



**VILLAGE OF NEW LONDON
HURON COUNTY**

SINGLE AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF NEW LONDON
HURON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of New London
Huron County
115 East Main Street
New London, Ohio 44851-1292

To the Village Council:

We have audited the accompanying financial statements of the Village of New London, Huron County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Village, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

November 29, 2000

**VILLAGE OF NEW LONDON
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$55,185	\$13,025			\$366,268	\$434,478
Intergovernmental Receipts	170,269	83,707			935	254,911
Charges for Services	56,549	5,065		\$28,120		89,734
Fines, Licenses, and Permits	14,592	340				14,932
Miscellaneous	31,465	5,747	\$6	9,575	489,879	536,672
Total Cash Receipts	328,060	107,884	6	37,695	857,082	1,330,727
Cash Disbursements:						
Current:						
Security of Persons and Property	357,670	18,177			27,023	402,870
Public Health Services	2,139	11,792				13,931
Community Environment	2,154				200	2,354
Transportation		104,235				104,235
General Government	149,590				32,083	181,673
Debt Service:						
Principal Payments			20,000	26,643		46,643
Interest Payments			9,633	5,421		15,054
Capital Outlay				58,978		58,978
Total Cash Disbursements	511,553	134,204	29,633	91,042	59,306	825,738
Total Receipts Over/(Under) Disbursements	(183,493)	(26,320)	(29,627)	(53,347)	797,776	504,989
Other Financing Receipts/(Disbursements):						
Transfers-In	305,148	10,000	32,159	33,905	49,528	430,740
Transfers-Out	(94,444)	(2,000)			(366,988)	(463,432)
Other Sources	1,270					1,270
Other Uses	(12,118)					(12,118)
Total Other Financing Receipts/(Disbursements)	199,856	8,000	32,159	33,905	(317,460)	(43,540)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	16,363	(18,320)	2,532	(19,442)	480,316	461,449
Fund Cash Balances, January 1	164,348	181,607	1,257	127,217	48,228	522,657
Fund Cash Balances, December 31	\$180,711	\$163,287	\$3,789	\$107,775	\$528,544	\$984,106

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$1,258,682		\$1,258,682
Miscellaneous	120,306		120,306
Total Operating Cash Receipts	<u>1,378,988</u>		<u>1,378,988</u>
Operating Cash Disbursements:			
Personal Services	613,441		613,441
Contractual Services	338,937		338,937
Supplies and Materials	119,588		119,588
Capital Outlay	556,582		556,582
Total Operating Cash Disbursements	<u>1,628,548</u>		<u>1,628,548</u>
Operating Loss	<u>(249,560)</u>		<u>(249,560)</u>
Non-Operating Cash Receipts:			
Proceeds from Notes and Bonds	985,000		985,000
Other Non-Operating Receipts	7,732	\$331	8,063
Total Non-Operating Cash Receipts	<u>992,732</u>	<u>331</u>	<u>993,063</u>
Non-Operating Cash Disbursements:			
Debt Service	369,587		369,587
Other Non-Operating Cash Disbursements	888		888
Total Non-Operating Cash Disbursements	<u>370,475</u>		<u>370,475</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	372,697	331	373,028
Transfers-In	114,440		114,440
Advances-In	30,000		30,000
Transfers-Out	(81,748)		(81,748)
Advances-Out	(30,000)		(30,000)
Net Receipts Over/(Under) Disbursements	405,389	331	405,720
Fund Cash Balances, January 1	<u>956,219</u>	<u>28,686</u>	<u>984,905</u>
Fund Cash Balances, December 31	<u>\$1,361,608</u>	<u>\$29,017</u>	<u>\$1,390,625</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$67,272				\$320,429	\$387,701
Intergovernmental Receipts	163,117	\$108,762			93	271,972
Charges for Services	54,490	10,610		\$28,643		93,743
Fines, Licenses, and Permits	16,005	7				16,012
Miscellaneous	52,847	8,223	\$333	78,903	17,352	157,658
Total Cash Receipts	353,731	127,602	333	107,546	337,874	927,086
Cash Disbursements:						
Current:						
Security of Persons and Property	360,452	9,905			24,255	394,612
Public Health Services	1,900	23,163				25,063
Community Environment	1,399					1,399
Transportation		80,843				80,843
General Government	141,866				43,143	185,009
Debt Service:						
Principal Payments			20,000	13,051		33,051
Interest Payments			10,803	2,715		13,518
Capital Outlay				215,742		215,742
Total Cash Disbursements	505,617	113,911	30,803	231,508	67,398	949,237
Total Receipts Over/(Under) Disbursements	(151,886)	13,691	(30,470)	(123,962)	270,476	(22,151)
Other Financing Receipts/(Disbursements):						
Transfers-In	235,771		31,433	43,442	20,500	331,146
Transfers-Out	(56,902)				(279,214)	(336,116)
Other Uses					(633)	(633)
Other Sources	1,100					1,100
Total Other Financing Receipts/(Disbursements)	179,969		31,433	43,442	(259,347)	(4,503)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	28,083	13,691	963	(80,520)	11,129	(26,654)
Fund Cash Balances, January 1	136,265	167,916	294	207,737	37,099	549,311
Fund Cash Balances, December 31	\$164,348	\$181,607	\$1,257	\$127,217	\$48,228	\$522,657

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$1,292,178		\$1,292,178
Miscellaneous	1,081		1,081
Total Operating Cash Receipts	<u>1,293,259</u>		<u>1,293,259</u>
Operating Cash Disbursements:			
Personal Services	458,440		458,440
Transportation	264		264
Contractual Services	305,290		305,290
Supplies and Materials	111,872		111,872
Capital Outlay	383,010		383,010
Total Operating Cash Disbursements	<u>1,258,876</u>		<u>1,258,876</u>
Operating Income	<u>34,383</u>		<u>34,383</u>
Non-Operating Cash Receipts:			
Intergovernmental Receipts	25,656		25,656
Other Non-Operating Receipts	106,045	\$470	106,515
Total Non-Operating Cash Receipts	<u>131,701</u>	<u>470</u>	<u>132,171</u>
Non-Operating Cash Disbursements:			
Debt Service	317,325		317,325
Other Non-Operating Cash Disbursements	344,924		344,924
Total Non-Operating Cash Disbursements	<u>662,249</u>		<u>662,249</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(496,165)	470	(495,695)
Transfers-In	59,350		59,350
Transfers-Out	(54,380)		(54,380)
Net Receipts Over/(Under) Disbursements	(491,195)	470	(490,725)
Fund Cash Balances, January 1	<u>1,447,414</u>	<u>28,216</u>	<u>1,475,630</u>
Fund Cash Balances, December 31	<u>\$956,219</u>	<u>\$28,686</u>	<u>\$984,905</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of New London, Huron County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police and fire protection services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except debt service funds maintained by outside custodians are not included in these financial statements. Assets held by custodians are described in Note 8 to the financial statements.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Cemetery Fund - This fund is used to account for revenues received through lot sales and expenditures for maintenance of the cemetery.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

Building Bond Fund - This fund is used to accumulate resources for the payment of debt associated with the acquisition of the municipal building.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Funds:

Capital Improvement Fund - This fund receives revenues allocated from the Village Income Tax Fund. Revenues received are used for the purchase of capital improvements throughout the Village.

Fire Fighting Fund - This fund receives revenues from fire protection contracts. Revenues are used for equipment purchases and facility maintenance.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sanitation Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

6. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Income Tax Fund - This fund receives revenues from the Village income tax and is used to account for expenditures associated with the income tax department. Funds remaining are transferred to the General Fund and the Capital Improvement Fund based upon the determination of Village Council.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$141,462	\$218,924
Cash with fiscal agent	385,000	
Certificates of deposit	<u>1,309,540</u>	<u>308,391</u>
Total deposits	<u>1,836,002</u>	<u>527,315</u>
Savings Account	19,450	12,846
STAR Ohio	<u>519,279</u>	<u>967,401</u>
Total investments	<u>538,729</u>	<u>980,247</u>
Total deposits and investments	<u><u>\$2,374,731</u></u>	<u><u>\$1,507,562</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$556,965	\$634,478	\$77,513
Special Revenue	182,300	117,884	(64,416)
Debt Service	31,932	32,165	233
Capital Projects	121,687	71,600	(50,087)
Enterprise	2,663,012	2,486,160	(176,852)
Fiduciary	<u>864,254</u>	<u>906,941</u>	<u>42,687</u>
Total	<u><u>\$4,420,150</u></u>	<u><u>\$4,249,228</u></u>	<u><u>(\$170,922)</u></u>

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$681,754	\$618,115	\$63,639
Special Revenue	329,234	136,204	193,030
Debt Service	31,933	29,633	2,300
Capital Projects	198,691	91,042	107,649
Enterprise	3,059,939	2,080,771	979,168
Fiduciary	442,846	426,294	16,552
Total	<u>\$4,744,397</u>	<u>\$3,382,059</u>	<u>\$1,362,338</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$561,620	\$590,602	\$28,982
Special Revenue	170,705	127,602	(43,103)
Debt Service	31,933	31,766	(167)
Capital Projects	327,078	150,988	(176,090)
Enterprise	1,718,289	1,484,310	(233,979)
Fiduciary	348,625	358,844	10,219
Total	<u>\$3,158,250</u>	<u>\$2,744,112</u>	<u>(\$414,138)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$638,066	\$562,519	\$75,547
Special Revenue	287,373	113,911	173,462
Debt Service	31,933	30,803	1,130
Capital Projects	307,623	231,508	76,115
Enterprise	1,887,298	1,975,505	(88,207)
Fiduciary	377,877	347,245	30,632
Total	<u>\$3,530,170</u>	<u>\$3,261,491</u>	<u>\$268,679</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Reservoir FHA Loan	\$455,000	5.00%
Ohio Water Development Authority Loan (1)	361,789	8.47%
Ohio Water Development Authority Loan (2)	864,399	7.45%
Municipal Building Bonds	130,000	6.80%
Water System Improvement Bonds	2,590,000	4.35% - 6.30%
Capital Lease	14,804	6.50%
Fire Station Loan	51,127	5.50%
Rural Water Line Equipment Loan	215,000	5.50%
Rural Water Bond Anticipation Notes	385,000	4.40%
Rural Water System Improvement Bond	385,000	3.25%
Total	\$5,452,119	

The Reservoir FHA Loan relates to the construction of the reservoir. The Ohio Water Development Authority Loans (OWDA) relate to sewer plant expansions that were mandated by the Ohio Environmental Protection Agency. The Municipal Building Bonds were issued for the purchase of the Village municipal building. The Water System Improvement Bonds were issued for water plant expansion project. The Rural Water Line Equipment Loan, Rural Water Bond Anticipation Notes, and Rural Water System Improvement Bonds were issued to extend water service to Township residents.

Amortization of the above debt, including interest, is scheduled as follows:

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

Year ending December 31:	Reservoir FHA Loan	OWDA Loan (1)	OWDA Loan (2)	Municipal Building Bond	Water System Bond
2000	\$47,750	\$61,465	\$90,012	\$33,423	\$193,715
2001	48,500	61,465	90,012	31,872	207,035
2002	48,150	61,465	90,012	30,285	209,560
2003	47,750	61,465	90,012	28,660	216,755
2004	49,300	61,465	90,012	32,010	213,375
Subsequent	388,600	215,127	1,125,150		3,944,200
Total	<u>\$630,050</u>	<u>\$522,452</u>	<u>\$1,575,210</u>	<u>\$156,250</u>	<u>\$4,984,640</u>

Year ending December 31:	Capital Lease	Fire Station Loan	Rural Water Line Equipment	Rural Water Bond Anticipation Notes	Rural Water System Improvement Bond
2000	\$15,766	\$16,298	\$61,338	\$401,940	\$17,034
2001		16,298	61,338		17,357
2002		16,298	61,338		17,294
2003		8,149	61,338		17,429
2004					17,253
Subsequent					606,796
Total	<u>\$15,766</u>	<u>\$57,043</u>	<u>\$245,352</u>	<u>\$401,940</u>	<u>\$693,163</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

8. DEBT SERVICE TRUSTEED FUNDS

The Water System Improvement trust agreement required the Village to establish a debt service fund to be maintained by a custodian bank. The Village has established this fund. At December 31, 1999, the custodian held \$298,684 in Village assets. These assets, and the related receipts and disbursements, are not reflected in the accompanying financial statements.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF JUSTICE:			
COPS Universal Hiring	95-CF-WX-4118	16.710	11,138
COPS Problem Solving	98-LE-LEB-3108	16.710	<u>7,039</u>
Total Department of Justice			18,177
UNITED STATES DEPARTMENT OF AGRICULTURE <i>Passed through Ohio Rural Development</i>			
Water and Waste Disposal Systems for Rural Communities		10.760	<u>415,679</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u><u>\$433,856</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the Village contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



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

Village of New London
Huron County
115 East Main Street
New London, Ohio 44851-1292

To the Village Council:

We have audited the accompanying financial statements of the Village of New London, Huron County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated November 29, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated November 29, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated November 29, 2000.

Village of New London
Huron County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management, the Village Council, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

November 29, 2000



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

Village of New London
Huron County
115 East Main Street
New London, Ohio 44851-1292

To the Village Council:

Compliance

We have audited the compliance of the Village of New London, Huron County, Ohio, (the Village) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1999. The Village's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to the its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village'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. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Village of New London
Huron County
Report of Independent Accountants on Compliance with Requirements
Applicable to the Major Federal Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Village Council, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

November 29, 2000

**VILLAGE OF NEW LONDON
HURON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Water and Waste Disposal Systems for Rural Communities CFDA # 10.760
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



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VILLAGE OF NEW LONDON

HURON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 21, 2000**