



**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY

TABLE OF CONTENTS

| TITLE | PAGE |
|---|-------------|
| Report of Independent Accountants | 1 |
| Combined Balance Sheet All Fund Types and Account Groups | 3 |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental Fund Types and Expendable Trust Fund | 5 |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual Comparison (Non-GAAP Budgetary Basis) All Governmental Fund Types | 6 |
| Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance Proprietary Fund Type and Nonexpendable Trust Fund | 7 |
| Combined Statement of Cash Flows Proprietary Fund Type and Nonexpendable Trust Fund | 8 |
| Notes to the General Purpose Financial Statements | 9 |
| Schedule of Receipts and Expenditures of Federal Awards | 49 |
| Notes to the Schedule of Receipts and Expenditures of Federal Awards | 50 |
| Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> | 51 |
| Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 | 53 |
| Schedule of Findings | 55 |

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

New London Local School District
Huron County
100 East Main Street
New London, Ohio 44851

To the Board of Education:

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Receipts and Expenditures of Federal Awards 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 general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

November 22, 2000

This page intentionally left blank.

NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

| | Governmental Fund Types | | | | Proprietary Fund Type | Fiduciary Fund Types | Account Groups | | Total (Memorandum Only) | | |
|--|-------------------------|-------------------|------------------|---------------------|-----------------------|----------------------|--------------------|--------------------|-------------------------|---------|-----------------------|
| | General | Special Revenue | Debt Service | Capital Projects | | | Enterprise | Trust and Agency | | General | Long-Term Obligations |
| | | | | | | | | | | | |
| ASSETS AND OTHER DEBITS | | | | | | | | | | | |
| ASSETS: | | | | | | | | | | | |
| Equity in pooled cash and cash equivalents | \$1,129,966 | \$282,036 | \$163,426 | \$10,708,145 | \$2,400 | \$81,909 | | | \$12,367,882 | | |
| Equity in pooled cash and cash equivalents - nonexpendable trust fund | | | | | | 275,207 | | | 275,207 | | |
| Cash with escrow agent | | | | 48,560 | | | | | 48,560 | | |
| Receivables (net of allowances of uncollectibles): | | | | | | | | | | | |
| Taxes - current & delinquent | 1,733,266 | 34,608 | 248,487 | | | | | | 2,016,361 | | |
| Accounts | 27,609 | 752 | | | | | | | 28,361 | | |
| Accrued interest | 20,847 | 898 | | 61,987 | 13 | 17,795 | | | 101,540 | | |
| Due from other governments | 9,817 | 1,675 | | | 8,392 | | | | 19,884 | | |
| Interfund loan receivable | 675 | | | | | | | | 675 | | |
| Materials and supplies inventory | | | | | 12,404 | | | | 12,404 | | |
| Restricted assets: | | | | | | | | | | | |
| Equity in pooled cash and cash equivalents | 146,913 | | | | | | | | 146,913 | | |
| Property, plant and equipment (net of accumulated depreciation where applicable) | | | | | 16,132 | | \$6,637,386 | | 6,653,518 | | |
| OTHER DEBITS: | | | | | | | | | | | |
| Amount available in debt service fund | | | | | | | | \$209,294 | 209,294 | | |
| Amount to be provided for retirement of general long-term obligations | | | | | | | | \$3,669,981 | 3,669,981 | | |
| Total assets and other debits | <u>\$3,069,093</u> | <u>\$3,19,969</u> | <u>\$411,913</u> | <u>\$10,818,692</u> | <u>\$39,341</u> | <u>\$374,911</u> | <u>\$6,637,386</u> | <u>\$3,879,275</u> | <u>\$25,550,580</u> | | |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

--Continued

NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
 JUNE 30, 2000

| | Governmental Fund Types | | | Proprietary Fund Type | Fiduciary Fund Types | Account Groups | | Total (Memorandum Only) |
|--|-------------------------|------------------|------------------|-----------------------|----------------------|------------------|--------------------|-------------------------|
| | General | Special Revenue | Debt Service | | | Capital Projects | Enterprise | |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | | | |
| LIABILITIES: | | | | | | | | |
| Accounts payable | \$46,577 | \$19,207 | | \$5,075 | \$11 | \$23 | | \$70,893 |
| Contracts payable | | | | 1,121,930 | | | | 1,121,930 |
| Retainage payable | | | | 48,560 | | | | 48,560 |
| Accrued wages and benefits | 669,720 | 26,284 | | | 21,754 | | | 717,758 |
| Compensated absences payable | 7,390 | | | | 9,849 | | \$529,450 | 546,689 |
| Pension obligation payable | 97,048 | 3,592 | | | 8,480 | | 43,922 | 153,042 |
| Interfund loan payable | | 675 | | | | | | 675 |
| Deferred revenue | 1,161,832 | 28,220 | \$202,619 | 51,094 | 9,743 | | | 1,453,508 |
| Due to other governments | 22,949 | | | | | | | 22,949 |
| Due to students | | | | | 39,200 | | | 39,200 |
| Asbestos removal loans payable | | | | | | | 55,230 | 55,230 |
| General obligation bonds payable | | | | | | | 3,250,673 | 3,250,673 |
| Total liabilities | 2,005,516 | 77,978 | 202,619 | 1,226,659 | 49,837 | 39,223 | 3,879,275 | 7,481,107 |
| EQUITY AND OTHER CREDITS: | | | | | | | | |
| Investment in general fixed assets | | | | | | | | 6,637,386 |
| Contributed capital | | | | | 10,499 | | \$6,637,386 | 10,499 |
| Retained earnings (accumulated deficit): | | | | | (20,995) | | | (20,995) |
| Unreserved | | | | | | | | |
| Fund balances: | | | | | | | | |
| Reserved for encumbrances | 45,391 | 18,453 | | \$49,871 | | 7,755 | | 121,470 |
| Reserved for debt service | | | 163,426 | | | | | 163,426 |
| Reserved for tax revenue unavailable for appropriation | 296,185 | 6,388 | 45,868 | | | | | 348,441 |
| Reserved for principal endowment | | | | | | 265,507 | | 265,507 |
| Reserved for budget stabilization | 132,439 | | | | | | | 132,439 |
| Reserved for capital acquisition | 14,474 | | | | | | | 14,474 |
| Unreserved-undesignated | 575,088 | 217,150 | | 9,542,162 | | 62,426 | | 10,396,826 |
| Total equity and other credits | 1,063,577 | 241,991 | 209,294 | 9,592,033 | (10,496) | 335,688 | 6,637,386 | 18,069,473 |
| Total liabilities, equity and other credits | \$3,069,093 | \$319,969 | \$411,913 | \$10,818,692 | \$39,341 | \$374,911 | \$6,637,386 | \$25,550,580 |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2000

| | Governmental Fund Types | | | | Fiduciary Fund Type | Total (Memorandum Only) |
|---|-------------------------|--------------------|------------------|---------------------|------------------------|-------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Expendable Trust | |
| Revenues: | | | | | | |
| From local sources: | | | | | | |
| Taxes | \$2,298,100 | \$27,812 | \$237,237 | | | \$2,563,149 |
| Tuition | 174,814 | | | | | 174,814 |
| Earnings on investments | 99,228 | 6,215 | | \$208,360 | \$1,845 | 315,648 |
| Other local revenues | 64,983 | 261,755 | | | 16,555 | 343,293 |
| Intergovernmental - State | 4,236,554 | 125,499 | 2,653 | 9,128,276 | | 13,492,982 |
| Intergovernmental - Federal | 8,517 | 277,417 | | | | 285,934 |
| Total revenue | 6,882,196 | 698,698 | 239,890 | 9,336,636 | 18,400 | 17,175,820 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular | 3,362,122 | 126,781 | | 10,028 | | 3,498,931 |
| Special | 701,990 | 182,125 | | | | 884,115 |
| Vocational | 194,726 | | | | | 194,726 |
| Other | 123,119 | 410 | | | | 123,529 |
| Support services: | | | | | | |
| Pupil | 188,215 | 19,279 | | | | 207,494 |
| Instructional staff | 321,385 | 52,399 | | | 393 | 374,177 |
| Board of Education | 8,530 | | | | | 8,530 |
| Administration | 548,713 | 10,691 | 5,190 | | | 564,594 |
| Fiscal | 164,159 | 6,085 | | | | 170,244 |
| Business | | 222 | | | 11,281 | 11,503 |
| Operations and maintenance | 497,281 | 1,116 | | 18,480 | | 516,877 |
| Pupil transportation | 325,741 | 750 | | | | 326,491 |
| Central | | 1,249 | | | | 1,249 |
| Community services | | 7,433 | | | | 7,433 |
| Extracurricular activities | 177,103 | 188,166 | | | | 365,269 |
| Facilities acquisition and construction | 2,250 | 9,962 | | 3,232,207 | | 3,244,419 |
| Debt service: | | | | | | |
| Principal retirement | | | 3,259,000 | | | 3,259,000 |
| Interest and fiscal charges | | | 159,498 | | | 159,498 |
| Total expenditures | 6,615,334 | 606,668 | 3,423,688 | 3,260,715 | 11,674 | 13,918,079 |
| Excess (deficiency) of revenues over (under) expenditures | 266,862 | 92,030 | (3,183,798) | 6,075,921 | 6,726 | 3,257,741 |
| Other financing sources (uses): | | | | | | |
| Operating transfers out | (30,100) | | | | | (30,100) |
| Premium and accrued interest on bonds sold | | | 3,952 | | | 3,952 |
| Proceeds from sale of bonds | | | 3,250,673 | | | 3,250,673 |
| Proceeds from sale of fixed assets | 912 | | | | | 912 |
| Total other financing sources (uses) | (29,188) | | 3,254,625 | | | 3,225,437 |
| Excess of revenues and other financing sources over expenditures and other financing uses | 237,674 | 92,030 | 70,827 | 6,075,921 | 6,726 | 6,483,178 |
| Fund balances, July 1 | 825,903 | 149,961 | 138,467 | 3,516,112 | 37,262 | 4,667,705 |
| Fund balances, June 30 | \$1,063,577 | \$241,991 | \$209,294 | \$9,592,033 | \$43,988 | \$11,150,883 |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2000

| | General | | | Special Revenue | | | Debt Service | | | Capital Projects | | | Total (Memorandum only) | | | |
|---|-------------|-------------|---|-----------------|-----------|---|--------------|-------------|---|------------------|-------------|---|-------------------------|--------------|---|--|
| | Revised | Actual | Variance: Favorable (Unfavorable) | Revised | Actual | Variance: Favorable (Unfavorable) | Budget | Actual | Variance: Favorable (Unfavorable) | Budget | Actual | Variance: Favorable (Unfavorable) | Budget | Actual | Variance: Favorable (Unfavorable) | |
| | Budget | | | Budget | | | Revised | | | Revised | | | Revised | | | |
| Revenues: | | | | | | | | | | | | | | | | |
| From local sources: | | | | | | | | | | | | | | | | |
| Taxes..... | \$2,160,253 | \$2,225,244 | \$64,991 | \$29,540 | \$30,031 | \$491 | \$222,625 | \$222,625 | \$0 | | | | \$2,412,418 | \$2,477,900 | \$65,482 | |
| Tuition..... | 168,102 | 173,277 | 5,175 | 5,560 | 5,652 | 92 | | | | 168,102 | 173,277 | 5,175 | 168,102 | 173,277 | 5,175 | |
| Earnings on investments..... | 92,718 | 95,572 | 2,854 | 257,928 | 262,213 | 4,285 | | | | \$126,871 | \$216,429 | \$89,558 | 317,653 | 317,653 | 92,504 | |
| Other local revenues..... | 30,945 | 33,401 | 2,456 | 122,463 | 124,497 | 2,034 | 2,653 | 2,653 | 0 | 5,339,954 | 9,226,006 | 3,886,052 | 288,873 | 295,614 | 6,741 | |
| Intergovernmental - State..... | 4,109,800 | 4,236,304 | 126,504 | 282,278 | 286,968 | 4,690 | | | | | | | 282,278 | 286,968 | 4,690 | |
| Total revenues..... | 6,561,818 | 6,763,798 | 201,980 | 697,769 | 709,361 | 11,592 | 225,278 | 225,278 | 0 | 5,466,825 | 9,442,435 | 3,975,610 | 12,951,690 | 17,140,872 | 4,189,182 | |
| Expenditures: | | | | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | | | | |
| Instruction: | | | | | | | | | | | | | | | | |
| Regular..... | 3,477,891 | 3,378,384 | 99,507 | 173,227 | 132,924 | 40,303 | 10,918 | 10,918 | 0 | 10,918 | 10,918 | 0 | 3,662,036 | 3,522,226 | 139,810 | |
| Special..... | 733,171 | 706,685 | 26,486 | 197,653 | 178,053 | 19,600 | | | | | | | 930,824 | 884,738 | 46,086 | |
| Vocational..... | 198,071 | 192,614 | 5,457 | | | | | | | | | | 198,071 | 192,614 | 5,457 | |
| Other..... | 142,106 | 125,283 | 16,823 | 1,298 | 411 | 887 | | | | | | | 143,404 | 125,694 | 17,710 | |
| Support services: | | | | | | | | | | | | | | | | |
| Pupil..... | 209,680 | 188,326 | 21,354 | 20,646 | 20,646 | 0 | | | | 3,000 | 0 | 3,000 | 230,326 | 208,972 | 21,354 | |
| Instructional staff..... | 344,679 | 320,278 | 24,401 | 55,553 | 48,926 | 6,627 | | | | | | | 403,232 | 369,204 | 34,028 | |
| Board of Education..... | 9,775 | 8,531 | 1,244 | | | | | | | | | | 9,775 | 8,531 | 1,244 | |
| Administration..... | 562,673 | 544,088 | 18,585 | 16,761 | 10,689 | 6,072 | 5,190 | 5,190 | 113 | | | | 584,737 | 559,967 | 24,770 | |
| Fiscal..... | 170,984 | 165,744 | 5,240 | 7,542 | 5,222 | 2,320 | | | | | | | 178,526 | 171,738 | 6,788 | |
| Business..... | 631,555 | 508,359 | 123,196 | 1,245 | 1,116 | 1,129 | | | | 18,480 | 18,480 | 0 | 651,280 | 527,955 | 123,325 | |
| Operations and maintenance..... | 375,898 | 331,559 | 44,339 | 751 | 751 | 0 | | | | 376,649 | 376,649 | | 332,310 | 332,310 | 44,339 | |
| Pupil transportation..... | | | | 1,468 | 1,249 | 219 | | | | | | | 1,468 | 1,249 | 219 | |
| Community services..... | 195,920 | 177,948 | 17,972 | 74,392 | 74,288 | 66,964 | | | | | | | 74,392 | 74,288 | 66,964 | |
| Extracurricular activities..... | 202,250 | 2,250 | 200,000 | 237,568 | 194,455 | 42,913 | | | | 5,661,570 | 3,381,280 | 2,280,290 | 433,288 | 372,403 | 60,885 | |
| Facilities acquisition and construction..... | | | | 10,791 | 9,962 | 829 | | | | | | | 5,874,611 | 3,393,492 | 2,481,119 | |
| Debt service: | | | | | | | | | | | | | | | | |
| Principal retirement..... | | | | 3,391,017 | 3,259,000 | 132,017 | | | | | | | 3,391,017 | 3,259,000 | 132,017 | |
| Interest and fiscal charges..... | | | | 165,954 | 159,498 | 6,456 | | | | | | | 165,954 | 159,498 | 6,456 | |
| Total expenditures..... | 7,254,653 | 6,650,049 | 604,604 | 799,010 | 612,826 | 186,184 | 3,562,274 | 3,423,688 | 138,586 | 5,693,968 | 3,410,678 | 2,283,290 | 17,309,905 | 14,097,241 | 3,212,664 | |
| Excess (deficiency) of revenues over (under) expenditures..... | (692,835) | 113,749 | 806,584 | (101,241) | 96,535 | 197,776 | (3,336,996) | (3,198,410) | 138,586 | (227,143) | 6,031,757 | 6,258,900 | (4,358,215) | 3,043,631 | 7,401,846 | |
| Other financing sources (uses): | | | | | | | | | | | | | | | | |
| Refund of prior year's expenditures..... | 17,346 | 17,880 | 534 | 637 | 648 | 11 | | | | | | | 17,983 | 18,528 | 545 | |
| Refund of prior year's receipts..... | (100) | 0 | 100 | | | | | | | | | | (100) | 0 | 100 | |
| Operating transfers (out)..... | (31,000) | (30,100) | 900 | 7,366 | 7,488 | 122 | 668 | 1,140 | 472 | | | | (31,000) | (30,100) | 900 | |
| Advances in..... | 8,298 | 8,553 | 255 | 0 | (6,813) | (6,813) | | | | | | | 16,332 | 17,181 | 849 | |
| Advances (out)..... | (10,000) | (8,628) | 1,372 | 0 | 0 | 0 | | | | | | | (10,000) | (17,181) | (7,181) | |
| Premium and accrued interest on bonds sold..... | | | | | | | | | | | | | | | | |
| Proceeds from sale of fixed assets..... | 885 | 912 | 27 | | | | 3,952 | 3,952 | 0 | | | | 3,952 | 3,952 | 0 | |
| Total other financing sources (uses)..... | (14,571) | (11,383) | 3,188 | 8,003 | 1,323 | (6,680) | 3,250,673 | 3,254,625 | 0 | 668 | (600) | (1,268) | 3,250,673 | 3,250,673 | 0 | |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses..... | (707,406) | 102,366 | 809,772 | (93,238) | 97,858 | 191,096 | (82,371) | 56,215 | 138,586 | (226,475) | 6,031,157 | 6,257,632 | (1,109,490) | 6,287,596 | 7,397,086 | |
| Fund balances, July 1..... | 969,884 | 969,884 | 0 | 116,727 | 116,727 | 0 | 107,211 | 107,211 | 0 | 3,589,469 | 3,589,469 | 0 | 4,783,291 | 4,783,291 | 0 | |
| Prior year encumbrances appropriated..... | 91,168 | 91,168 | 0 | 42,324 | 42,324 | 0 | 0 | 0 | 0 | 10,135 | 10,135 | 0 | 143,027 | 143,027 | 0 | |
| Fund balances, June 30..... | \$353,646 | \$1,163,418 | \$809,772 | \$65,813 | \$256,909 | \$191,096 | \$24,840 | \$163,426 | \$138,586 | \$3,373,129 | \$9,630,761 | \$6,257,632 | \$3,817,428 | \$11,214,514 | \$7,397,086 | |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2000

| | Proprietary Fund Type | Fiduciary Fund Type | Total (Memorandum Only) |
|--|--------------------------|------------------------|-------------------------------|
| | Enterprise | Nonexpendable Trust | |
| Operating revenues: | | | |
| Sales/charges for services | \$117,182 | | \$117,182 |
| Interest revenue | | \$16,739 | 16,739 |
| Donations | | 72,091 | 72,091 |
| | <u>117,182</u> | <u>88,830</u> | <u>206,012</u> |
| Total operating revenues | | | |
| Operating expenses: | | | |
| Personal services | 142,783 | | 142,783 |
| Contract services | 3,148 | | 3,148 |
| Materials and supplies | 81,569 | | 81,569 |
| Depreciation | 2,097 | | 2,097 |
| Other | | 9,888 | 9,888 |
| | <u>229,597</u> | <u>9,888</u> | <u>239,485</u> |
| Total operating expenses | | | |
| Operating income (loss) | <u>(112,415)</u> | <u>78,942</u> | <u>(33,473)</u> |
| Nonoperating revenues: | | | |
| Operating grants | 57,034 | | 57,034 |
| Interest revenue | 222 | | 222 |
| Federal commodities | 21,880 | | 21,880 |
| | <u>79,136</u> | | <u>79,136</u> |
| Total nonoperating revenues | | | |
| Net income (loss) before operating transfers | (33,279) | 78,942 | 45,663 |
| Operating transfers in | 30,100 | | 30,100 |
| Net income (loss) | (3,179) | 78,942 | 75,763 |
| Retained earnings (accumulated deficit) / fund balance, July 1 | <u>(17,816)</u> | <u>212,758</u> | <u>194,942</u> |
| Retained earnings (accumulated deficit) / fund balance, June 30 | <u>(\$20,995)</u> | <u>\$291,700</u> | <u>\$270,705</u> |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2000

| | Proprietary Fund Type | Fiduciary Fund Type | |
|--|--------------------------|------------------------|-------------------------------|
| | Enterprise | Nonexpendable Trust | Total (Memorandum Only) |
| Cash flows from operating activities: | | | |
| Cash received from sales/service charges | \$117,235 | | \$117,235 |
| Cash received for donations | | \$72,091 | 72,091 |
| Cash payments for personal services | (142,712) | | (142,712) |
| Cash payments for contract services | (3,367) | | (3,367) |
| Cash payments for supplies and materials | (60,553) | | (60,553) |
| Cash payments for other expenses | | (9,888) | (9,888) |
| | | | |
| Net cash provided by (used in) operating activities | (89,397) | 62,203 | (27,194) |
| Cash flows from noncapital financing activities: | | | |
| Cash received from operating grants | 58,063 | | 58,063 |
| Transfers in from other funds | 30,100 | | 30,100 |
| | | | |
| Net cash provided by noncapital financing activities | 88,163 | | 88,163 |
| Cash flows from investing activities: | | | |
| Interest received | 223 | 866 | 1,089 |
| | | | |
| Net cash provided by investing activities | 223 | 866 | 1,089 |
| Net increase (decrease) in cash and cash equivalents | | | |
| | (1,011) | 63,069 | 62,058 |
| Cash and cash equivalents at beginning of year | | | |
| | 3,411 | 212,138 | 215,549 |
| Cash and cash equivalents at end of year | | | |
| | \$2,400 | \$275,207 | \$277,607 |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Operating income (loss) | (\$112,415) | \$78,942 | (\$33,473) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation | 2,097 | | 2,097 |
| Federal donated commodities | 21,880 | | 21,880 |
| Interest reported as operating income | | (16,739) | (16,739) |
| Changes in assets and liabilities: | | | |
| Decrease in materials and supplies inventory | 2,711 | | 2,711 |
| Decrease in accounts receivable | 53 | | 53 |
| Decrease in accounts payable | (219) | | (219) |
| Increase in accrued wages & benefits | 1,243 | | 1,243 |
| Decrease in compensated absences payable | (245) | | (245) |
| Decrease in pension obligation payable | (927) | | (927) |
| Decrease in deferred revenue | (3,575) | | (3,575) |
| | | | |
| Net cash provided by (used in) operating activities | (\$89,397) | \$62,203 | (\$27,194) |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The New London Local School District (the "District") is located in north-central Ohio in parts of Huron, Lorain, and Ashland counties. The District includes all of the Village of New London and portions of surrounding townships.

The District is organized in accordance with Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District currently operates two elementary schools, one middle school, and one comprehensive high school. The District employs 41 non-certified and 79 certified (including administrative) full-time and part-time employees to provide services to approximately 1,159 students in grades K through 12 and various community groups, which ranks it 463rd of 660 public and community school districts in Ohio, and fifth largest of seven districts in Huron County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

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

A. The Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity." When applying GASB Statement No. 14, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Board's ability to exercise significant oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units. The following organizations are described due to their relationship with the District:

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

JOINTLY GOVERNED ORGANIZATIONS

Lake Erie Education Computer Association (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of 31 school districts. 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 of member districts. Each of the governments of these districts supports LEECA based upon a per pupil charge depending upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. LEECA is governed by a board of directors chosen from the general membership of the LEECA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county in which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, which serves as fiscal agent, located at 1885 Lake Avenue, Elyria, Ohio 44035. During the year ended June 30, 2000, the District paid approximately \$8,683 to LEECA.

Huron-Erie School Employees Insurance Association

The Huron-Erie School Employees Insurance Association (Association) is a jointly governed organization among fourteen districts. The Association assembly consists of a superintendent or designated representative from each participating district and the program administrator. The Association is governed by a board of directors chosen from the general membership. The degree of control exercised by any participating district is limited to its representation on the board. Financial information can be obtained by contacting the program administrator at the Huron-Erie School Employees Insurance Association, located at 2900 Columbus Avenue, Sandusky, Ohio 44870. During the year ended June 30, 2000, the District paid approximately \$770,050 to the Association.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in a group rating plan for workers' compensation as established in Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Program (GRP) was established as an insurance purchasing pool. The GRP is governed by a three-member Board of Directors. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. Refer to Note 12 for further information on this group rating plan.

B. Fund Accounting

The District uses funds and account groups 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. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

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

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

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

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

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following is the District's proprietary fund type.

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

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include an expendable trust fund, a nonexpendable trust fund and agency funds. The expendable trust fund is accounted for in the same manner as governmental funds. The nonexpendable trust fund is accounted for in the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual. See Note 3 for an analysis of agency fund accruals which, in other fund types, would be recognized in the combined balance sheet.

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used.

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

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

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

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

All proprietary and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for governmental and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), student fees and rent. Current property taxes measurable as of June 30, 2000, and which are intended to finance fiscal 2001 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

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

The proprietary funds and the nonexpendable trust funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense and a like amount is reported as donated commodities revenue.

D. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable is as follows.

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Huron 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 June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2000.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

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

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and 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 during fiscal 2000.
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, function and/or object level.
9. Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reservation of fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 16 provides a reconciliation of the budgetary and GAAP basis of accounting and Note 13 discloses encumbrances outstanding for the enterprise funds at fiscal year end.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

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

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary 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 combined balance sheet.

During fiscal year 2000, investments were limited to federal agency notes, investments in the State Asset Treasury Reserve of Ohio (STAR Ohio) and nonnegotiable certificates of deposit. The federal agency notes and investments in STAR Ohio are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

By policy of the Board of Education, investment earnings are assigned to the general fund, the Permanent Improvement and Project Construction capital projects funds, the Food Service, Summer School and Adult Education enterprise funds, the Public School Support and District Managed Student Activities special revenue funds, Student-Managed Activity agency funds, and certain trust funds. The following funds were credited with more interest revenue than would have been received based upon their share of the District's investments during fiscal 2000:

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

E. Cash and Investments (Continued)

| | <u>Interest Actually Received</u> | <u>Interest Based upon Share of Investments</u> | <u>Interest Assigned by Other Funds</u> |
|-------------------------------------|---|---|---|
| General Fund | \$99,228 | \$40,915 | \$58,313 |
| <u>Special Revenue Funds</u> | | | |
| Public School Support | 1,186 | 719 | 467 |
| District Managed Student Activities | 3,984 | 2,411 | 1,573 |
| <u>Enterprise Funds</u> | | | |
| Food Service | 97 | 24 | 73 |
| Rotary | 97 | 61 | 36 |
| Adult Education | 28 | 17 | 11 |
| <u>Agency Fund</u> | | | |
| Student Managed Activities | 1,981 | 1,034 | 947 |

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

F. Inventory

Inventories of proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$1,000 and a useful life of less than five years. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed assets account group.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

G. Fixed Assets and Depreciation (Continued)

2. *Proprietary Funds*

Equipment reflected in these funds is stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives.

| <u>Asset</u> | <u>Life (years)</u> |
|--|---------------------|
| Buildings | 25 - 50 |
| Furniture, Fixtures and Minor Equipment | 8 - 20 |
| Vehicles | 4 - 6 |

H. Intergovernmental Revenues

In governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for proprietary fund operations are recognized as revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Capital Projects Fund

State Property Tax Relief

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

H. Intergovernmental Revenues (Continued)

Non-Reimbursable Grants

Special Revenue Funds

Professional Development Block Grant
Classroom Facilities Maintenance
Management Information Systems
Title I
Title VI
Title VI-B
Disadvantaged Pupil Impact Aid
Network Connectivity
Drug-Free School
School Breakfast Start-up
SchoolNet Professional Development
Safe Schools Hotline
Title VI-R
Performance Incentive
Martha Holden Jennings Grant

Capital Project Funds

School Net
Technology Equity
Emergency School Building Repair
Ohio School Facilities Commission Grant

Reimbursable Grants

General Fund

School Bus Purchases
Driver Education
Vocational Education Travel/Salary

Reimbursable Grants - Continued

Proprietary Fund

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 79% of the District's operating revenue during the 2000 fiscal year.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

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

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment 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 Statement No. 16 of the Governmental Accounting Standards Board (GASB), "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. A liability for sick pay 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 pay on employees expected to become eligible to retire in the future, all non-certified personnel employed at June 30, 2000 and all certified personnel employed at the District for 10 years or more as of June 30, 2000 were expected to become eligible to retire in accordance with GASB Statement No. 16.

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

Accumulated vacation and sick pay of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

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

J. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a government fund. The remaining portion of such obligations is reported in the general long-term obligations account group.

Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

K. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants, or contributions from developers, customers, or other funds. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

L. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, debt service, principal endowment, tax revenue unavailable for appropriation, budget stabilization and capital acquisition. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

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

M. Interfund Transactions

During the course of normal operations, the District may have numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable or payable". The District had short-term interfund loans receivable and payable at June 30, 2000.
4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had no long-term advances receivable or payable at June 30, 2000.

An analysis of interfund transactions is presented in Note 5.

N. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization and capital acquisition reserve. These reserves are required by State statute. The budget stabilization reserve can be used only after receiving approval from the State Superintendent of Public Instruction. Fund balance reserves have also been established. See Note 18 for detail of statutory reserves.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

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

O. Bond Discounts, Premiums and Interest Costs

For governmental fund types, bond premiums and discounts, as well as issuance cost, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures. The long-term debt that appears in the general long-term obligations account group is always reported at the bond's face value.

P. Estimates

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

Q. Memorandum Only - Total Columns

Total columns on the GPFS are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Deficit Fund Balances/Retained Earnings

Fund balances/retained earnings at June 30, 2000 included the following individual fund deficits:

| | <u>Deficit Balance</u> |
|--------------------------------|------------------------|
| <u>Special Revenue Funds</u> | |
| Disadvantaged Pupil Impact Aid | \$ 225 |
| <u>Enterprise Funds</u> | |
| Food Service | 23,294 |

These funds complied with Ohio state law which does not permit a cash basis deficit at year end.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

A. Deficit Fund Balances/Retained Earnings (Continued)

The deficit fund balance in the Disadvantaged Pupil Impact Aid special revenue fund is due to the application of GAAP, namely in the reporting of a liability for accrued wages and benefits attributable to the fiscal year. This deficit will be eliminated by intergovernmental revenues and other resources not recognized at June 30.

The deficit retained earnings in the Food Service enterprise fund is due to the application of GAAP namely in the reporting of a liability for accrued wages, benefits and retirement obligations attributable to the fiscal year. This deficit will be funded by user charges and other subsidies not recognized and recorded at June 30.

B. Agency Fund

The following accrual for the Student-Managed Activity agency fund would be recognized in the combined balance sheet in other fund types:

ASSET

| | |
|-----------------------------|-------|
| Accrued interest receivable | \$211 |
| Accounts receivable | 168 |

LIABILITIES

| | |
|------------------|-----|
| Accounts payable | 957 |
|------------------|-----|

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of 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.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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

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

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

Interim monies may be invested or deposited 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 or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

Deposits: At year end, the carrying amount of the District's deposits, including non-negotiable certificates of deposit, was \$1,550,418 and the bank balance, including non-negotiable certificates of deposit, was \$1,580,694. Of the bank balance:

1. \$200,000 was covered by federal depository insurance.
2. \$1,280,843 was covered by collateral held in the pledging bank's trust department in the District's name.
3. \$50,000 was federally insured.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

4. \$49,851 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money has been followed, non compliance with federal requirements could potentially subject the District held to a successful claim by the FDIC.

Investments: Investments are categorized to give an indication of the level of custodial credit risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

| | Category 2 | Reported Amount | Fair Value |
|---------------------------|--------------------|---------------------|---------------------|
| Federal agency securities | <u>\$1,987,460</u> | \$ 1,987,460 | \$ 1,987,460 |
| Total | <u>\$1,987,460</u> | | |
| Investment in STAR Ohio | | <u>9,300,684</u> | <u>9,300,684</u> |
| Total investments | | <u>\$11,288,144</u> | <u>\$11,288,144</u> |

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

A reconciliation between the classifications of equity in pooled cash and cash equivalents on the combined balance sheet (per GASB Statement No. 9) and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

| | Cash and Cash Equivalents/Deposits | Investments |
|--|---------------------------------------|---------------------|
| GASB Statement No. 9 | \$12,838,562 | \$ 0 |
| Investments of the cash management pool: | | |
| Investment in STAR Ohio | (9,300,684) | 9,300,684 |
| Federal agency securities | <u>(1,987,460)</u> | <u>1,987,460</u> |
| GASB Statement No. 3 | <u>\$ 1,550,418</u> | <u>\$11,288,144</u> |

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 5 - INTERFUND TRANSACTIONS

A. The following is a reconciliation of the District's operating transfers for fiscal year 2000:

| | <u>Transfers In</u> | <u>Transfers (Out)</u> |
|-------------------------|---------------------|------------------------|
| General Fund | \$ - - - | \$30,100 |
| <u>Enterprise Funds</u> | | |
| Food Service | <u>30,100</u> | <u>- - -</u> |
| Totals | <u>\$30,100</u> | <u>\$30,100</u> |

B. Interfund balances at June 30, 2000, consist of the following individual interfund loans receivable and payable:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|------------------------------|---------------------------------|------------------------------|
| General Fund | \$675 | \$ - - - |
| <u>Special Revenue Funds</u> | | |
| Drug Free Grant | <u>- - -</u> | <u>675</u> |
| Totals | <u>\$675</u> | <u>\$675</u> |

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies which is assessed at 50% of market and railroads which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value.

The assessed value upon which the 1999 taxes were collected was \$67,136,030. Agricultural/Residential and public utility/mineral real estate represented 77.18% or \$51,817,920 of this total; Commercial/Industrial real estate represented 8.84% or \$5,934,950; public utility tangible represented 7.27% or \$4,883,480 and general tangible property represented 6.71% or \$4,499,680. The voted general tax rate for operations at the fiscal year ended June 30, 2000 was \$29.70 per \$1,000.00 of assessed valuation and \$4.09 per \$1,000.00 of assessed valuation for debt service.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20.

The Ashland, Lorain and Huron County Treasurers collect property taxes on behalf of the District. The County Auditors periodically remit to the District their portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August. A total of \$348,441 was available to the District as an advance at June 30, and is recognized as revenue.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

NOTE 7 - SCHOOL DISTRICT INCOME TAX

The District has authorized, through voter approval, an annual 1% school district income tax levied on the school district income of individuals and estates. The tax is to be used for normal operating expenses of the District, and is credited to the general fund. Total income tax revenue credited to the general fund during fiscal year 2000 was \$781,497.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accrued interest, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements (to the extent such grants and/or entitlements relate to the current fiscal year). Intergovernmental receivables have been reported as "Due From Other Governments" on the combined balance sheet. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of State programs, and the current year guarantee of Federal funds.

A summary of the principal items of receivables follows:

| | <u>Amounts</u> |
|-----------------------------------|----------------|
| <u>General Fund</u> | |
| Taxes - current and delinquent | \$1,448,346 |
| School district income tax | 284,920 |
| Accounts | 27,609 |
| Accrued interest | 20,847 |
| Due from other governments | 9,817 |
| <u>Special Revenue Funds</u> | |
| Taxes - current and delinquent | 34,608 |
| Accounts | 752 |
| Accrued interest | 898 |
| Due from other governments | 1,675 |
| <u>Debt Service Funds</u> | |
| Taxes - current and delinquent | 248,487 |
| <u>Capital Projects Funds</u> | |
| Accrued interest | 61,987 |
| <u>Enterprise Funds</u> | |
| Due from other governments | 8,392 |

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 8 - RECEIVABLES (Continued)

| | |
|----------------------------------|---------|
| <u>Expendable Trust Funds</u> | |
| Accrued interest | \$1,303 |
| | |
| <u>Nonexpendable Trust Funds</u> | |
| Accrued Interest | 16,492 |

NOTE 9 - FIXED ASSETS

A summary of the changes in the general fixed assets account group during the fiscal year follows:

| | <u>Balance at July 1, 1999</u> | <u>Increase</u> | <u>Deletions</u> | <u>Balance at June 30, 2000</u> |
|--------------------------|------------------------------------|--------------------|-------------------|-------------------------------------|
| Land/improvements | \$ 309,096 | \$ --- | \$ --- | \$ 309,096 |
| Buildings/improvements | 2,194,014 | --- | --- | 2,194,014 |
| Equipment and vehicles | 1,813,875 | 36,459 | (35,536) | 1,814,798 |
| Construction in progress | <u>0</u> | <u>2,319,478</u> | <u>---</u> | <u>2,319,478</u> |
| Total | <u>\$4,316,985</u> | <u>\$2,355,937</u> | <u>\$(35,536)</u> | <u>\$6,637,386</u> |

The construction in progress represents costs incurred by June 30, 2000 for the construction of a new elementary, middle and high school building. The total estimated cost of the building project is \$21,381,539.

A summary of the proprietary fixed assets at June 30, 2000 follows:

| | |
|--------------------------------|------------------|
| Furniture and equipment | \$ 64,335 |
| Less: accumulated depreciation | <u>(48,203)</u> |
| Net fixed assets | <u>\$ 16,132</u> |

NOTE 10 - CHANGES IN CONTRIBUTED CAPITAL

The change in contributed capital for the year ended June 30, 2000 is summarized as follows:

| | <u>Food Service</u> |
|---|---------------------|
| Contributed capital, July 1, 1999 | \$ 5,700 |
| Current contributions from general fund | <u>4,799</u> |
| Contributed capital, June 30, 2000 | <u>\$10,499</u> |

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS

During the year ended June 30, 2000, the following changes occurred in liabilities reported in the general long-term obligations account group.

| | <u>Balance</u> <u>July 1, 1999</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance</u> <u>June 30, 2000</u> |
|-----------------------------|---------------------------------------|--------------------|----------------------|--|
| Compensated Absences | \$ 552,318 | \$ 36,217 | \$ (59,085) | \$ 529,450 |
| Pension Obligation Payable | 45,712 | 43,922 | (45,712) | 43,922 |
| Asbestos Removal Loans | 62,230 | --- | (7,000) | 55,230 |
| Bond Anticipation Notes | 3,252,000 | --- | (3,252,000) | 0 |
| General Obligation | | | | |
| Bonds Payable | <u>0</u> | <u>3,250,673</u> | <u>---</u> | <u>3,250,673</u> |
| Total Long-Term Obligations | <u>\$3,912,260</u> | <u>\$3,330,812</u> | <u>\$(3,363,797)</u> | <u>\$3,879,275</u> |

- A. Compensated absences and the pension obligation will be paid from the fund from which the employee is paid.
- B. All general obligation bonds and notes outstanding, issued to provide funds for the acquisition and construction of equipment and facilities are general obligations of the District for which full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the general long-term obligation account group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the debt service fund.

1. Asbestos Removal Loans Payable

The following is a description of the loans outstanding as of June 30, 2000:

| <u>Purpose</u> | <u>Interest</u> <u>Rate</u> | <u>Issue</u> <u>Date</u> | <u>Maturity</u> <u>Date</u> | <u>Balance</u> <u>6/30/00</u> |
|-----------------------------|--------------------------------|-----------------------------|--------------------------------|----------------------------------|
| Asbestos Removal Loan, 1989 | N/A | 05/17/89 | 05/30/08 | \$16,010 |
| Asbestos Removal Loan, 1995 | N/A | 12/07/94 | 05/31/08 | <u>39,220</u> |
| | | | | <u>\$55,230</u> |

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the District's future annual debt service requirements to maturity for the asbestos removal loans:

| <u>Year Ending June 30</u> | <u>Principal on Loans</u> | <u>Interest on Loans</u> | <u>Total</u> |
|--------------------------------|-------------------------------|------------------------------|-----------------|
| 2001 | \$ 7,000 | \$ --- | \$ 7,000 |
| 2002 | 7,000 | --- | 7,000 |
| 2003 | 7,000 | --- | 7,000 |
| 2004 | 7,000 | --- | 7,000 |
| 2005 | 7,000 | --- | 7,000 |
| 2006 - 2008 | <u>20,230</u> | <u>---</u> | <u>20,230</u> |
| Total | <u>\$55,230</u> | <u>\$ 0</u> | <u>\$55,230</u> |

2. Bond Anticipation Notes

On April 8, 1999 the District issued \$3,252,000 in bond anticipation notes to begin the construction of a new high school, middle school and elementary building. These notes had an annual interest rate of 3.35% and matured on October 8, 1999. The bond anticipation notes were retired with the proceeds from the District's general obligation bonds which were issued on October 7, 1999.

3. General Obligation Bonds Payable

On October 7, 1999, the District issued \$3,250,673 in general obligation bonds. The proceeds of these bonds were used to provide long-term financing of the construction of a new high school, middle school and elementary building. These bonds bear annual interest rates ranging from 3.80% to 7.50% and mature in fiscal year 2023.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the District's future annual debt service requirements to maturity for the general obligation bonds:

| <u>Year Ending June 30</u> | <u>Principal on Bonds</u> | <u>Interest on Bonds</u> | <u>Total</u> |
|--------------------------------|-------------------------------|------------------------------|--------------------|
| 2001 | \$ 45,000 | \$ 156,685 | \$ 201,685 |
| 2002 | 85,000 | 154,066 | 239,066 |
| 2003 | 95,000 | 150,284 | 245,284 |
| 2004 | 110,000 | 145,845 | 255,845 |
| 2005 | 115,000 | 140,837 | 255,837 |
| 2006 - 2010 | 547,599 | 772,734 | 1,320,333 |
| 2011 - 2015 | 583,074 | 726,838 | 1,309,912 |
| 2016 - 2020 | 955,000 | 345,835 | 1,300,835 |
| 2021 - 2023 | <u>715,000</u> | <u>62,558</u> | <u>777,558</u> |
| Total | <u>\$3,250,673</u> | <u>\$2,655,682</u> | <u>\$5,906,355</u> |

4. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of a school 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 effects of these debt limitations for the District at June 30, 2000 are a voted debt margin of \$3,000,864 (including available funds of \$209,294) and an unvoted debt margin of \$67,136.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

NOTE 12 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

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 employees and natural disasters. The District has a comprehensive property and casualty policy with the Indiana Insurance Company which includes boiler coverage. The deductible is \$500 per incident. All vehicles are insured with Nationwide Insurance Company and have a \$100 deductible on collision and \$50 on comprehensive. All board members, administrators and employees are covered under a school district liability policy with Nationwide Insurance. The limits of this coverage are \$2,000,000 per occurrence and \$5,000,000 in the aggregate. Settled claims have not exceeded these commercial insurance coverages in any of the past three years.

B. Employee Dishonesty Bonds

The board president is covered with a surety bond for \$20,000 through the OSBA Board Program. The superintendent and the treasurer are covered by a \$20,000 and a \$100,000 surety bond respectively. The student activity clerk/treasurer's secretary is also covered by a surety bond in the amount of \$10,000. These bonds are all with the Western Surety Company. The remaining employees who handle money are covered with a public employees blanket bond in the amount of \$10,000. This coverage is provided by the State Auto Insurance Company. Settled claims have not exceeded these commercial insurance coverages in any of the past three years.

C. Workers' Compensation

For fiscal year 2000, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2. A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

NOTE 12 - RISK MANAGEMENT - (Continued)

D. Huron-Erie School Employees Insurance Association

The District has contracted with the Huron-Erie School Employees Insurance Association (Association) to provide medical/surgical, dental, vision, and life insurance benefits for its employees and their covered dependents. The Association is a shared risk pool comprised of fourteen school districts that provide public education within Erie and Huron Counties. The Districts pay monthly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees of participating school districts and their covered dependents. Claims are paid for all participants regardless of claims flow.

In the event of withdrawal, the District shall assume and be responsible for payment of all claims of its eligible employees, families, and dependents from the effective date of withdrawal, regardless of when such claims were incurred, processed, or presented to the Association, insurance provider, insurance consultant, or any other appropriate or authorized person or representative; provided further, any such claims which are paid after the effective date of withdrawal by the Association insurance provider or insurance consultant, or charged to such parties, shall be reimbursed in full by any withdrawing member upon demand of the Association.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

NOTE 13 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains three enterprise funds to account for the operations of Food Services, Summer School, and Adult Education. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 2000.

| | <u>Food Services</u> | <u>Summer School</u> | <u>Adult Education</u> | <u>Total</u> |
|--|--------------------------|--------------------------|----------------------------|--------------|
| Operating revenue | \$ 117,182 | \$ --- | \$ --- | \$ 117,182 |
| Operating expenses before depreciation | 227,500 | --- | --- | 227,500 |
| Depreciation | 2,097 | --- | --- | 2,097 |
| Operating loss | (112,415) | --- | --- | (112,415) |
| Operating grants | 57,034 | --- | --- | 57,034 |
| Operating transfers in | 30,100 | --- | --- | 30,100 |
| Net income (loss) | (3,304) | 97 | 28 | (3,179) |
| Net working capital | (16,779) | 1,789 | 510 | (14,480) |
| Total assets | 37,042 | 1,789 | 510 | 39,341 |
| Total liabilities | 49,837 | --- | --- | 49,837 |
| Total retained earnings (accumulated deficit) | (23,294) | 1,789 | 510 | (20,995) |
| Contributed capital | 10,499 | --- | --- | 10,499 |
| Total fund equity (deficit) | (12,795) | 1,789 | 510 | (10,496) |
| Encumbrances at June 30, 2000 | 68 | --- | --- | 68 |

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for 2000; 5.55 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$194,617, \$175,283, and \$141,685, respectively; 69 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$69,534, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$587,140, \$521,681, and \$515,630, respectively; 86 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$83,508, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 15 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$335,509 during fiscal 2000.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

NOTE 15 - POSTEMPLOYMENT BENEFITS (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the year ended June 30, 1999 (the latest information available), net health care costs paid by STRS were \$249.929 million and STRS had 95,796 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available), were \$126.4 million and the target level was \$189.6 million. At June 30, 1999 (the latest information available), SERS had net assets available for payment of health care benefits of \$188.0 million and SERS had approximately 51,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$120,129 during the 2000 fiscal year.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures 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, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

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

| | Governmental Fund Types | | | |
|---|-------------------------|----------------------------|-------------------------|-----------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> |
| Budget basis | \$102,366 | \$ 97,858 | \$56,215 | \$6,031,157 |
| Net adjustment for revenue accruals | 118,398 | (10,663) | 14,612 | (105,799) |
| Net adjustment for expenditure accruals | (78,746) | (18,969) | --- | (994,943) |
| Net adjustment for other financing sources/(uses) | (17,805) | (1,323) | --- | 600 |
| Adjustment for encumbrances | <u>113,461</u> | <u>25,127</u> | <u>---</u> | <u>1,144,906</u> |
| GAAP basis | <u>\$237,674</u> | <u>\$ 92,030</u> | <u>\$70,827</u> | <u>\$6,075,921</u> |

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

NOTE 17 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2000.

B. Litigation

The District is not currently a party to any legal proceedings.

C. State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$3,992,878 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the School District had received a total of \$9.1 million under this program.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 17 - CONTINGENCIES - (Continued)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the “thorough and efficient” clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, “...the mandate of the (Ohio) Constitution has not been fulfilled.” The Court’s majority recognized efforts by the Ohio General Assembly taken in response to the Court’s March 24, 1997, decision, however, it found seven “...major areas warrant[ing] further attention, study, and development by the General Assembly...,” including the State’s reliance on local property tax funding, the state’s basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State’s School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

D. Contractual Commitments

As of June 30, 2000, the District had contractual commitments for the following projects:

| <u>Project</u> | <u>Contractual Commitments</u> | <u>Expended</u> | <u>Balance 06/30/00</u> |
|--|------------------------------------|--------------------|-----------------------------|
| New High School, Middle School and Elementary Building | <u>\$21,381,539</u> | <u>\$2,319,478</u> | <u>\$19,062,061</u> |

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO**

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

NOTE 18 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

| | <u>Textbooks</u> | <u>Capital Acquisition</u> | <u>Budget Stabilization</u> |
|---|-------------------|--------------------------------|---------------------------------|
| Set-aside cash balance as of June 30, 1999 | \$ 0 | \$ 0 | \$ 83,598 |
| Current year set-aside requirement | 146,524 | 146,524 | 48,841 |
| Current year offsets | --- | (30,401) | --- |
| Qualifying disbursements | <u>(155,643)</u> | <u>(101,649)</u> | <u>---</u> |
| Set-aside balance carried forward to future fiscal years | <u>\$ (9,119)</u> | <u>\$ 14,474</u> | <u>\$132,439</u> |
| Set-aside reserve balance as of June 30, 2000 | <u>\$ 0</u> | <u>\$ 14,474</u> | <u>\$132,439</u> |

The District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years.

A schedule of the restricted assets at June 30, 2000 follows:

| | |
|--|------------------|
| Amount restricted for budget stabilization | \$132,439 |
| Amount restricted for capital acquisition | <u>14,474</u> |
| Total restricted assets | <u>\$146,913</u> |

This page intentionally left blank.

NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000

| Federal Grantor/ Pass Through Grantor Program Title | Pass Through Entity Number | Federal CFDA Number | Receipts | Non-Cash Receipts | Expenditures | Non-Cash Expenditures |
|--|----------------------------------|---------------------------|------------------|----------------------|------------------|--------------------------|
| U.S. Department of Agriculture (Passed through the Ohio Department of Education) | | | | | | |
| Child Nutrition Cluster: | | | | | | |
| Food Distribution Program | Not Available | 10.550 | | \$21,880 | | \$21,880 |
| National School Lunch Program | 03-PU 0000 1999 | 10.555 | \$3,332 | | \$3,332 | |
| | 03-PU 0000 2000 | | 8,696 | | 8,696 | |
| | 04-PU 0000 1999 | | 13,224 | | 13,224 | |
| | 04-PU 0000 2000 | | 28,887 | | 28,887 | |
| Total Child Nutrition Cluster | | | 54,139 | | 54,139 | |
| Total U.S. Department of Agriculture | | | 54,139 | 21,880 | 54,139 | 21,880 |
| U.S. Department of Education (Passed through the Ohio Department of Education) | | | | | | |
| Title I Grants to Local Educational Agencies | C1-S1 1999 | 84.010 | 19,887 | | 21,307 | |
| | C1-S1 2000 | | 132,567 | | 109,076 | |
| Total Title I Grants to Local Educational Agencies | | | 152,454 | | 130,383 | |
| Special Education Grants to States | 6B-SF 1999P | 84.027 | 0 | | 6,376 | |
| | 6B-SF 2000P | | 69,641 | | 65,778 | |
| Total Special Education Grants to States | | | 69,641 | | 72,154 | |
| Drug Free Schools | DR-S1 1999 | 84.186 | 1,140 | | 2,419 | |
| | DR-S1 2000 | | 4,454 | | 3,758 | |
| Total Drug Free Schools | | | 5,594 | | 6,177 | |
| Goals 2000 - State and Local Education Systemic Improvements Grants | G2-S1 1999 | 84.276 | 0 | | 15,114 | |
| | G2-S1 2000 | | 31,388 | | 11,712 | |
| Total Goals 2000 - State and Local Education Systemic Improvements Grants | | | 31,388 | | 26,826 | |
| Innovative Education Program Strategies | C2-S1 1999 | 84.298 | 0 | | 346 | |
| | C2-S1 1999C | | 776 | | 0 | |
| | C2-S1 2000 | | 5,892 | | 4,010 | |
| Total Innovative Education Program Strategies | | | 6,668 | | 4,356 | |
| Class Size Reduction Subsidy | CR-S1 2000 | 84.340 | 21,223 | | 18,488 | |
| Total U.S. Department of Education | | | 286,968 | | 258,384 | |
| Total Federal Assistance | | | \$341,107 | \$21,880 | \$312,523 | \$21,880 |

The notes to the Schedule of Receipts and Expenditures of Federal Awards are an integral part of this statement.

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2000 the District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

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

New London Local School District
Huron County
100 East Main Street
New London, Ohio 44851

To the Board of Education:

We have audited the financial statements of New London Local School District, Huron County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated November 22, 2000. We conducted our audit 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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated November 22, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 22, 2000.

New London Local School District
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 and the Board of Education, and 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 22, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

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

New London Local School District
Huron County
100 East Main Street
New London, Ohio 44851

To the Board of Education:

Compliance

We have audited the compliance of New London Local School District, Huron County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. The District's major federal programs are 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 each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 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. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

The management of the District 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 District'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 the internal control over compliance in accordance with OMB Circular A-133.

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 and the Board of Education, and 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 22, 2000

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

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 material reported non-compliance 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): | Title 1 Grants to Local Education Agencies, CFDA #84.010 Special Education Grants to States, CFDA #84.027 |
| (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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

NEW LONDON LOCAL SCHOOL DISTRICT

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
JANUARY 02, 2001**