

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

**BASIC FINANCIAL STATEMENTS  
*(Audited)***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2009***

**GINA BLACKMAN, TREASURER**





Mary Taylor, CPA  
Auditor of State

Board of Education  
New London Local School District  
2 Wildcat Drive  
New London, Ohio 44851

We have reviewed the *Independent Auditor's Report* of the New London Local School District, Huron County, prepared by Julian & Grube, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 18, 2009

**This Page is Intentionally Left Blank.**

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

**BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**TABLE OF CONTENTS**

Independent Auditor’s Report .....	1 - 2
Management’s Discussion and Analysis .....	3 - 12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	13
Statement of Activities .....	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	15
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund .....	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Classroom Facilities Maintenance Fund .....	20
Statement of Fiduciary Net Assets - Fiduciary Funds .....	21
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund.....	22
Notes to the Basic Financial Statements.....	23 - 49
Supplementary Data:	
Schedule of Receipts and Expenditures of Federal Awards .....	50
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	51 - 52
Report on Compliance With Requirements Applicable to Its Major Program and on Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i> .....	53 - 54
Schedule of Findings <i>OMB Circular 133 § .505</i> .....	55



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### Independent Auditor's Report

Board of Education  
New London Local School District  
2 Wildcat Drive  
New London, Ohio 44851

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New London Local School District, Huron County, Ohio, as of and for the fiscal year ended June 30, 2009, which collectively comprise New London Local School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of New London Local School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of New London Local School District, Huron County, Ohio, as of June 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparisons for the General fund and Classroom Facilities Maintenance special revenue fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditor's Report  
New London Local School District  
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2009 on our consideration of New London Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise New London Local School District's basic financial statements. 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 basic financial statements of New London Local School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
October 16, 2009

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The management's discussion and analysis of the New London Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2009 are as follows:

- In total, net assets of governmental activities decreased \$380,635 which represents a 2.66% decrease from 2008.
- General revenues accounted for \$8,624,609 in revenue or 81.04% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,018,139 or 18.96% of total revenues of \$10,642,748.
- The District had \$11,023,383 in expenses related to governmental activities; \$2,018,139 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,624,609 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund, classroom facilities maintenance fund and bond retirement fund. The general fund had \$9,136,241 in revenues and other financing sources and \$9,142,387 in expenditures. During fiscal year 2009, the general fund's fund balance decreased \$6,146 from \$1,433,058 to \$1,426,912.
- The classroom facilities maintenance fund had \$89,328 in revenues and \$93,384 in expenditures. During fiscal year 2009, the classroom facilities maintenance fund's fund balance decreased \$4,056 from \$674,120 to \$670,064.
- The bond retirement fund had \$279,220 in revenues and \$257,873 in expenditures. During fiscal year 2009, the bond retirement fund's fund balance increased \$21,347 from \$359,250 to \$380,597.

**Using these Basic Financial Statements**

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

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



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**Reporting the District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, classroom facilities maintenance fund and bond retirement fund.

*Governmental Funds*

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-20 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 21 and 22. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-49 of this report.

**The District as a Whole**

The table below provides a summary of the District's net assets for fiscal year 2009 and 2008.

	<b>Net Assets</b>	
	Governmental Activities	Governmental Activities
	<u>2009</u>	<u>2008</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 6,096,796	\$ 6,204,513
Capital assets, net	<u>14,112,313</u>	<u>14,627,026</u>
Total assets	<u>20,209,109</u>	<u>20,831,539</u>
<b><u>Liabilities</u></b>		
Current liabilities	2,941,478	3,004,177
Long-term liabilities	<u>3,340,337</u>	<u>3,519,433</u>
Total liabilities	<u>6,281,815</u>	<u>6,523,610</u>
<b><u>Net assets</u></b>		
Invested in capital assets, net of related debt	11,633,021	12,140,158
Restricted	1,346,208	1,188,362
Unrestricted	<u>948,065</u>	<u>979,409</u>
Total net assets	<u>\$ 13,927,294</u>	<u>\$ 14,307,929</u>

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

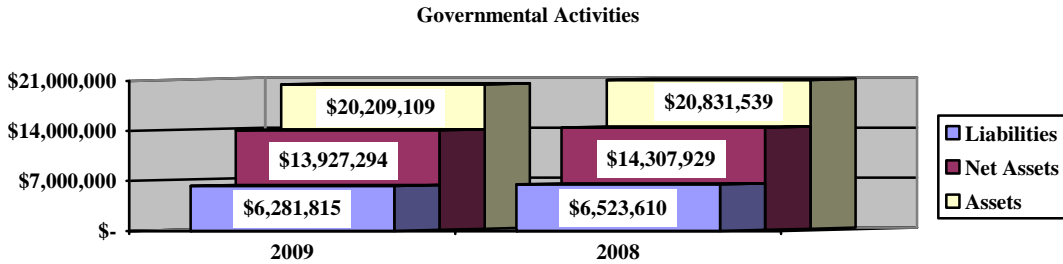
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$13,927,294. Of this total, \$948,065 is unrestricted in use.

At year-end, capital assets represented 69.83% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2009, were \$11,633,021. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,346,208, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$948,065 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below illustrates the District's assets, liabilities and net assets at June 30, 2009 and 2008:



The table below shows the change in net assets for fiscal years 2009 and 2008.

	<b>Change in Net Assets</b>	
	Governmental Activities 2009	Governmental Activities 2008
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 793,958	\$ 815,900
Operating grants and contributions	1,212,384	1,184,186
Capital grants and contributions	11,797	5,972
General revenues:		
Property taxes	2,179,259	2,359,816
School district income tax	938,743	1,027,237
Grants and entitlements	5,435,889	5,317,777
Investment earnings	42,185	105,366
Other	28,533	4,909
<b>Total revenues</b>	<b>10,642,748</b>	<b>10,821,163</b>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**Change in Net Assets**

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 5,285,753	\$ 5,283,768
Special	1,065,220	1,045,142
Vocational	373,773	381,933
Adult/continuing	15,532	12,685
Other	73,626	62,899
Support services:		
Pupil	297,905	243,507
Instructional staff	544,137	553,915
Board of education	10,364	17,366
Administration	799,598	742,349
Fiscal	255,652	244,574
Business	4,621	8,535
Operations and maintenance	870,221	936,361
Pupil transportation	544,531	544,102
Operation of non-instructional services:		
Operations of other non-instructional services	303	-
Food service operations	388,111	422,483
Extracurricular activities	369,729	335,083
Interest and fiscal charges	<u>124,307</u>	<u>154,379</u>
Total expenses	<u>11,023,383</u>	<u>10,989,081</u>
Change in net assets	(380,635)	(167,918)
Net assets at beginning of year	<u>14,307,929</u>	<u>14,475,847</u>
Net assets at end of year	<u>\$ 13,927,294</u>	<u>\$ 14,307,929</u>

**Governmental Activities**

Net assets of the District's governmental activities decreased \$380,635. Total governmental expenses of \$11,023,383 were offset by program revenues of \$2,018,139, and general revenues of \$8,624,609. Program revenues supported 18.31% of the total governmental expenses.

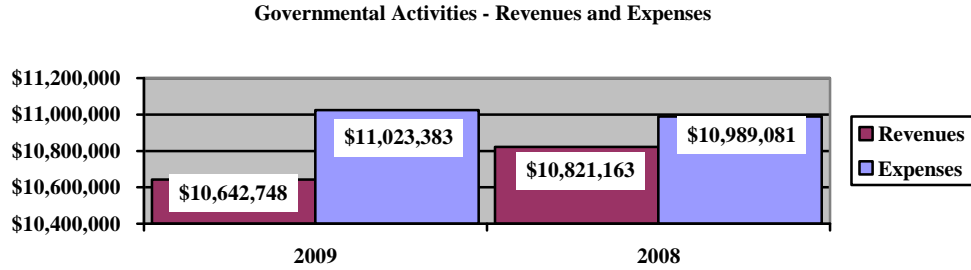
The primary sources of revenue for governmental activities are derived from property taxes, income taxes, and unrestricted grants and entitlements. These revenue sources represent 80.37% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,813,904 or 61.81% of total governmental expenses for fiscal year 2009.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2009 or 2008.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	<b>Governmental Activities</b>			
	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 5,285,753	\$ 4,703,087	\$ 5,283,768	\$ 4,728,316
Special	1,065,220	355,058	1,045,142	371,327
Vocational	373,773	316,546	381,933	317,783
Adult/continuing	15,532	15,529	12,685	12,685
Other	73,626	73,626	62,899	62,899
Support services:				
Pupil	297,905	294,195	243,507	240,587
Instructional staff	544,137	471,969	553,915	500,793
Board of education	10,364	10,364	17,366	17,366
Administration	799,598	788,029	742,349	729,323
Fiscal	255,652	254,532	244,574	244,574
Business	4,621	2,567	8,535	3,641
Operations and maintenance	870,221	859,434	936,361	913,977
Pupil transportation	544,531	532,734	544,102	538,130
Operations of non-instructional services:				
Other non-instructional services	303	62	-	-
Food service operations	388,111	7,707	422,483	10,688
Extracurricular activities	369,729	195,498	335,083	136,555
Interest and fiscal charges	124,307	124,307	154,379	154,379
<b>Total expenses</b>	<b><u>\$ 11,023,383</u></b>	<b><u>\$ 9,005,244</u></b>	<b><u>\$ 10,989,081</u></b>	<b><u>\$ 8,983,023</u></b>

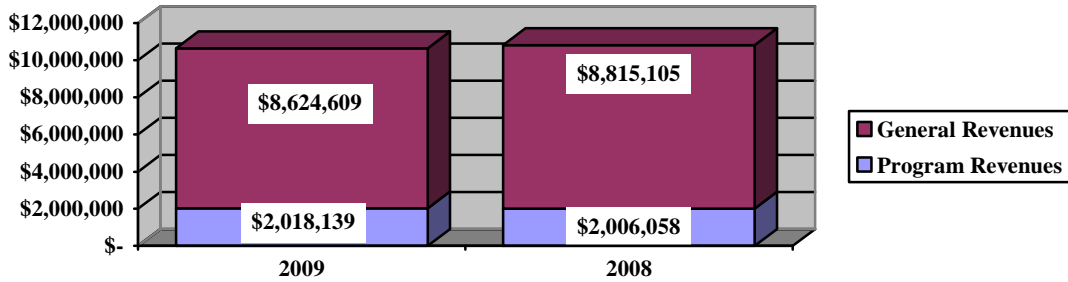
The dependence upon tax and other general revenues for governmental activities is apparent, 80.19% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 81.69%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are by far the primary support for District's students.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The graph below presents the District's governmental activities revenue for fiscal years 2009 and 2008:

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$2,758,659, which is higher than last year's total of \$2,720,209. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	<u>Fund Balance</u> <u>June 30, 2009</u>	<u>Fund Balance</u> <u>June 30, 2008</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
General	\$ 1,426,912	\$ 1,433,058	\$ (6,146)	(0.43) %
Classroom facilities maintenance	670,064	674,120	(4,056)	(0.60) %
Bond retirement	380,597	359,250	21,347	5.94 %
Other governmental	<u>281,086</u>	<u>253,781</u>	<u>27,305</u>	10.76 %
Total	<u>\$ 2,758,659</u>	<u>\$ 2,720,209</u>	<u>\$ 38,450</u>	1.41 %

**General Fund**

The District's general fund balance decreased \$6,146. In fiscal year 2009, taxes and earnings on investments decreased from 2008. In addition, the District saw a decrease in expenditures for instructional programs which is the District's largest expenditure line item.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 2,825,591	\$ 3,018,531	\$ (192,940)	(6.39) %
Earnings on investments	37,134	105,712	(68,578)	(64.87) %
Intergovernmental	5,796,429	5,677,415	119,014	2.10 %
Other revenues	<u>418,698</u>	<u>353,527</u>	<u>65,171</u>	18.43 %
Total	<u>\$ 9,077,852</u>	<u>\$ 9,155,185</u>	<u>\$ (77,333)</u>	(0.84) %
<b><u>Expenditures</u></b>				
Instruction	\$ 5,672,016	\$ 5,677,426	\$ (5,410)	(0.10) %
Support services	3,154,912	3,026,440	128,472	4.24 %
Extracurricular activities	199,184	199,221	(37)	(0.02) %
Facilities acquisition and construction	11,843	325,430	(313,587)	(96.36) %
Capital outlay	58,389	-	58,389	100.00 %
Debt service	<u>46,043</u>	<u>41,359</u>	<u>4,684</u>	11.33 %
Total	<u>\$ 9,142,387</u>	<u>\$ 9,269,876</u>	<u>\$ (127,489)</u>	(1.38) %

The largest percentage change in revenues from fiscal 2008 to fiscal 2009 was earnings on investments. This was due to a decrease in the amount of investments held by the District. The most significant percentage changes in the expenditures were the facilities acquisition and construction and capital outlay. Facilities acquisition and construction decreased due to construction of new facilities during fiscal year 2008. Capital outlay increased as the District entered into new capital leases during fiscal 2009.

***Classroom Facilities Maintenance Fund***

The classroom facilities maintenance fund had \$89,328 in revenues and \$93,384 in expenditures. During fiscal year 2009, the classroom facilities maintenance fund's fund balance decreased \$4,056 from \$674,120 to \$670,064.

***Bond Retirement Fund***

The bond retirement fund had \$279,220 in revenues and \$257,873 in expenditures. During fiscal year 2009, the bond retirement fund's fund balance increased \$21,347 from \$359,250 to \$380,597.

***General Fund Budgeting Highlights***

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

During the course of fiscal 2009, the District did not amend the general fund budgeted revenues. The original and final budgeted revenues and other financing sources were \$9,296,487. Actual revenues and other financing sources for fiscal 2009 was \$9,178,784. This represents a \$117,703 decrease over final budgeted revenues.

General fund original and final appropriations (appropriated expenditures including other financing uses) totaled \$9,541,171 and \$9,551,097, respectively. The actual budget basis expenditures for fiscal year 2009 totaled \$9,369,547, which was \$181,550 less than the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2009, the District had \$14,112,313 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2009 balances compared to 2008:

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

	Governmental Activities	
	2009	2008
Land	\$ 285,043	\$ 285,043
Land improvements	835,278	910,860
Building and improvements	12,281,593	12,848,882
Furniture and equipment	501,407	468,824
Vehicles	208,992	113,417
Total	\$ 14,112,313	\$ 14,627,026

The overall decrease in capital assets of \$514,713 is due to depreciation expense of \$755,061 exceeding capital outlay of \$240,348 in the fiscal year.

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

*Debt Administration*

At June 30, 2009, the District had \$2,507,750 in general obligation bonds and \$108,509 in capital leases outstanding. Of this total, \$209,006 is due within one year and \$2,407,253 is due within greater than one year. The following table summarizes the bonds, loans and capital leases outstanding.

**Outstanding Debt, at Year End**

	Governmental	Governmental
	Activities	Activities
	2009	2008
General obligation bonds	\$ 2,507,750	\$ 2,641,916
Capital leases	108,509	88,809
Total	\$ 2,616,259	\$ 2,730,725

At June 30, 2009, the District's overall legal debt margin was \$6,848,267, and an unvoted debt margin of \$97,327.

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



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**Current Financial Related Activities**

The District built a new K-12 school building through the Ohio School Facilities Commission (OSFC) and local funding and occupied the new building in September, 2001. Some costs incurred as part of this building project that had to be paid from local funds. The District was required by OSFC to purchase the 80 acres of land for the new building. In addition, the Board offices were not included in the OSFC plan and had to be built and financed by the District. The District's utility costs have tripled in the new building due to added lighting, air conditioning and other OSFC building specifications.

The District put a 4.5 mill levy on the November, 2004, ballot, which was defeated. Because of this levy defeat, several cost-saving measures were put in place during the 2004-05 and the 2005-06 school years.

The teaching and non-teaching staffs have both negotiated to pick up 12% of the cost of the health insurance for the District. A three-year negotiated agreement is in place for the certified and non-certified staffs (July 1, 2008 – June 30, 2011). In the new negotiated agreements, the staff agreed to change to a different insurance package which includes paying higher deductibles and out-of-pocket expenses, in exchange for an increase in salary. The savings on the new insurance plan will benefit the board and the staff with premiums significantly lower than in the past.

The District has a school district income tax that was approved by the voters in 1990, with collections beginning in 1991. In fiscal year 2009, the District collected \$938,743 from this income tax. In the recent declining economy, the income tax has still been an integral part of the District's revenue stream.

In fiscal year 2009, the District was ranked 90 on the Ohio Department of Education local wealth measure. What this means is that of the 614 school districts in Ohio, there are 524 schools which are wealthier than New London Local School District (based on property values). This is an amazing fact considering the success we have seen on our report card. We have received an Effective or Excellent rating on our report card for the last several years. Even though our resources are limited, we have made good use of those resources and have found success.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Gina Blackman, Treasurer, New London Local School District, 2 Wildcat Drive, New London, Ohio 44851-1299.

**BASIC  
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS  
JUNE 30, 2009

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . .	\$ 3,206,320
Receivables:	
Taxes. . . . .	2,655,121
Accounts. . . . .	12,128
Accrued interest . . . . .	5,794
Intergovernmental . . . . .	116,048
Materials and supplies inventory . . . . .	24,568
Unamortized bond issue costs . . . . .	76,817
Capital assets:	
Land . . . . .	285,043
Depreciable capital assets, net . . . . .	13,827,270
Capital assets, net . . . . .	<u>14,112,313</u>
 Total assets. . . . .	 <u>20,209,109</u>
<b>Liabilities:</b>	
Accounts payable. . . . .	26,715
Accrued wages and benefits . . . . .	824,003
Pension obligation payable. . . . .	205,106
Intergovernmental . . . . .	33,622
Unearned revenue . . . . .	1,845,803
Accrued interest payable . . . . .	6,229
Long-term liabilities:	
Due within one year. . . . .	299,296
Due in more than one year . . . . .	<u>3,041,041</u>
 Total liabilities . . . . .	 <u>6,281,815</u>
<b>Net assets:</b>	
Invested in capital assets, net of related debt. . . . .	11,633,021
Restricted for:	
Debt service. . . . .	400,819
State funded programs . . . . .	8,531
Federally funded programs. . . . .	15,020
Student activities . . . . .	93,541
Public school support . . . . .	25,882
Classroom facilities maintenance. . . . .	674,071
Other purposes . . . . .	128,344
Unrestricted. . . . .	<u>948,065</u>
 Total net assets . . . . .	 <u>\$ 13,927,294</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

		Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Governmental activities:</b>						
Instruction:						
Regular . . . . .	\$ 5,285,753	\$ 452,908	\$ 129,758	\$ -		\$ (4,703,087)
Special . . . . .	1,065,220	-	710,162	-		(355,058)
Vocational . . . . .	373,773	403	56,824	-		(316,546)
Adult/continuing . . . . .	15,532	-	3	-		(15,529)
Other . . . . .	73,626	-	-	-		(73,626)
Support services:						
Pupil . . . . .	297,905	-	3,710	-		(294,195)
Instructional staff . . . . .	544,137	2,178	69,990	-		(471,969)
Board of education . . . . .	10,364	-	-	-		(10,364)
Administration . . . . .	799,598	-	11,569	-		(788,029)
Fiscal . . . . .	255,652	-	1,120	-		(254,532)
Business . . . . .	4,621	1,937	117	-		(2,567)
Operations and maintenance . . . . .	870,221	-	10,787	-		(859,434)
Pupil transportation . . . . .	544,531	-	-	11,797		(532,734)
Operation of non-instructional services:						
Other non-instructional . . . . .	303	-	241	-		(62)
Food service operations . . . . .	388,111	174,613	205,791	-		(7,707)
Extracurricular activities . . . . .	369,729	161,919	12,312	-		(195,498)
Interest and fiscal charges . . . . .	124,307	-	-	-		(124,307)
<b>Total governmental activities . . . . .</b>	<b>\$ 11,023,383</b>	<b>\$ 793,958</b>	<b>\$ 1,212,384</b>	<b>\$ 11,797</b>		<b>(9,005,244)</b>
 <b>General revenues:</b>						
Property taxes levied for:						
General purposes . . . . .						1,898,704
Special revenue . . . . .						36,618
Debt service . . . . .						243,937
School district income tax . . . . .						938,743
Grants and entitlements not restricted to specific programs . . . . .						5,435,889
Investment earnings . . . . .						42,185
Miscellaneous . . . . .						28,533
<b>Total general revenues . . . . .</b>						<b>8,624,609</b>
 Change in net assets . . . . .						 (380,635)
<b>Net assets at beginning of year . . . . .</b>						<b>14,307,929</b>
<b>Net assets at end of year . . . . .</b>						<b>\$ 13,927,294</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

	<u>General</u>	<u>Classroom Facilities Maintenance</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 1,912,465	\$ 666,263	\$ 351,239	\$ 276,353	\$ 3,206,320
Receivables:					
Taxes . . . . .	2,352,088	37,696	265,337	-	2,655,121
Accounts . . . . .	10,039	-	-	2,089	12,128
Accrued interest . . . . .	5,794	-	-	-	5,794
Intergovernmental . . . . .	3,666	-	-	112,382	116,048
Materials and supplies inventory . . . . .	-	-	-	24,568	24,568
Total assets . . . . .	<u>\$ 4,284,052</u>	<u>\$ 703,959</u>	<u>\$ 616,576</u>	<u>\$ 415,392</u>	<u>\$ 6,019,979</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 18,895	\$ 570	\$ -	\$ 7,250	\$ 26,715
Accrued wages and benefits . . . . .	738,624	-	-	85,379	824,003
Compensated absences payable . . . . .	57,025	-	-	-	57,025
Pension obligation payable . . . . .	184,549	-	-	20,557	205,106
Intergovernmental payable . . . . .	30,477	-	-	3,145	33,622
Deferred revenue . . . . .	220,613	4,007	26,451	17,975	269,046
Unearned revenue . . . . .	<u>1,606,957</u>	<u>29,318</u>	<u>209,528</u>	<u>-</u>	<u>1,845,803</u>
Total liabilities . . . . .	<u>2,857,140</u>	<u>33,895</u>	<u>235,979</u>	<u>134,306</u>	<u>3,261,320</u>
<b>Fund balances:</b>					
Reserved for encumbrances . . . . .	102,125	14,770	-	39,005	155,900
Reserved for materials and supplies inventory . . . . .	-	-	-	24,568	24,568
Reserved for debt service . . . . .	-	-	351,239	-	351,239
Reserved for property tax unavailable for appropriation . . . . .	226,227	4,371	29,358	-	259,956
Unreserved, undesignated, reported in:					
General fund . . . . .	1,098,560	-	-	-	1,098,560
Special revenue funds . . . . .	-	650,923	-	217,513	868,436
Total fund balances . . . . .	<u>1,426,912</u>	<u>670,064</u>	<u>380,597</u>	<u>281,086</u>	<u>2,758,659</u>
Total liabilities and fund balances . . . . .	<u>\$ 4,284,052</u>	<u>\$ 703,959</u>	<u>\$ 616,576</u>	<u>\$ 415,392</u>	<u>\$ 6,019,979</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2009

<b>Total governmental fund balances</b>		\$	2,758,659
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			14,112,313
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	243,182	
Intergovernmental revenue receivable		20,070	
Accrued interest receivable		5,794	
Total		5,794	269,046
Unamortized bond issuance costs are not recognized in the funds.			76,817
Unamortized premiums on bond issuances are not recognized in the funds.			(130,442)
Unamortized deferred charges on refundings are not recognized in the funds.			51,379
On the statement of net assets interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.			(6,229)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(587,990)	
Capital lease obligations		(108,509)	
General obligation bonds		(2,507,750)	
Total		(3,204,249)	(3,204,249)
<b>Net assets of governmental activities</b>		\$	13,927,294

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Classroom Facilities Maintenance</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Taxes . . . . .	\$ 2,825,591	\$ 36,383	\$ 242,686	\$ -	\$ 3,104,660
Tuition. . . . .	354,191	-	-	7,434	361,625
Earnings on investments. . . . .	37,134	8,629	-	3,397	49,160
Charges for services . . . . .	-	-	-	174,613	174,613
Extracurricular. . . . .	-	-	-	227,189	227,189
Classroom materials and fees . . . . .	37,865	-	-	-	37,865
Other local revenues. . . . .	26,642	-	-	15,695	42,337
Intergovernmental - state . . . . .	5,796,429	44,316	36,534	130,001	6,007,280
Intergovernmental - federal . . . . .	-	-	-	601,532	601,532
Total revenue . . . . .	<u>9,077,852</u>	<u>89,328</u>	<u>279,220</u>	<u>1,159,861</u>	<u>10,606,261</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	4,465,685	-	-	169,882	4,635,567
Special. . . . .	754,484	-	-	309,728	1,064,212
Vocational. . . . .	365,296	-	-	2,142	367,438
Adult/continuing . . . . .	14,873	-	-	659	15,532
Other. . . . .	71,678	-	-	-	71,678
Support services:					
Pupil. . . . .	294,081	-	-	2,377	296,458
Instructional staff . . . . .	470,028	-	-	73,610	543,638
Board of education . . . . .	10,364	-	-	-	10,364
Administration. . . . .	784,292	979	6,490	11,847	803,608
Fiscal . . . . .	248,686	-	-	1,341	250,027
Business . . . . .	-	-	-	1,511	1,511
Operations and maintenance. . . . .	748,884	92,405	-	1,808	843,097
Pupil transportation . . . . .	598,577	-	-	-	598,577
Operation of non-instructional services:					
Other non-instructional services. . . . .	-	-	-	303	303
Food service operations . . . . .	-	-	-	380,004	380,004
Extracurricular activities. . . . .	199,184	-	-	161,243	360,427
Facilities acquisition and construction . . . . .	11,843	-	-	17,101	28,944
Capital outlay . . . . .	58,389	-	-	-	58,389
Debt service:					
Principal retirement . . . . .	38,689	-	175,000	-	213,689
Interest and fiscal charges . . . . .	7,354	-	76,383	-	83,737
Total expenditures . . . . .	<u>9,142,387</u>	<u>93,384</u>	<u>257,873</u>	<u>1,133,556</u>	<u>10,627,200</u>
Excess of revenues over (under) expenditures	<u>(64,535)</u>	<u>(4,056)</u>	<u>21,347</u>	<u>26,305</u>	<u>(20,939)</u>
<b>Other financing sources:</b>					
Capital lease transaction. . . . .	58,389	-	-	-	58,389
Sale of assets . . . . .	-	-	-	1,000	1,000
Total other financing sources. . . . .	<u>58,389</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>59,389</u>
Net change in fund balances . . . . .	(6,146)	(4,056)	21,347	27,305	38,450
<b>Fund balances at beginning of year. . . . .</b>	<u>1,433,058</u>	<u>674,120</u>	<u>359,250</u>	<u>253,781</u>	<u>2,720,209</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 1,426,912</u>	<u>\$ 670,064</u>	<u>\$ 380,597</u>	<u>\$ 281,086</u>	<u>\$ 2,758,659</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<b>Net change in fund balances - total governmental funds</b>		\$ 38,450
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation expense exceeds capital outlays in the current period accordingly.		
Capital asset additions	\$ 240,348	
Current year depreciation	(755,061)	
Total		(514,713)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Delinquent property taxes	13,342	
Intergovernmental	17,094	
Accrued interest	5,051	
Total		35,487
Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		213,689
Proceeds of capital leases are recorded as revenue in the funds, however in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.		(58,389)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. The following items resulted in additional interest being recorded in the statement of activities:		
Decrease in accrued interest payable	95	
Accreted interest on capital appreciation bonds	(40,834)	
Amortization of deferred charges	(3,829)	
Amortization of bond premium	9,723	
Amortization of bond issuance costs	(5,725)	
Total		(40,570)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(54,589)
<b>Change in net assets of governmental activities</b>		<u><u>\$ (380,635)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 2,959,579	\$ 2,959,579	\$ 2,922,108	\$ (37,471)
Tuition. . . . .	358,733	358,733	354,191	(4,542)
Earnings on investments. . . . .	40,484	40,484	39,971	(513)
Classroom materials and fees . . . . .	38,102	38,102	37,620	(482)
Other local revenues . . . . .	147	147	145	(2)
Intergovernmental - state . . . . .	5,866,930	5,866,930	5,792,649	(74,281)
Total revenue . . . . .	<u>9,263,975</u>	<u>9,263,975</u>	<u>9,146,684</u>	<u>(117,291)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,696,192	4,701,079	4,611,719	89,360
Special. . . . .	782,539	783,353	768,463	14,890
Vocational. . . . .	375,289	375,679	368,538	7,141
Adult . . . . .	18,889	18,908	18,549	359
Other. . . . .	73,032	73,108	71,718	1,390
Support services:				
Pupil. . . . .	296,361	296,669	291,030	5,639
Instructional staff . . . . .	487,290	487,797	478,525	9,272
Board of education . . . . .	15,772	15,788	15,488	300
Administration. . . . .	838,403	839,275	823,322	15,953
Fiscal . . . . .	262,927	263,201	258,198	5,003
Operations and maintenance. . . . .	838,179	839,051	823,102	15,949
Pupil transportation . . . . .	637,222	637,885	625,760	12,125
Extracurricular activities. . . . .	204,779	204,992	201,095	3,897
Facilities acquisition and construction. . . . .	12,060	12,072	11,843	229
Total expenditures . . . . .	<u>9,538,934</u>	<u>9,548,857</u>	<u>9,367,350</u>	<u>181,507</u>
Excess of expenditures over revenues. . . . .	<u>(274,959)</u>	<u>(284,882)</u>	<u>(220,666)</u>	<u>64,216</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure . . . . .	32,512	32,512	32,100	(412)
Refund of prior year receipt . . . . .	(2,237)	(2,240)	(2,197)	43
Total other financing sources (uses). . . . .	<u>30,275</u>	<u>30,272</u>	<u>29,903</u>	<u>(369)</u>
Net change in fund balance . . . . .	(244,684)	(254,610)	(190,763)	63,847
<b>Fund balance at beginning of year. . . . .</b>	1,810,138	1,810,138	1,810,138	-
<b>Prior year encumbrances appropriated . . . . .</b>	174,620	174,620	174,620	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,740,074</u>	<u>\$ 1,730,148</u>	<u>\$ 1,793,995</u>	<u>\$ 63,847</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CLASSROOM FACILITIES MAINTENANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 44,301	\$ 44,301	\$ 36,910	\$ (7,391)
Earnings on investments. . . . .	11,208	11,208	9,338	(1,870)
Intergovernmental - state . . . . .	53,191	53,191	44,316	(8,875)
<b>Total revenue . . . . .</b>	<u>108,700</u>	<u>108,700</u>	<u>90,564</u>	<u>(18,136)</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Administration. . . . .	945	1,035	979	56
Operations and maintenance. . . . .	103,460	113,370	107,175	6,195
<b>Total expenditures . . . . .</b>	<u>104,405</u>	<u>114,405</u>	<u>108,154</u>	<u>6,251</u>
<b>Net change in fund balance . . . . .</b>	4,295	(5,705)	(17,590)	(11,885)
<b>Fund balance at beginning of year. . . . .</b>	643,703	643,703	643,703	-
<b>Prior year encumbrances appropriated . .</b>	24,405	24,405	24,405	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 672,403</u>	<u>\$ 662,403</u>	<u>\$ 650,518</u>	<u>\$ (11,885)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2009

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 367,864	\$ 27,403
Receivables:		
Accounts. . . . .	-	265
Total assets. . . . .	367,864	\$ 27,668
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 101
Due to students . . . . .	-	27,567
Total liabilities . . . . .	-	\$ 27,668
<b>Net assets:</b>		
	367,864	
Total net assets . . . . .	\$ 367,864	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 11,133
Gifts and contributions. . . . .	27,590
	38,723
<b>Deductions:</b>	
Scholarships awarded . . . . .	43,271
Change in net assets . . . . .	(4,548)
<b>Net assets at beginning of year. . . . .</b>	<b>372,412</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 367,864</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**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 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 operates a pre-kindergarten school, elementary school, middle school and high school on a single campus. In addition, there are separate off-campus facilities including a weight room facility and a leased football stadium and track owned by the Village of New London. This is an operating lease for \$2,600 per year and its term is indefinite. The District employs 55 non-certified and 83 certified (including administrative) full-time and part-time employees to provide services to approximately 1,165 students in grades K through 12 and various community groups, which ranks it 436<sup>th</sup> out of 922 public and community school districts in Ohio and 5<sup>th</sup> largest of 7 districts in Huron County.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below:

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, preschool and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Lake Erie Educational 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, dependent 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 from 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.

Huron-Erie School Employees Insurance Association

The Huron-Erie School Employees Insurance Association (the "Association") is a jointly governed organization among 14 school 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. Refer to Note 11.D. for further information on this Association.

*PUBLIC ENTITY RISK POOL*

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan") was established as an insurance purchasing pool. The Plan 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 Plan to cover the costs of administering the program. Refer to Note 11.C. for further information on this group rating plan.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District has no proprietary funds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

*GOVERNMENTAL FUNDS*

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

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

*Classroom facilities maintenance* - This fund is used to account for the proceeds of a special levy for the maintenance of facilities.

*Bond retirement fund* - The bond retirement fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for payment.

Other governmental funds of the District are used to account for (a) for grants and other resources whose use is restricted to a particular purpose; and (b) for food service operations.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

**C. Basis of Presentation and Measurement Focus**

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

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



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

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

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

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

The private-purpose trust fund is reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does not report operations.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 5). Revenue from income taxes is recognized in the period in which the income is earned (see Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

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

*Unearned Revenue and Deferred Revenue* - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2009 are recorded as deferred revenue in the governmental funds.

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

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

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2009 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Huron County Budget Commission for tax rate determination. The Huron County Commissioners waived this requirement for fiscal year ended June 30, 2009.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

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 budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2009.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. 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 may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation 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 funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations 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 year 2009. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriations adopted by the Board of Education including all supplemental appropriations.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

During fiscal year 2009, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio) and nonnegotiable certificates of deposit. The 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.

The District has invested funds in STAR Ohio during fiscal year 2009. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2009.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by policy, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$37,134, which includes \$4,905 assigned from other District funds.

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

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method. Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

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

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

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable.” These amounts are eliminated in the governmental activities column on the statement of net assets. The District had no interfund loans receivable/payable at June 30, 2009.

**J. Compensated Absences**

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) benefits. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2009, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least ten years of service were considered 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 June 30, 2009 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

In the governmental fund financial statements, compensated absences are reported to the extent that a known liability for an employee’s retirement/resignation has been incurred by fiscal year end and the liability will be liquidated with expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees are paid.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

**K. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, loans and capital leases are recognized as a liability on the fund financial statements when due.

**L. Fund Balance Reserves**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, property tax revenue unavailable for appropriation and debt service. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes primarily consist of amounts restricted for food service operations.

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

**N. Estimates**

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

**O. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The District had no restricted assets at June 30, 2009.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

**P. Interfund Activity**

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

**Q. Unamortized Bond Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss**

On government-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Unamortized bond issuance costs are recorded as an asset on the financial statements.

Bond premiums are deferred and accreted over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds. Capital appreciation bond discounts are accreted over the term of the bonds.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2009, the District had no transactions that would be classified as special or extraordinary items.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2009, the District has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the District.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the District.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the District.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balance**

Fund balances at June 30, 2009 included the following individual fund deficit:

<u>Nonmajor fund</u>	<u>Deficit</u>
Public school preschool	\$ 927

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**A. Deposits with Financial Institutions**

At June 30, 2009, the carrying amount of all District deposits was \$3,321,487. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$2,362,749 of the District's bank balance of \$3,412,902 was exposed to custodial risk as discussed below, while \$1,050,153 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**B. Investments**

As of June 30, 2009, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	\$ 280,100	\$ 280,100

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	\$ 280,100	100.00%

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,321,487
Investments	<u>280,100</u>
Total	<u>\$ 3,601,587</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 3,206,320
Private-purpose trust fund	367,864
Agency fund	<u>27,403</u>
Total	<u>\$ 3,601,587</u>

**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 5 - PROPERTY TAXES - (Continued)**

The District receives property taxes from Ashland, Lorain and Huron Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$226,227 in the general fund, \$29,358 in the bond retirement fund and \$4,371 in the classroom facilities maintenance fund. This amount is recorded as revenue. The amount available for advance at June 30, 2008 was \$254,732 in the general fund, \$32,705 in the bond retirement fund and \$4,898 in the classroom facilities maintenance fund. The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 93,451,210	97.48	\$ 94,681,430	95.90
Public utility personal	2,408,080	2.51	2,858,770	2.90
Tangible personal property	<u>9,844</u>	<u>0.01</u>	<u>1,217,190</u>	<u>1.20</u>
Total	<u>\$ 95,869,134</u>	<u>100.00</u>	<u>\$ 98,757,390</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
Operations	\$31.40		\$31.40	
Debt service	2.85		2.85	
Classroom facilities	0.50		0.50	

**NOTE 6 - 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 2009, was \$938,743.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2009 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Taxes	\$ 2,655,121
Accounts	12,128
Accrued interest	5,794
Intergovernmental	<u>116,048</u>
Total	<u>\$ 2,789,091</u>

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

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for fiscal year ended June 30, 2009, was as follows:

	Balance <u>06/30/08</u>	Additions	Disposals	Balance <u>06/30/09</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 285,043	\$ -	\$ -	\$ 285,043
Total capital assets, not being depreciated	<u>285,043</u>	<u>-</u>	<u>-</u>	<u>285,043</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,598,212	-	-	1,598,212
Buildings and building improvements	17,038,748	-	-	17,038,748
Furniture and equipment	739,431	110,281	-	849,712
Vehicles	<u>691,795</u>	<u>130,067</u>	<u>(48,480)</u>	<u>773,382</u>
Total capital assets, being depreciated	<u>20,068,186</u>	<u>240,348</u>	<u>(48,480)</u>	<u>20,260,054</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(687,352)	(75,582)	-	(762,934)
Buildings and building improvements	(4,189,866)	(567,289)	-	(4,757,155)
Furniture and equipment	(270,607)	(77,698)	-	(348,305)
Vehicles	<u>(578,378)</u>	<u>(34,492)</u>	<u>48,480</u>	<u>(564,390)</u>
Total accumulated depreciation	<u>(5,726,203)</u>	<u>(755,061)</u>	<u>48,480</u>	<u>(6,432,784)</u>
Governmental activities capital assets, net	<u>\$ 14,627,026</u>	<u>\$ (514,713)</u>	<u>\$ -</u>	<u>\$ 14,112,313</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 682,357
<u>Support services:</u>	
Instructional staff	359
Administration	8,107
Business	3,110
Operation and maintenance	10,663
Pupil transportation	34,492
Extracurricular activities	9,302
Food service operations	<u>6,671</u>
Total depreciation expense	<u>\$ 755,061</u>

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE**

During fiscal year 2009, the District entered into capitalized leases for a bus and maintenance equipment. During a prior fiscal year, the District entered into capitalized leases for copier equipment. These lease agreements meet the criteria of capital lease as defined by FASB Statement No. 13, “Accounting for Leases”, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$192,357. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2009 totaled \$38,689 paid by the general fund. Accumulated depreciation totaled \$70,283 resulting in a net book value of \$122,074 at June 30, 2009.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2009:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 45,766
2011	45,764
2012	15,885
2013	<u>12,892</u>
Total minimum lease payments	120,307
Less: amount representing interest	<u>(11,798)</u>
Total	<u>\$ 108,509</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2009, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>06/30/08</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/09</u>	Amounts Due in <u>One Year</u>
<b>Governmental activities:</b>					
<u>General obligation bonds:</u>					
Capital appreciation bonds					
7.639% to 7.701% (average effective)					
12/01/08, 09, 10 & 11 maturity	\$ 265,673	\$ -	\$ (73,924)	\$ 191,749	\$ 68,676
Accreted interest on capital appreciation bonds	236,506	24,007	(71,076)	189,437	71,044
Series 2007 refunding issue:					
Current interest bonds					
3.75% to 4.00%, 12/01/22 maturity					
	1,990,000	-	(30,000)	1,960,000	30,000
Capital appreciation bonds					
4.05% to 4.15% (average effective)					
12/01/17 and 12/01/18 maturity	139,971	-	-	139,971	-
Accreted interest on capital appreciation bonds	<u>9,766</u>	<u>16,827</u>	<u>-</u>	<u>26,593</u>	<u>-</u>
Total general obligation bonds	<u>2,641,916</u>	<u>40,834</u>	<u>(175,000)</u>	<u>2,507,750</u>	<u>169,720</u>
<u>Other obligations:</u>					
Compensated absences	703,751	137,965	(196,701)	645,015	90,290
Capital leases	<u>88,809</u>	<u>58,389</u>	<u>(38,689)</u>	<u>108,509</u>	<u>39,286</u>
Total other obligations	<u>792,560</u>	<u>196,354</u>	<u>(235,390)</u>	<u>753,524</u>	<u>129,576</u>
Total governmental activities long-term liabilities	<u>\$ 3,434,476</u>	<u>\$ 237,188</u>	<u>\$ (410,390)</u>	3,261,274	<u>\$ 299,296</u>
				Add: unamortized premium on bond issue	130,442
				Less: unamortized deferred charges on refunding	<u>(51,379)</u>
				Total on statement of net assets	<u>\$ 3,340,337</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**B. General Obligation Bonds**

On October 1, 1999, the District issued \$3,250,673 in general obligation bonds (Series 1999, School Facilities Improvement Bonds), which represent the District's share of a construction and renovation project approved and significantly funded by the Ohio School Facilities Commission (OSFC). These bonds are a general obligation of the District, for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these bonds are recorded as an expenditure in the bond retirement fund. The source of payment is derived from a current 3.80 (average) mil bonded debt tax levy.

In conjunction with the 3.80 mils which support the bond issue, the District also passed in fiscal year 2000 a .5 mil levy to ultimately fund the maintenance costs of the new facility. Tax revenue from this levy has been reported in the classroom facilities maintenance fund.

The original issue was comprised of current interest bonds, par value \$2,130,000, serial bonds, par value \$855,000, and capital appreciation bonds, par value \$265,673. On December 3, 2007, the District refunded \$2,130,000 of the current interest bonds (see Note 10.C. for detail). The capital appreciation bonds mature each December 1, 2008 through 2011, (effective interest 7.639%, 7.701%, 7.634%, and 7.639%, respectively) at redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$580,000. A total of \$189,437 in accreted interest on the capital appreciation bonds has been included on the statement of net assets at June 30, 2009.

Principal and interest requirements to retire the Series 1999 general obligation bonds outstanding at June 30, 2009, are as follows:

Fiscal Year Ending	Capital Appreciation Bonds		
	Principal	Interest	Total
2010	\$ 68,676	\$ 76,324	\$ 145,000
2011	63,801	81,199	145,000
2012	59,272	85,728	145,000
Total	<u>\$ 191,749</u>	<u>\$ 243,251</u>	<u>\$ 435,000</u>

C. On December 3, 2007, the District issued general obligation bonds (Series 2007 School Facilities Improvement Refunding Bonds) to advance refund \$2,130,000 of the Series 1999 current interest general obligation bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

The refunding issue is comprised of both current interest bonds, par value \$1,990,000, and capital appreciation bonds, par value \$139,971. The interest rates on the current interest bonds range from 3.75% to 4.00%. The capital appreciation bonds mature on December 1, 2017 and December 1, 2018, (effective interest 4.05% to 4.15%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$430,000. Total accreted interest of \$26,593 has been included in the statement of net assets. Interest payments of the current interest bonds are due on June 1 and December 1 of each year. The final maturity date stated on the issue is December 1, 2022.

The following is a schedule of activity for fiscal year 2009 on the Series 2007 refunding bonds:

	Balance <u>06/30/08</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>06/30/09</u>
Current interest bonds	\$ 1,990,000	\$ -	\$ (30,000)	\$ 1,960,000
Capital appreciation bonds	<u>149,737</u>	<u>16,827</u>	<u>-</u>	<u>166,564</u>
Total refunding bonds	<u>\$ 2,139,737</u>	<u>\$ 16,827</u>	<u>\$ (30,000)</u>	<u>\$ 2,126,564</u>

The reacquisition price exceeded the net carrying amount of the old debt by \$57,442. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

The following is a summary of the future debt service requirements to maturity for the Series 2007 refunding bonds:

Fiscal Year Ending	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 30,000	\$ 75,363	\$ 105,363	\$ -	\$ -	\$ -
2011	30,000	74,342	104,342	-	-	-
2012	30,000	73,323	103,323	-	-	-
2013	175,000	69,837	244,837	-	-	-
2014	185,000	63,394	248,394	-	-	-
2015 - 2019	595,000	219,062	814,062	139,971	290,029	430,000
2020 - 2023	<u>915,000</u>	<u>74,900</u>	<u>989,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,960,000</u>	<u>\$ 650,221</u>	<u>\$ 2,610,221</u>	<u>\$ 139,971</u>	<u>\$ 290,029</u>	<u>\$ 430,000</u>

**D. Other Long-Term Obligations**

Compensated absences will be paid from the fund from which the employee's salaries are paid. For the District, this is the general fund and food service fund (a nonmajor governmental fund). The capital lease obligations are described in Note 9.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**E. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2009, are a voted debt margin of \$6,848,267 (including available funds of \$380,597) and an unvoted debt margin of \$97,327.

**NOTE 11 - 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 Schools of Ohio Risk Sharing Authority (SORSA), which includes boiler coverage. The deductible is \$250 per incident. All vehicles are insured with SORSA and have a \$500 comprehensive deductible for collision and comprehensive bus coverage and a \$500 comprehensive deductible for automobiles and a \$500 collision deductible for automobiles. All board members, administrators and employees are covered under a school district liability policy with SORSA. The limits of this coverage are \$11,000,000 per occurrence and \$13,000,000 aggregate.

Settled claims have not exceeded these commercial insurance coverages in any of the past three years and there have been no significant reductions in insurance coverage from fiscal year 2008.

**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 \$50,000. This coverage is provided by the SORSA.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 11 - RISK MANAGEMENT - (Continued)**

**C. Workers' Compensation**

For fiscal year 2009, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (Note 2.A.). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan 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 Plan.

**D. Huron-Erie School Employees Insurance Association**

The District has contracted with the Huron-Erie School Employees Insurance Association (the "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 14 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.

**NOTE 12 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement 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. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Forms and Publications*.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 12 - PENSION PLANS - (Continued)**

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$103,892, \$99,236 and \$107,020, respectively; 45.69 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

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

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

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 12 - PENSION PLANS - (Continued)**

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$546,898, \$513,015 and \$528,736, respectively; 83.82 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$4,054 made by the District and \$12,985 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, the actuarially determined amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$69,251, \$66,668 and \$56,414, respectively; 45.69 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$8,572, \$7,150 and \$7,277, respectively; 45.69 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$42,069, \$39,463 and \$40,672, respectively; 83.82 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis); and,
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 14 - 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 general fund and classroom facilities maintenance fund is as follows:

**Net Change in Fund Balance**

	<u>General</u>	Classroom Facilities <u>Maintenance</u>
Budget basis	\$ (190,763)	\$ (17,590)
Net adjustment for revenue accruals	(68,832)	(1,236)
Net adjustment for expenditure accruals	107,407	(570)
Net adjustment for other sources/uses	28,486	-
Adjustment for encumbrances	<u>117,556</u>	<u>15,340</u>
GAAP basis	<u>\$ (6,146)</u>	<u>\$ (4,056)</u>

**NOTE 15 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The District is not currently party to legal proceedings.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 16 - 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, 2009, the reserve activity was as follows:

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Acquisition</u>
Set-aside balance as of June 30, 2008	\$ (26,352)	\$ -
Current year set-aside requirement	177,718	177,718
Current year offsets	-	(81,226)
Qualifying disbursements	<u>(217,712)</u>	<u>(256,105)</u>
Total	<u>\$ (66,346)</u>	<u>\$ (159,613)</u>
Balance carried forward to FY 2010	<u>\$ (66,346)</u>	<u>\$ -</u>

The District had enough qualifying disbursements to reduce the set-a-side amount below zero for the textbooks/instructional materials reserve. This amount may be carried forward to future years. The District had enough qualifying expenditures and offsets to reduce the set-a-side amount below zero for the capital acquisition reserve; however, this amount may not be carried forward to future years.



## **SUPPLEMENTARY DATA**

NEW LONDON LOCAL SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
(D) (E) <i>Nutrition Cluster:</i> School Breakfast Program	10.550	2008	\$ 18,066	\$ 18,066
<b>Total School Breakfast Program</b>			<u>18,066</u>	<u>18,066</u>
(C) (D) National School Lunch Program-Food Donations	10.555	2009	25,126	25,126
(D) (E) National School Lunch Program	10.555	2009	131,783	131,783
<b>Total National School Lunch Program</b>			<u>156,909</u>	<u>156,909</u>
<b>Total Nutrition Cluster and U.S. Department of Agriculture</b>			<u>174,975</u>	<u>174,975</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
Title I Grants to Local Educational Agencies	84.010	2008	12,399	12,399
Title I Grants to Local Educational Agencies	84.010	2009	113,917	111,588
<b>Total Title I Grants to Local Educational Agencies</b>			<u>126,316</u>	<u>123,987</u>
Special Education_Grants to States	84.027	2008	21,082	25,766
Special Education_Grants to States	84.027	2009	180,217	175,829
<b>Total Special Education Grants to States</b>			<u>201,299</u>	<u>201,595</u>
Safe and Drug-Free Schools and Communities State Grants	84.186	2009	2,590	1,036
<b>Total Safe and Drug-Free Schools and Communities State Grants</b>			<u>2,590</u>	<u>1,036</u>
State Grants for Innovative Programs	84.298	2009	814	438
<b>Total State Grants for Innovative Programs</b>			<u>814</u>	<u>438</u>
Education Technology State Grants	84.318	2008	-	100
Education Technology State Grants	84.318	2009	1,376	708
<b>Total Education Technology State Grants</b>			<u>1,376</u>	<u>808</u>
Improving Teacher Quality State Grants	84.367	2008	5,476	7,189
Improving Teacher Quality State Grants	84.367	2009	47,475	45,205
<b>Total Improving Teacher Quality State Grants</b>			<u>52,951</u>	<u>52,394</u>
<b>Total U.S. Department of Education</b>			<u>385,346</u>	<u>380,258</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY PASSED THROUGH THE DEPARTMENT OF PUBLIC SAFETY, OHIO EMERGENCY MANAGEMENT AGENCY</b>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	2009	1,808	1,808
<b>Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)</b>			<u>1,808</u>	<u>1,808</u>
<b>Total U.S. Department of Homeland Security</b>			<u>1,808</u>	<u>1,808</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 562,129</u>	<u>\$ 557,041</u>

- (A) OAKS did not assign pass through numbers for fiscal year 2009.  
 (B) This schedule was prepared on the cash basis of accounting.  
 (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at entitlement value.  
 (D) Included as part of " Nutrition Grant Cluster" in determining major programs.  
 (E) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first in, first out basis



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Education  
New London Local School District  
2 Wildcat Drive  
New London, Ohio 44851

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New London Local School District as of and for the fiscal year ended June 30, 2009, which collectively comprise New London Local School District's basic financial statements and have issued our report thereon dated October 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered New London Local School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New London Local School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of New London Local School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects New London Local School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of New London Local School District's financial statements that is more than inconsequential will not be prevented or detected by the New London Local School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by New London Local School District's internal control.

Board of Education  
New London Local School District

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the management and Board of Education of New London Local School District 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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
October 16, 2009



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Compliance With Requirements Applicable to Its  
Major Program and on Internal Control Over Compliance In  
Accordance With OMB Circular A-133**

Board of Education  
New London Local School District  
2 Wildcat Drive  
New London, Ohio 44851

Compliance

We have audited the compliance of New London Local School 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 its major federal program for the fiscal year ended June 30, 2009. New London Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of New London Local School District's management. Our responsibility is to express an opinion on New London Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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, *Audit 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 New London Local School 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 on New London Local School District's compliance with those requirements.

In our opinion, New London Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2009.

Internal Control Over Compliance

The management of New London Local School 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 New London Local School District's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of New London Local School District's internal control over compliance.

Board of Education  
New London Local School District

A control deficiency in New London Local School District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects New London Local School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by New London Local School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by New London Local School District's internal control.

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

This report is intended for the information and use of management and Board of Education of New London Local School District 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.



Julian & Grube, Inc.  
October 16, 2009

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2009**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Nutrition Cluster: School Breakfast Program - CFDA #10.553 and National School Lunch Program - CFDA #10.555
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**This Page is Intentionally Left Blank.**





## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Accountant's Report on Applying Agreed-Upon Procedures**

New London Local School District  
Huron County  
2 Wildcat Drive  
New London, Ohio 44851

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on April 20, 2009.
2. We read the policy, noting it included the following requirements from Ohio Revised Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;

- (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Ohio Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States.
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

This report is intended solely for the information and use of the Board of Education of New London Local School District and is not intended to be and should not be used by anyone other than this specified party.



Julian & Grube, Inc.  
October 16, 2009



**Mary Taylor, CPA**  
Auditor of State

**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**  
**DECEMBER 8, 2009**