1,143,092
Other	605,699	605,699	582,298	582,298
Support services:				
Pupil	1,481,415	1,125,389	1,277,491	1,133,052
Instructional staff	375,124	294,958	378,796	363,610
Board of education	27,722	27,722	45,506	45,506
Administration	1,612,833	1,580,658	1,576,438	1,511,061
Fiscal	633,253	633,253	491,749	491,749
Business	2,138	(77)	-	-
Operations and maintenance	2,207,223	2,098,662	1,995,581	1,914,620
Pupil transportation	849,631	843,826	944,710	944,710
Central	102,798	102,798	131,525	131,525
Operation of non-instructional services:				
Food service operations	436,364	(59,086)	450,462	62,316
Other non-instructional	1,432	(52)	-	-
Extracurricular activities	552,219	473,015	637,373	479,501
Interest and fiscal charges	498,156	498,156	511,499	511,499
Total expenses	<u>\$ 19,098,422</u>	<u>\$ 16,347,365</u>	<u>\$ 18,865,248</u>	<u>\$ 16,498,821</u>

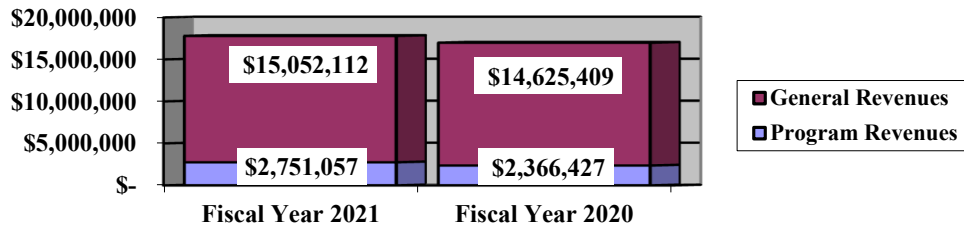
The dependence upon taxes and other general revenues for governmental activities is apparent, as 84.59% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 85.60%. The District's taxpayers and grants and entitlements not restricted to specific programs are by far the primary support for the District's students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The graph below presents the District's governmental activities revenues for fiscal years 2021 and 2020.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$4,964,485, which is less than last year's total fund balance of \$5,111,339. The table below indicates the fund balance and the total change in fund balance as of June 30, 2021 and June 30, 2020.

	<u>Fund Balance</u> <u>June 30, 2021</u>	<u>Fund Balance</u> <u>June 30, 2020</u>	<u>Change</u>
General fund	\$ 3,634,170	\$ 3,149,591	\$ 484,579
Bond retirement	645,767	609,553	36,214
Nonmajor governmental funds	<u>684,548</u>	<u>1,352,195</u>	<u>(667,647)</u>
Total	<u>\$ 4,964,485</u>	<u>\$ 5,111,339</u>	<u>\$ (146,854)</u>

General Fund

The District's general fund balance increased \$484,579.

The table that follows assists in illustrating the financial activities of the general fund during fiscal years 2021 and 2020.

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 5,944,936	\$ 5,772,395	2.99 %
Tuition and fees	319,182	320,489	(0.41) %
Investment earnings	1,262	28,614	(95.59) %
Intergovernmental	8,482,766	8,438,593	0.52 %
Other revenues	<u>301,060</u>	<u>180,226</u>	<u>67.05 %</u>
Total	<u>\$ 15,049,206</u>	<u>\$ 14,740,317</u>	<u>2.10 %</u>
<u>Expenditures</u>			
Instruction	\$ 8,597,170	\$ 8,550,451	0.55 %
Support services	5,464,031	5,616,602	(2.72) %
Extracurricular activities	351,559	381,261	(7.79) %
Debt service	<u>115,312</u>	<u>115,313</u>	<u>(0.00) %</u>
Total	<u>\$ 14,528,072</u>	<u>\$ 14,663,627</u>	<u>(0.92) %</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Overall revenues of the general fund increased \$308,889 or 2.10%. Other revenues increased during fiscal year as a result of a refunds and a dividend received by the Bureau of Workers' Compensation (BWC). Investment earnings experience a significant decrease during the fiscal year as a result of the COVID-19 Pandemic and the Federal Reserve cutting increase rates. Overall expenditures of the general fund decreased \$135,555 or 0.92%. Extracurricular activities decreased primarily due to the impact of COVID-19 on school sport functions. All other revenues and expenditures remained comparable to prior fiscal year.

Bond Retirement Fund

The bond retirement fund had \$889,570 in revenues and \$853,356 in expenditures. During fiscal year 2021, the bond retirement fund's fund balance increased \$36,214 from a fund balance of \$609,553 to a fund balance of \$645,767.

General Fund Budgeting Highlights

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

For the general fund, final budgeted revenues and other financing sources were \$11,978,163, which was \$62,498 greater than original budgeted revenues and other financing sources of \$11,915,665. Actual revenues and other financing sources remained the same as the final budgeted revenues and other financing sources of \$11,978,163.

General fund original appropriations (appropriated expenditures and other financing uses) of \$10,209,929 were increased by \$1,536,350 to \$11,746,279 in the final budget. The actual budget basis expenditures and other financing uses remained the same as the final budgeted appropriations of \$11,746,279.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the District had \$27,182,148 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities.

The following table shows June 30, 2021 capital asset balances compared to June 30, 2020:

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

	Governmental Activities	
	2021	2020
Land	\$ 87,400	\$ 87,400
Land improvements	584,952	619,533
Buildings and improvements	25,546,268	26,147,800
Furniture and equipment	721,094	804,106
Vehicles	242,434	316,331
Total	\$ 27,182,148	\$ 27,975,170

The overall decrease in capital assets of \$793,022 is due to depreciation expense of \$842,895 exceeding capital outlays of \$49,873.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Debt Administration

At June 30, 2021, the District had \$565,000 in qualified school construction bonds, \$12,960,000 in school improvement bonds, \$101,511 in lease-purchase agreements, and \$79,615 in capital lease obligations. Of this total, \$456,108 is due within one year and \$13,250,018 is due in more than one year.

The following table summarizes the long-term obligations outstanding at June 30, 2021 and June 30, 2020.

Outstanding Debt at June 30

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
Qualified school construction bonds	\$ 565,000	\$ 680,000
School improvement bonds	12,960,000	13,185,000
Lease-purchase agreements	79,615	156,242
Capital lease obligations	<u>101,511</u>	<u>136,228</u>
Total	<u>\$ 13,706,126</u>	<u>\$ 14,157,470</u>

At June 30, 2021, the District's overall legal debt margin was \$4,209,441, with an unvoted debt margin of \$189,874.

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

Current Financial Related Activities

The District is often presented with challenges and opportunities. National, State and local events often affect the District and the surrounding area economically, both positively and adversely. However, the District has carefully managed its budget in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed periodically from the community's citizens.

Sound fiscal management by the Board of Education and administration has enabled the District to continue a quality, comprehensive educational program. The District has committed itself to educational and financial excellence for many years, and maintains State Report Card excellence scores. The budgeting and internal controls utilized by the District are well regarded, as exemplified by the unqualified audit opinions that have been received.

Each challenge identified by the District is viewed simultaneously as an opportunity for the District to foray down paths not previously traveled to continue its commitment to excellence. The District is committed to living within its financial means and working with the community it serves in order to gather adequate resources to support the educational programs. Overall, the District continues to perform at the highest level as determined by the State of Ohio, which is measured by a defined set of criteria.

The Champion community agreed to and passed on the first attempt a bond issue to proceed in collaboration efforts with Ohio Schools Facilities Commission to build a new Pre-K-8 building on the grounds south of the existing high school. The new school building opened in the Fall of 2018 – the 2018-2019 school year. The demolition of the prior middle school and elementary school are now completed and in June of 2019 the property where the elementary school was located has transferred to Champion Township. The bus garage and property that the bus garage is on (approx. 3 acres) remained in Champion Schools ownership.

COVID-19 certainly has added new challenges to all education levels and post-secondary is not exempt. We continue to do the best we can with available resources. The classified staff began a new 3 year contract with the 2020 school year with a 1% increase in year one and a wage opener for years 2 and 3 (fiscal year 2021 and fiscal year 2022). The 2 year wage re-opener was settled prior to the end of fiscal year 2021 with a .60 cent increase on the base for fiscal year 2022 and a .48 cent increase on the base for fiscal year 2023.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

The certified staff had a one year extension for fiscal year 2020 so that their current contract will end June 30, 2021.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Laurena Rouan, Treasurer, Champion Local School District, 5976 Mahoning Avenue NW, Warren, Ohio, 44483-1139.

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

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 6,612,002
Receivables:	
Property taxes	7,627,810
Accounts	45,769
Intergovernmental	105,715
Prepayments	92,161
Materials and supplies inventory	1,705
Inventory held for resale	6,695
Net OPEB asset	1,036,607
Capital assets:	
Nondepreciable capital assets	87,400
Depreciable capital assets, net	27,094,748
Capital assets, net	27,182,148
Total assets	42,710,612
 Deferred outflows of resources:	
Pension	3,265,077
OPEB	461,978
Total deferred outflows of resources	3,727,055
 Liabilities:	
Accounts payable	152,326
Accrued wages and benefits payable	1,324,660
Intergovernmental payable	287,919
Accrued interest payable	47,233
Unearned revenue	15,209
Long-term liabilities:	
Due within one year	546,791
Due in more than one year:	
Net pension liability	17,513,010
Net OPEB liability	1,107,860
Other amounts due in more than one year	14,575,973
Total liabilities	35,570,981
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year	6,926,621
Pension	364,937
OPEB	1,909,183
Total deferred inflows of resources	9,200,741
 Net position:	
Net investment in capital assets	13,764,950
Restricted for:	
Capital projects	133,406
Classroom facilities maintenance	316,586
Debt service	682,628
Federally funded programs	9,685
Food service operations	188,717
Student activities	120,228
Unrestricted (deficit)	(13,550,255)
Total net position	\$ 1,665,945

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Instruction:				
Regular	\$ 7,576,068	\$ 319,182	\$ 80,278	\$ (7,176,608)
Special	2,136,347	42	1,190,469	(945,836)
Other	605,699	-	-	(605,699)
Support services:				
Pupil	1,481,415	-	356,026	(1,125,389)
Instructional staff	375,124	-	80,166	(294,958)
Board of education	27,722	-	-	(27,722)
Administration	1,612,833	-	32,175	(1,580,658)
Fiscal	633,253	-	-	(633,253)
Business	2,138	-	2,215	77
Operations and maintenance	2,207,223	63,178	45,383	(2,098,662)
Pupil transportation	849,631	-	5,805	(843,826)
Central	102,798	-	-	(102,798)
Operation of non-instructional services:				
Food service operations	436,364	30,462	464,988	59,086
Other non-instructional services	1,432	-	1,484	52
Extracurricular activities	552,219	69,046	10,158	(473,015)
Interest and fiscal charges	498,156	-	-	(498,156)
Totals	<u>\$ 19,098,422</u>	<u>\$ 481,910</u>	<u>\$ 2,269,147</u>	<u>(16,347,365)</u>

General revenues:

Property taxes levied for:

General purposes	5,939,817
Debt service	836,692
Capital outlay	94,094
Classroom facilities maintenance	79,573
Grants and entitlements not restricted to specific programs	7,860,360
Investment earnings	3,012
Miscellaneous	238,564
Total general revenues	<u>15,052,112</u>

Change in net position (1,295,253)

Net position at beginning of year 2,961,198

Net position at end of year \$ 1,665,945

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 5,082,334	\$ 646,946	\$ 882,722	\$ 6,612,002
Receivables:				
Property taxes	6,522,737	913,633	191,440	7,627,810
Accounts	45,769	-	-	45,769
Interfund loans	15,467	-	-	15,467
Intergovernmental	74,358	-	31,357	105,715
Prepayments	81,331	-	10,830	92,161
Materials and supplies inventory	-	-	1,705	1,705
Inventory held for resale	-	-	6,695	6,695
Total assets	<u>\$ 11,821,996</u>	<u>\$ 1,560,579</u>	<u>\$ 1,124,749</u>	<u>\$ 14,507,324</u>
Liabilities:				
Accounts payable	\$ 51,536	\$ 3,250	\$ 97,540	\$ 152,326
Accrued wages and benefits payable	1,200,066	-	124,594	1,324,660
Compensated absences payable	67,736	-	-	67,736
Intergovernmental payable	276,325	-	11,594	287,919
Interfund loans payable	-	-	15,467	15,467
Unearned revenue	15,209	-	-	15,209
Total liabilities	<u>1,610,872</u>	<u>3,250</u>	<u>249,195</u>	<u>1,863,317</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	5,923,151	829,630	173,840	6,926,621
Delinquent property tax revenue not available	584,807	81,932	17,166	683,905
Intergovernmental revenue not available	68,996	-	-	68,996
Total deferred inflows of resources	<u>6,576,954</u>	<u>911,562</u>	<u>191,006</u>	<u>7,679,522</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	1,705	1,705
Prepays	81,331	-	10,830	92,161
Restricted:				
Debt service	-	645,767	-	645,767
Capital improvements	-	-	124,242	124,242
Classroom facilities maintenance	-	-	307,439	307,439
Food service operations	-	-	210,933	210,933
Extracurricular	-	-	120,228	120,228
Assigned:				
Student instruction	13,214	-	-	13,214
Student and staff support	252,635	-	-	252,635
Extracurricular activities	955	-	-	955
Public school support	45,536	-	-	45,536
School supplies	15,372	-	-	15,372
Other purposes	8,681	-	-	8,681
Unassigned (deficit)	3,216,446	-	(90,829)	3,125,617
Total fund balances	<u>3,634,170</u>	<u>645,767</u>	<u>684,548</u>	<u>4,964,485</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,821,996</u>	<u>\$ 1,560,579</u>	<u>\$ 1,124,749</u>	<u>\$ 14,507,324</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

Total governmental fund balances		\$	4,964,485
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			27,182,148
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	683,905	
Intergovernmental receivable		68,996	
Total		752,901	752,901
Unamortized premiums on bonds issued are not recognized in the funds.			(276,072)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(47,233)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		3,265,077	
Deferred inflows - pension		(364,937)	
Net pension liability		(17,513,010)	
Deferred outflows - OPEB		461,978	
Deferred inflows - OPEB		(1,909,183)	
Net OPEB asset		1,036,607	
Net OPEB liability		(1,107,860)	
Total		(16,131,328)	(16,131,328)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(1,072,830)	
Lease-purchase agreements		(79,615)	
Capital lease obligations		(101,511)	
Qualified school construction bonds payable		(565,000)	
School improvement bonds		(12,960,000)	
Total		(14,778,956)	(14,778,956)
Net position of governmental activities		\$	1,665,945

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 5,944,936	\$ 832,745	\$ 174,471	\$ 6,952,152
Intergovernmental	8,482,766	56,825	1,581,325	10,120,916
Investment earnings	1,262	-	1,751	3,013
Tuition and fees	319,182	-	-	319,182
Extracurricular	-	-	69,088	69,088
Rental income	62,496	-	-	62,496
Charges for services	-	-	31,144	31,144
Contributions and donations	6,150	-	8,590	14,740
Miscellaneous	232,414	-	-	232,414
Total revenues	<u>15,049,206</u>	<u>889,570</u>	<u>1,866,369</u>	<u>17,805,145</u>
Expenditures:				
Current:				
Instruction:				
Regular	6,459,181	-	77,829	6,537,010
Special	1,532,290	-	507,643	2,039,933
Other	605,699	-	-	605,699
Support services:				
Pupil	1,105,835	-	351,621	1,457,456
Instructional staff	252,294	-	79,402	331,696
Board of education	26,996	-	-	26,996
Administration	1,482,992	-	31,055	1,514,047
Fiscal	570,126	14,826	3,998	588,950
Business	-	-	2,138	2,138
Operations and maintenance	1,196,012	-	947,805	2,143,817
Pupil transportation	726,978	-	5,603	732,581
Central	102,798	-	-	102,798
Operation of non-instructional services:				
Food service operations	-	-	434,718	434,718
Other non-instructional services	-	-	1,432	1,432
Extracurricular activities	351,559	-	117,332	468,891
Facilities acquisition and construction	-	-	625	625
Debt service:				
Principal retirement	104,401	340,000	6,943	451,344
Interest and fiscal charges	10,911	498,530	1,205	510,646
Total expenditures	<u>14,528,072</u>	<u>853,356</u>	<u>2,569,349</u>	<u>17,950,777</u>
Excess of revenues over (under) expenditures	<u>521,134</u>	<u>36,214</u>	<u>(702,980)</u>	<u>(145,632)</u>
Other financing sources (uses):				
Transfers in	-	-	36,555	36,555
Transfers (out)	(36,555)	-	-	(36,555)
Total other financing sources (uses)	<u>(36,555)</u>	<u>-</u>	<u>36,555</u>	<u>-</u>
Net change in fund balances	484,579	36,214	(666,425)	(145,632)
Fund balances at beginning of year	3,149,591	609,553	1,352,195	5,111,339
Change in reserve for inventory	-	-	(1,222)	(1,222)
Fund balances at end of year	<u>\$ 3,634,170</u>	<u>\$ 645,767</u>	<u>\$ 684,548</u>	<u>\$ 4,964,485</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds	\$	(145,632)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 49,873	
Current year depreciation	(842,895)	
Total		(793,022)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		(1,222)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(1,976)	
Intergovernmental	8,787	
Total		6,811
Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		451,344
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
(Increase) decrease in accrued interest payable	3,703	
Amortization of bond premiums	8,787	
Total		12,490
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,282,136	
OPEB	32,950	
Total		1,315,086
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(2,203,137)	
OPEB	53,867	
Total		(2,149,270)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		8,162
Change in net position of governmental activities	\$	(1,295,253)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 3,311,200	\$ 3,328,567	\$ 3,328,567	\$ -
Intergovernmental	7,854,068	7,895,264	7,895,264	-
Investment earnings	1,566	1,574	1,574	-
Tuition and fees	290,340	291,863	291,863	-
Rental income	62,170	62,496	62,496	-
Charges for services	15,272	15,352	15,352	-
Total revenues	<u>11,534,616</u>	<u>11,595,116</u>	<u>11,595,116</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,159,155	3,549,544	3,549,544	-
Special	1,349,884	1,572,147	1,572,147	-
Other	411,816	607,893	607,893	-
Support services:				
Pupil	788,270	963,997	963,997	-
Instructional staff	261,924	272,886	272,886	-
Board of education	39,903	17,628	17,628	-
Administration	1,290,729	1,501,248	1,501,248	-
Fiscal	346,000	533,806	533,806	-
Operations and maintenance	1,178,622	1,235,402	1,235,402	-
Pupil transportation	808,967	908,609	908,609	-
Central	114,698	110,120	110,120	-
Extracurricular activities	416,678	436,444	436,444	-
Total expenditures	<u>10,166,646</u>	<u>11,709,724</u>	<u>11,709,724</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>1,367,970</u>	<u>(114,608)</u>	<u>(114,608)</u>	<u>-</u>
Other financing sources (uses):				
Refund of prior year's expenditures	381,024	383,022	383,022	-
Transfers (out)	(43,283)	(36,555)	(36,555)	-
Sale of capital assets	25	25	25	-
Total other financing sources (uses)	<u>337,766</u>	<u>346,492</u>	<u>346,492</u>	<u>-</u>
Net change in fund balance	1,705,736	231,884	231,884	-
Fund balance at beginning of year	4,244,332	4,244,332	4,244,332	-
Prior year encumbrances appropriated	<u>230,427</u>	<u>230,427</u>	<u>230,427</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,180,495</u>	<u>\$ 4,706,643</u>	<u>\$ 4,706,643</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District is staffed by 54 non-certified employees and 100 certified full-time teaching personnel who provide services to 1,343 students and other community members. The District currently operates three instructional buildings, one athletic building, and one garage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has one blended component unit. The basic financial statements of the reporting entity include those of the District (the primary government) and the blended component unit.

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

BLENDING COMPONENT UNIT

Champion School Building Corporation (the "Corporation")

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Management Information Network (NEOMIN)

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

Superintendents of the participating school districts are eligible to be voting members of the Governing Board, which consists of ten members: the Trumbull and Ashtabula County Superintendents (permanent members), three Superintendents from Ashtabula County school districts, three Superintendents from Trumbull County school districts, and one Treasurer from Trumbull and Ashtabula County who must be employed by a participating school district, the fiscal agent, or NEOMIN. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 528 Educational Highway, Warren, Ohio 44483.

Trumbull Career and Technical Center

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

INSURANCE RATING AND PURCHASING POOLS

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

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Retrospective Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance rating pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund - The bond retirement fund is used to account for the accumulation of resources and payment of general obligation bond principal, interest and related costs.

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District does not have any trust funds. The District's custodial fund accounts for funds collected and distributed on behalf of OHSAA. The District did not collect or distribute any funds on behalf of OHSAA in fiscal year 2021.

C. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

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

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

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

The fiduciary funds are reported using the economic resources measurement focus. All assets and liabilities associated with the operation of fiduciary funds are included on the statement of net fiduciary position. Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting on the fund financial statements. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and deferred outflows of resources, and in the presentation of expenses versus expenditures.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, See Notes 13 and 14 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Notes 13 and 14 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2021 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflects the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2021.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2021. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

During fiscal year 2021, the District did not have any investments. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts are reported at cost.

The District invests in Government Insured Deposit Program, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. The program enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. The program offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with the program have full FDIC insurance, with no term commitment on deposits.

Under existing Ohio statute, interest earnings are assigned to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$1,262 which includes \$290 assigned from other District funds.

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

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

G. Inventory

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

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

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

H. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position but are not reported in the fund financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

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

I. Interfund Balances

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

J. Compensated Absences

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

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

The total liability for vacation leave and sick leave payments has been calculated using pay rates in effect at June 30, 2021 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds payable, lease-purchase agreements, and capital lease obligations are recognized as a liability in the fund financial statements when due. Net pensions/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

L. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

M. Prepayments

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

N. Net Position

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

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

O. Estimates

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

P. Interfund Activity

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

Q. Pensions/ Other Postemployment Benefits (OPEB)

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2021.

S. Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2021, the District has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended June 30, 2021. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed until the fiscal year ended June 30, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

B. Deficit Fund Balances

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

<u>Nonmajor funds</u>	<u>Deficit</u>
IDEA, Part B	\$ 53,826
Title I	37,003

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**CHAMPION LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than five years from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair 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, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At June 30, 2021, the District had \$601 in undeposited cash on hand, which is included on the basic financial statements of the District as part of “equity in pooled cash and cash equivalents”.

B. Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all District deposits was \$6,611,401 and the bank balance of all District deposits was \$6,620,026. Of the bank balance, \$2,652,273 was covered by the FDIC, \$2,380,652 was collateralized by the Ohio Pooled Collateral System (OPCS) and \$1,587,101 was exposed to custodial credit risk.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District’s and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2021, the District’s financial institutions had a reduced collateral rate through the OPCS of 60 percent. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

The District had no investments at June 30, 2021.

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2021:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 6,611,401
Cash on hand	<u>601</u>
Total	<u><u>\$ 6,612,002</u></u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u><u>\$ 6,612,002</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the year ended June 30, 2021 consisted of the following, as reported on the fund financial statements:

<u>Transfer to nonmajor governmental funds from:</u>	<u>Amount</u>
General fund	\$ <u>36,555</u>

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

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

- B. Interfund loans receivable/payable consisted of the following at June 30, 2021, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ <u>15,467</u>

The balance resulted from a negative cash balance in the elementary and secondary school emergency fund (a nonmajor governmental fund) and the Title I fund (a nonmajor governmental fund) at fiscal year-end. The balances are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2020 the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Trumbull County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2022 operations. The amount available as an advance at June 30, 2021 was \$14,779 in the general fund, \$2,071 in the bond retirement fund, \$232 in the permanent improvement fund (a nonmajor governmental fund) and \$202 in the classroom facilities and maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2020 was \$7,772 in the general fund, \$1,027 in the bond retirement fund, \$112 in the permanent improvement fund (a nonmajor governmental fund) and \$125 in the classroom facilities and maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

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

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 168,950,980	97.28	\$ 184,809,920	97.33
Public utility personal	<u>4,728,100</u>	<u>2.72</u>	<u>5,064,230</u>	<u>2.67</u>
Total	<u>\$ 173,679,080</u>	<u>100.00</u>	<u>\$ 189,874,150</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 53.45		\$ 51.75	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2021 consisted of property taxes, accounts (billings for user charged services and student fees), 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 year guarantee of federal funds. A list of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 7,627,810
Accounts	45,769
Intergovernmental	<u>105,715</u>
Total receivables	<u>\$ 7,779,294</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8 - CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2021</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 87,400	\$ -	\$ -	\$ 87,400
Total capital assets, not being depreciated	<u>87,400</u>	<u>-</u>	<u>-</u>	<u>87,400</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	711,967	-	-	711,967
Buildings and improvements	33,605,250	35,873	-	33,641,123
Furniture and equipment	1,573,033	14,000	-	1,587,033
Vehicles	1,443,132	-	-	1,443,132
Total capital assets, being depreciated	<u>37,333,382</u>	<u>49,873</u>	<u>-</u>	<u>37,383,255</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(92,434)	(34,581)	-	(127,015)
Buildings and improvements	(7,457,450)	(637,405)	-	(8,094,855)
Furniture and equipment	(768,927)	(97,012)	-	(865,939)
Vehicles	(1,126,801)	(73,897)	-	(1,200,698)
Total accumulated depreciation	<u>(9,445,612)</u>	<u>(842,895)</u>	<u>-</u>	<u>(10,288,507)</u>
Governmental activities capital assets, net	<u>\$ 27,975,170</u>	<u>\$ (793,022)</u>	<u>\$ -</u>	<u>\$ 27,182,148</u>

Depreciation expense was charged to governmental activities as follows:

<u>Instruction:</u>	
Regular	\$ 649,552
<u>Support services:</u>	
Instructional staff	36,131
Administration	1,083
Operations and maintenance	15,288
Pupil transportation	84,569
Extracurricular activities	55,775
Food service operations	<u>497</u>
Total depreciation expense	<u>\$ 842,895</u>

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During the prior fiscal year, the District entered into a capitalized lease for copiers. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on budgetary statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Capital assets consisting of equipment have been capitalized in the amount of \$180,653. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2021 was \$90,328, leaving a current book value of \$90,325. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2021 totaled \$27,774 and \$6,943, respectively, paid by the general fund and the food services fund (a nonmajor governmental fund).

The following is a schedule of the future long-term minimum lease payments required under the capital lease agreement and the present value of the future minimum lease payments as of June 30, 2021:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 40,740
2023	40,740
2024	<u>27,160</u>
Total	108,640
Less: amount representing interest	<u>(7,129)</u>
Present value of minimum lease payments	<u>\$ 101,511</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2021, the following changes occurred in governmental activities long-term obligations:

	Balance			Amounts	
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Due in One Year</u>
Qualified school construction bonds (2010)	\$ 205,000	\$ -	\$ (40,000)	\$ 165,000	\$ 40,000
Qualified school construction bonds (2011)	475,000	-	(75,000)	400,000	75,000
School improvement bonds (2016-1)	8,525,000	-	(145,000)	8,380,000	145,000
School improvement bonds (2016-2)	4,660,000	-	(80,000)	4,580,000	80,000
Net pension liability	15,865,094	1,647,916	-	17,513,010	-
Net OPEB liability/asset	1,319,171	-	(211,311)	1,107,860	-
Capital lease obligations	136,228	-	(34,717)	101,511	36,493
Lease-purchase agreement - from direct borrowing	156,242	-	(76,627)	79,615	79,615
Compensated absences	<u>1,081,688</u>	<u>81,979</u>	<u>(23,101)</u>	<u>1,140,566</u>	<u>90,683</u>
Unamortized premiums	<u>284,859</u>	<u>-</u>	<u>(8,787)</u>	<u>276,072</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 32,708,282</u>	<u>\$ 1,729,895</u>	<u>\$ (694,543)</u>	<u>\$ 33,743,634</u>	<u>\$ 546,791</u>

Capital lease obligations: The capital lease obligations will be paid from the general fund and the food service fund (a nonmajor governmental fund). See Note 9 for details.

Net pension liability: The District's net pension liability is described in Note 13. The District pays obligations related to employee compensation from the fund benefiting from their service.

Net OPEB liability/asset: The District's net OPEB liability/asset is described in Note 14. The District pays obligations related to employee compensation from the fund benefiting from their service.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

Fiscal Year Ended,	Qualified School Construction Bonds (2010)		
	Principal	Interest	Total
2022	\$ 40,000	\$ 2,798	\$ 42,798
2023	40,000	2,026	42,026
2024	40,000	1,254	41,254
2025	45,000	434	45,434
Total	<u>\$ 165,000</u>	<u>\$ 6,512</u>	<u>\$ 171,512</u>

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

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

Fiscal Year Ended,	Qualified School Construction Bonds (2011)		
	Principal	Interest	Total
2022	\$ 75,000	\$ 22,475	\$ 97,475
2023	75,000	17,825	92,825
2024	75,000	13,175	88,175
2025	75,000	8,525	83,525
2026	100,000	3,100	103,100
Total	<u>\$ 400,000</u>	<u>\$ 65,100</u>	<u>\$ 465,100</u>

Lease-purchase agreement - athletic facilities: During fiscal year 2002, the District entered into a lease-purchase agreement with the Champion School Building Corporation to provide new athletic facilities, including stadium bleachers, a field house, an all-weather track, and concession/restroom facilities. The Champion School Building Corporation borrowed \$1,100,000 on March 27, 2002, at an interest rate of 4.75%. On May 1, 2002, it assigned the loan to the District. The lease-purchase agreement is being repaid in equal installments over a twenty-year period, beginning December 1, 2002. On December 1, 2012, the Champion School Building Corporation refinanced the lease-purchase agreement at an interest rate of 3.90%. Lease-purchase agreement payments are made from the general fund. Lease-purchase agreement payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on budgetary statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The lease-purchase agreement is considered a direct borrowing. Direct borrowings have terms negotiated directly between the District and the lender and are not offered for public sale. The lease-purchase agreement provides that in the event of default, the Lessor with or without terminating the lease, may declare all rent payments due or to become due during the fiscal year in effect when the default occurs to be immediately due and payable by the District.

Capital assets consisting of building improvements have been capitalized in the amount of \$1,116,019. This amount represents the present value of the minimum lease-purchase agreement payments at the time of acquisition. Accumulated depreciation as of June 30, 2021 was \$479,889, leaving a current book value of \$636,130. A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in fiscal year 2021 totaled \$76,627 and \$6,093, respectively, paid by the general fund.

The following is a schedule of the future long-term minimum lease-purchase agreement payments required under the lease-purchase agreement and the present value of the future minimum lease-purchase agreement payments as of June 30, 2021:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 82,720
Total minimum lease-purchase agreement payments	82,720
Less: amount representing interest	<u>(3,105)</u>
Total	<u>\$ 79,615</u>

School improvement bonds - series 2016-1 - On April 5, 2016, the District issued \$9,190,000 in general obligation serial bonds, for the purpose of constructing, furnishing and equipping new elementary/ middle school buildings. Principal and interest payments are made from the bond retirement fund.

The interest rate on the current interest bonds range from 1.00% to 4.00%. Interest payments on the current interest serial bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2052.

The following is a summary of the District's future annual debt service requirements to maturity for the series 2016-1 bonds:

<u>Fiscal Year</u>	<u>Current Interest - Series 2016-1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 145,000	\$ 304,544	449,544
2023	150,000	301,594	451,594
2024	150,000	298,594	448,594
2025	155,000	295,544	450,544
2026	160,000	290,794	450,794
2027 - 2031	885,000	1,352,070	2,237,070
2032 - 2036	1,080,000	1,156,570	2,236,570
2037 - 2041	1,320,000	917,170	2,237,170
2042 - 2046	1,590,000	639,232	2,229,232
2047 - 2051	1,890,000	330,925	2,220,925
2052 - 2053	855,000	31,262	886,262
Total	<u>\$ 8,380,000</u>	<u>\$ 5,918,299</u>	<u>\$ 14,298,299</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

School improvement bonds - series 2016-2 - On April 26, 2016, the District issued \$5,000,000 in general obligation serial bonds, for the purpose of constructing, furnishing and equipping new elementary/ middle school buildings. Principal and interest payments are made from the bond retirement fund.

The interest rate on the current interest bonds range from 1.00% to 4.00%. Interest payments on the current interest serial bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2052.

The following is a summary of the District's future annual debt service requirements to maturity for the series 2016-2 bonds:

<u>Fiscal Year</u>	Current Interest - Series 2016-2		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 80,000	\$ 159,550	239,550
2023	85,000	158,206	243,206
2024	85,000	156,719	241,719
2025	85,000	155,125	240,125
2026	85,000	152,575	237,575
2027 - 2031	490,000	706,775	1,196,775
2032 - 2036	600,000	598,375	1,198,375
2037 - 2041	725,000	466,456	1,191,456
2042 - 2046	865,000	329,019	1,194,019
2047 - 2051	1,020,000	172,139	1,192,139
2052 - 2053	460,000	16,273	476,273
Total	\$ 4,580,000	\$ 3,071,212	\$ 7,651,212

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The Code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of \$4,209,441 (including available funds of \$645,767), and an unvoted debt margin of \$189,874.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 11 - COMPENSATED ABSENCES

The criteria for determining vested vacation leave and sick leave components are derived from negotiated agreements and State laws.

Each full time, regular 11 or 12-month classified employee, upon completion of 20 days of service, from the date of employment shall be credited while continuing in such employment by the Board, to vacation leave with full pay, excluding legal holidays, as follows:

0-1 Year	0.75 Days per full month worked
1-8 Years	10 Days (2 Weeks)
9-15 Years	15 Days (3 Weeks)
16+ Years	20 Days (4 Weeks)

Vacation will be accrued based on a July 1- June 30 year with the accrual to appear on the first pay each July. Vacation may not be utilized in less than full day increments; fractional vacation days will be paid only, with the payment occurring with the final pay of June. Vacation dates can be scheduled at any time during the school year upon approval of the Superintendent and in one day intervals, not to exceed one week while school is in session. All weekly vacations must be scheduled with the Supervisor thirty working days prior to the beginning date of the vacation. On April 1st or within seven days thereafter, an employee may request payment, in writing, to the Treasurer for up to five earned, but unused vacation days.

The Superintendent receives 30 days and the Treasurer receives 20 days of vacation leave, annually.

Classified full time employees with 5 years of service in the District who elect to retire shall receive, in one lump-sum payment, 33.34% of their unused sick leave (up to a maximum of 100 days) multiplied times their per-diem rate at the time of retirement. Certified employees with 5 years of service in the District who elect to retire shall receive, in one lump-sum payment, 20% of their unused sick leave (up to a maximum of 65 days) multiplied times their per-diem rate at the time of retirement.

The Superintendent and Treasurer receive severance based upon 1/3 of their unused sick leave.

Teachers, administrators, and full time classified employees earn sick leave at the rate of 1¼ days per month. Sick leave may be accumulated up to a maximum of 325 days for all certified employees and up to a maximum of 180 days for all classified employees. Part Time cafeteria workers earn sick time a .75 per month for a total of 9 each year.

NOTE 12 - RISK MANAGEMENT

A. General Risk

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to school employees and natural disasters. During fiscal year 2021, the District contracted with Liberty Mutual Insurance Company for property insurance with a \$1,000 deductible and Professional liability with a \$1,000,000 per occurrence and \$3,000,000 aggregate limit.

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

The District contracts with Travelers Insurance for \$20,000 Position Bonds covering the Superintendent, Board President and all individuals who handle cash. Travelers Insurance also holds a Treasurer Bond for the District's Treasurer. The District maintains employee dishonesty coverage with a \$10,000 limit.

**CHAMPION LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation Group Rating Program

For fiscal year 2021, the District participated in the Ohio School Board Association and Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Under the GRP, the participating districts continues to pay their own individual premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating districts receive either a premium refund or an assessment. The participating districts pay an experience- or base-rated premium under the same terms as if they were not in a retrospective group. The group-retrospective premiums are recalculated twelve months after the end of the policy year and the recalculated premium is compared to the standard premium. If the retrospective premium is lower than the standard premium, the participating districts receive a refund. If the retrospective premium is higher than the standard premium, the participating districts are charged an assessment.

Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

C. Health Insurance

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

The provider contracted through the Consortium for dental benefits is Delta Dental. Dental coverage is available to staff working 20 hours or more per week.

The provider contracted through the Consortium for Life Insurance is Voya, Inc. Coverage is \$50,000 for all administrative staff and their support staff, certified staff, and for all 12-month full-time union classified staff. \$40,000 is provided to non-union and union part-time classified staff working 20 or more hours per week. The Superintendent is covered by a \$150,000 policy and the Treasurer is covered by a \$100,000 policy.

The provider contracted through the Consortium for medical/surgical benefits is Medical Mutual. The District pays 90% of monthly premiums for Preferred Provider I and Preferred Provider II, which both offers two tiers; family or single coverage.

The consortium offers a 4 tier program consisting of: Employee; Employee and Spouse; Employee and Children; Family. In addition, a new PPO 4 program will be offered – this program is a high deductible HSA plan. **Beginning January 1, 2021 the consortium will change providers from Medical Mutual to Anthem - all programs and tiers will remain the same.

Hospitalization coverage is available to staff working 20 hours or more per week. Premium contributions are required of specific enrollees depending upon their employee classification and/or situation. Effective July 1, 2018, PPO 1 no longer is an eligible plan for employees and any employee who had PPO 1 has switched to PPO 2.

The Trumbull County Insurance Consortium of which the district is a member for health insurance has announced that the insurance offerings will change effective 1/1/2023. At that time there will be two programs offered, one traditional PPO plan and one HSA high deductible plan. Premiums and details will be updated as they are available.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - The District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the start of a COLA for future retirees. For 2021, the COLA was 0.5%.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$242,023 for fiscal year 2021. Of this amount, \$15,144 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2021, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,040,113 for fiscal year 2021. Of this amount \$178,004 is reported as intergovernmental payable.

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.05119230%	0.05789065%	
Proportion of the net pension liability current measurement date	<u>0.04900780%</u>	<u>0.05898194%</u>	
Change in proportionate share	<u>-0.00218450%</u>	<u>0.00109129%</u>	
Proportionate share of the net pension liability	\$ 3,241,479	\$ 14,271,531	\$ 17,513,010
Pension expense	\$ 305,013	\$ 1,898,124	\$ 2,203,137

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 6,296	\$ 32,025	\$ 38,321
Net difference between projected and actual earnings on pension plan investments	205,766	694,025	899,791
Changes of assumptions	-	766,104	766,104
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	278,725	278,725
Contributions subsequent to the measurement date	<u>242,023</u>	<u>1,040,113</u>	<u>1,282,136</u>
Total deferred outflows of resources	<u>\$ 454,085</u>	<u>\$ 2,810,992</u>	<u>\$ 3,265,077</u>

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 91,259	\$ 91,259
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>118,117</u>	<u>155,561</u>	<u>273,678</u>
Total deferred inflows of resources	<u>\$ 118,117</u>	<u>\$ 246,820</u>	<u>\$ 364,937</u>

\$1,282,136 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	\$ (88,980)	\$ 497,271	\$ 408,291
2023	32,737	281,360	314,097
2024	85,766	390,256	476,022
2025	64,422	355,172	419,594
Total	\$ 93,945	\$ 1,524,059	\$ 1,618,004

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investment expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2020, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 4,440,431	\$ 3,241,479	\$ 2,235,536

**CHAMPION LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

	July 1, 2020
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2020, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 20,320,175	\$ 14,271,531	\$ 9,145,808

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - School Employees Retirement System (SERS)

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$32,950.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$32,950 for fiscal year 2021. Of this amount \$32,950 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

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

The net OPEB liability/asset was measured as of June 30, 2020, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.05245650%	0.05789065%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.05097530%</u>	<u>0.05898194%</u>	
Change in proportionate share	<u>-0.00148120%</u>	<u>0.00109129%</u>	
Proportionate share of the net OPEB liability	\$ 1,107,860	\$ -	\$ 1,107,860
Proportionate share of the net OPEB asset	\$ -	\$ (1,036,607)	\$ (1,036,607)
OPEB expense	\$ 2,345	\$ (56,212)	\$ (53,867)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 14,551	\$ 66,423	\$ 80,974
Net difference between projected and actual earnings on OPEB plan investments	12,482	36,329	48,811
Changes of assumptions	188,851	17,112	205,963
Difference between employer contributions and proportionate share of contributions/change in proportionate share	51,990	41,290	93,280
Contributions subsequent to the measurement date	<u>32,950</u>	<u>-</u>	<u>32,950</u>
Total deferred outflows of resources	<u>\$ 300,824</u>	<u>\$ 161,154</u>	<u>\$ 461,978</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 563,425	\$ 206,478	\$ 769,903
Changes of assumptions	27,905	984,603	1,012,508
Difference between employer contributions and proportionate share of contributions/change in proportionate share	<u>110,244</u>	<u>16,528</u>	<u>126,772</u>
Total deferred inflows of resources	<u>\$ 701,574</u>	<u>\$ 1,207,609</u>	<u>\$ 1,909,183</u>

\$32,950 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ (83,131)	\$ (262,255)	\$ (345,386)
2023	(82,229)	(237,666)	(319,895)
2024	(82,377)	(229,037)	(311,414)
2025	(90,170)	(219,718)	(309,888)
2026	(71,723)	(47,945)	(119,668)
Thereafter	(24,070)	(49,834)	(73,904)
Total	\$ (433,700)	\$ (1,046,455)	\$ (1,480,155)

Actuarial Assumptions - SERS

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.13% was used as of June 30, 2019. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB liability	\$ 1,355,993	\$ 1,107,860

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB liability	\$ 872,356	\$ 1,107,860

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

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

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

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

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2019.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 901,915	\$ 1,036,607

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 1,143,794	\$ 1,036,607

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Some funds are included in the general fund (GAAP basis) but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 231,884
Net adjustment for revenue accruals	348,169
Net adjustment for expenditure accruals	3,709
Net adjustment for other sources/uses	(383,047)
Funds budgeted elsewhere	(804)
Adjustment for encumbrances	284,668
GAAP basis	\$ 484,579

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year-end. The final adjustment was not material and is not reflected in the accompanying financial statements.

NOTE 17 - SET-ASIDES

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

During fiscal year 2016, the District issued \$14,190,000 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvement set-aside balance to zero. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$14,190,000 at June 30, 2021.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	246,082
Current year qualifying expenditures	(157,900)
Current year offsets	<u>(190,860)</u>
Total	<u>\$ (102,678)</u>
Balance carried forward to fiscal year 2022	<u>\$ -</u>
Set-aside balance June 30, 2021	<u>\$ -</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 18 - COMMITMENTS

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

<u>Fund</u>	<u>Year End Encumbrances</u>
General fund	\$ 292,677
Nonmajor governmental funds	<u>110,829</u>
Total	<u>\$ 403,506</u>

NOTE 19 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Enterprise Zones

Trumbull County entered into property tax abatement agreements with local businesses under Enterprise Zone tax abatement agreements. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The agreements affect the property tax receipts collected and distributed to the District. Under the agreements, the District's property taxes were reduced by \$11,811 during fiscal year 2021.

NOTE 20 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the pension and other employee benefits plan in which the District participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 21 - SUBSEQUENT EVENT

For fiscal year 2022, District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the educating school. For fiscal year 2021, the District reported \$605,719 in revenues and expenditures/expenses related to these programs. Also, during fiscal year 2021, the District reported \$291,970 in tuition and fees from the resident school districts which will be direct funded to the District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each District. The District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.04900780%	0.05119230%	0.05482920%	0.05112140%
District's proportionate share of the net pension liability	\$ 3,241,479	\$ 3,062,925	\$ 3,140,170	\$ 3,054,391
District's covered payroll	\$ 1,722,157	\$ 1,759,985	\$ 1,839,519	\$ 1,718,229
District's proportionate share of the net pension liability as a percentage of its covered payroll	188.22%	174.03%	170.71%	177.76%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.04991050%	0.05142490%	0.05451300%	0.05451300%
\$ 3,652,988	\$ 2,934,355	\$ 2,758,872	\$ 3,241,713
\$ 1,545,971	\$ 1,548,156	\$ 1,584,040	\$ 1,457,283
236.29%	189.54%	174.17%	222.45%
62.98%	69.16%	71.70%	65.52%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.05898194%	0.05789065%	0.05884251%	0.05716868%
District's proportionate share of the net pension liability	\$ 14,271,531	\$ 12,802,169	\$ 12,938,147	\$ 13,580,542
District's covered payroll	\$ 7,186,657	\$ 6,826,100	\$ 6,761,771	\$ 6,397,079
District's proportionate share of the net pension liability as a percentage of its covered payroll	198.58%	187.55%	191.34%	212.29%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.05769037%	0.05648341%	0.05511333%	0.05511333%
\$ 19,310,706	\$ 15,610,362	\$ 13,405,469	\$ 15,968,507
\$ 6,064,193	\$ 6,038,829	\$ 5,631,054	\$ 5,833,215
318.44%	258.50%	238.06%	273.75%
66.80%	72.10%	74.70%	69.30%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 242,023	\$ 241,102	\$ 237,598	\$ 248,335
Contributions in relation to the contractually required contribution	<u>(242,023)</u>	<u>(241,102)</u>	<u>(237,598)</u>	<u>(248,335)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,728,736	\$ 1,722,157	\$ 1,759,985	\$ 1,839,519
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 240,552	\$ 216,436	\$ 204,047	\$ 219,548	\$ 201,688	\$ 201,339
<u>(240,552)</u>	<u>(216,436)</u>	<u>(204,047)</u>	<u>(219,548)</u>	<u>(201,688)</u>	<u>(201,339)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,718,229	\$ 1,545,971	\$ 1,548,156	\$ 1,584,040	\$ 1,457,283	\$ 1,496,944
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,040,113	\$ 1,006,132	\$ 955,654	\$ 946,648
Contributions in relation to the contractually required contribution	<u>(1,040,113)</u>	<u>(1,006,132)</u>	<u>(955,654)</u>	<u>(946,648)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,429,379	\$ 7,186,657	\$ 6,826,100	\$ 6,761,771
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 895,591	\$ 848,987	\$ 845,436	\$ 732,037	\$ 758,318	\$ 771,880
<u>(895,591)</u>	<u>(848,987)</u>	<u>(845,436)</u>	<u>(732,037)</u>	<u>(758,318)</u>	<u>(771,880)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,397,079	\$ 6,064,193	\$ 6,038,829	\$ 5,631,054	\$ 5,833,215	\$ 5,937,538
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.05097530%	0.05245650%	0.05559980%	0.05172160%
District's proportionate share of the net OPEB liability	\$ 1,107,860	\$ 1,319,171	\$ 1,542,489	\$ 1,388,072
District's covered payroll	\$ 1,722,157	\$ 1,759,985	\$ 1,839,519	\$ 1,718,229
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	64.33%	74.95%	83.85%	80.79%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017

0.05056959%

\$ 1,441,420

\$ 1,545,971

93.24%

11.49%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability/asset	0.05898194%	0.05789065%	0.05884251%	0.05716868%
District's proportionate share of the net OPEB liability/(asset)	\$ (1,036,607)	\$ (958,808)	\$ (945,539)	\$ 2,230,511
District's covered payroll	\$ 7,186,657	\$ 6,826,100	\$ 6,761,771	\$ 6,397,079
District's proportionate share of the net OPEB liability/(asset) as a percentage of its covered payroll	(14.42%)	(14.05%)	(13.98%)	34.87%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017

0.05769037%

\$ 3,085,296

\$ 6,064,193

50.88%

37.30%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 32,950	\$ 33,315	\$ 40,792	\$ 39,127
Contributions in relation to the contractually required contribution	<u>(32,950)</u>	<u>(33,315)</u>	<u>(40,792)</u>	<u>(39,127)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,728,736	\$ 1,722,157	\$ 1,759,985	\$ 1,839,519
Contributions as a percentage of covered payroll	1.91%	1.93%	2.32%	2.13%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 27,473	\$ 25,549	\$ 40,044	\$ 34,770	\$ 36,597	\$ 35,973
<u>(27,473)</u>	<u>(25,549)</u>	<u>(40,044)</u>	<u>(34,770)</u>	<u>(36,597)</u>	<u>(35,973)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,718,229	\$ 1,545,971	\$ 1,548,156	\$ 1,584,040	\$ 1,457,283	\$ 1,496,944
1.60%	1.65%	2.59%	2.20%	2.51%	2.40%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,429,379	\$ 7,186,657	\$ 6,826,100	\$ 6,761,771
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 57,478	\$ 58,332	\$ 59,375
-	-	-	(57,478)	(58,332)	(59,375)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,397,079	\$ 6,064,193	\$ 6,038,829	\$ 5,631,054	\$ 5,833,215	\$ 5,937,538
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2021.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2019-2021.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2021.

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021. For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate. For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

Champion Local School District
Trumbull County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021
(Prepared by Management)

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal ALN Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Child Nutrition Cluster</i>		
Direct Program		
National School Lunch Program - Donated Commodities	10.555	\$ 38,500
Passed Through Ohio Department of Education		
National School Lunch Program	10.555	241,676
National School Lunch Program-COVID-19	10.555	22,114
National School Breakfast Program	10.553	116,228
National School Breakfast Program-COVID-19	10.553	10,713
<i>Total Child Nutrition Cluster</i>		<u>418,518</u>
Total U.S. Department of Agriculture		429,231
U.S. DEPARTMENT OF TREASURY		
Passed Through Ohio Department of Education		
Coronavirus Relief Funds	21.019	<u>88,932</u>
Total U.S. Department of Treasury		<u>88,932</u>
U.S. DEPARTMENT OF EDUCATION		
Passed Through Ohio Department of Education		
<i>Title I</i>		
Title I Grants to Local Education Agencies	84.010	<u>204,487</u>
<i>Total Title I</i>		204,487
<i>Special Education Cluster</i>		
Special Education Preschool Grants	84.173	6,369
Special Education Grants to States - IDEA Part B	84.027	<u>289,241</u>
<i>Total Special Education Cluster</i>		295,610
Improving Teacher Quality State Grants - Title IIA	84.367	38,223
Student Support and Academic Enrichment Program - Title IV	84.424	15,709
Elementary and Secondary School Emergency Relief Funds	84.425	<u>271,683</u>
Total U.S. Department of Education		<u>825,712</u>
Total Expenditures of Federal Awards		<u>\$ 1,343,875</u>

The accompanying notes are an integral part of this schedule.

**Champion Local School District
Trumbull County**

Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Year Ended June 30, 2021
(Prepared by Management)

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Champion Local School District
Trumbull County
5976 Mahoning Avenue NW
Champion, Ohio 44483

To the Board of Education:

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Champion Local School District, Trumbull County, Ohio (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2021. We noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

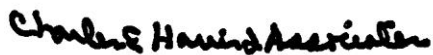
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
December 15, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Champion Local School District
Trumbull County
5976 Mahoning Ave NW
Champion, Ohio 44483

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Champion Local School District, Trumbull County, Ohio's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2021. The District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Champion Local School District, Trumbull County, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



Charles E. Harris & Associates, Inc.
December 15, 2021

Champion Local School District
Trumbull County
 Schedule of Findings
 2 CFR § 200.515
 June 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Elementary and Secondary School Emergency Relief Funds – ALN #84.425
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



CHAMPION LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/10/2022

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

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