

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

SINGLE AUDIT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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, 2023 through June 30, 2024. 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.

Keith Faber
Auditor of State
Columbus, Ohio

March 06, 2025

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

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Independent Auditor's Report

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

To the Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New London Local School District, Huron County, Ohio, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the New London Local School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New London Local School District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the New London Local School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the New London Local School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the New London Local School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the New London Local School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New London Local School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2024 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the New London Local School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the New London Local School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
December 27, 2024

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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, 2024. 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 2024 are as follows:

- In total, net position of governmental activities increased \$1,918,722 which represents a 20.83% increase from the 2023 net position. Net position of business-type activities decreased \$54,316 from 2023.
- Governmental activities general revenues accounted for \$12,176,193 in revenues or 73.97% of all governmental activities revenues. Governmental activities program specific revenues in the form of charges for services and sales, operating and capital grants and contributions accounted for \$4,285,866 or 26.03% of total governmental activities revenues of \$16,462,059.
- The District had \$14,543,337 in expenses related to governmental activities; only \$4,285,866 of these expenses were offset by program specific charges for services, operating and capital grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,176,193 were adequate to provide for these programs.
- The District had \$80,718 in expenses related to business-type activities; a total of \$26,402 was offset by program specific charges for services. Total revenues were not adequate to provide for these programs. Net position of business-type activities decreased \$54,316 from a deficit balance of \$81,598 to a deficit balance of \$135,914.
- The District's major funds are the general fund and the building fund. The general fund had \$13,009,638 in revenues and other financing sources and \$12,641,921 in expenditures and other financing uses. During fiscal year 2024, the general fund's fund balance increased \$367,717 from a balance of \$7,324,513 to a balance of \$7,692,230.
- The building fund had \$4,426,180 in revenues and other financing sources and \$3,059,138 in expenditures. During fiscal year 2024, the building fund's fund balance increased \$1,367,042 from a balance of \$2,699,314 to a balance of \$4,066,356.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2024?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the District is divided into two distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Business-type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's recreation programs are reported as business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

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 funds are the general fund and the building fund.

Governmental Funds

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

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for students or other entities. These activities are reported in custodial funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. 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.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's general fund budgetary information, net pension liability, net OPEB asset/liability and District contributions for pension and OPEB.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The District as a Whole

The table below provides a summary of the District's net position at June 30, 2024 and June 30, 2023.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<u>Assets</u>						
Current assets	\$ 17,382,877	\$ 14,849,919	\$ (129,842)	\$ (94,862)	\$ 17,253,035	\$ 14,755,057
Net OPEB asset	808,616	1,062,122	-	-	808,616	1,062,122
Capital assets, net	16,406,931	12,446,316	6,287	16,781	16,413,218	12,463,097
Total assets	34,598,424	28,358,357	(123,555)	(78,081)	34,474,869	28,280,276
<u>Deferred outflows</u>						
Pension	2,657,501	3,060,541	52,209	-	2,709,710	3,060,541
OPEB	578,276	295,464	34,428	-	612,704	295,464
Total deferred outflows	3,235,777	3,356,005	86,637	-	3,322,414	3,356,005
<u>Liabilities</u>						
Current liabilities	2,539,783	1,633,502	2,708	3,517	2,542,491	1,637,019
Long-term liabilities:						
Due in one year	557,440	514,368	-	-	557,440	514,368
Due in more than one year:						
Net pension liability	11,306,218	11,174,810	61,603	-	11,367,821	11,174,810
Net OPEB liability	717,626	548,065	18,791	-	736,417	548,065
Other amounts	7,311,804	3,660,066	-	-	7,311,804	3,660,066
Total liabilities	22,432,871	17,530,811	83,102	3,517	22,515,973	17,534,328
<u>Deferred inflows</u>						
Property taxes levied for the next fiscal year	2,270,845	2,296,582	-	-	2,270,845	2,296,582
Pension	668,579	1,052,952	866	-	669,445	1,052,952
OPEB	1,329,928	1,620,761	15,028	-	1,344,956	1,620,761
Total deferred inflows	4,269,352	4,970,295	15,894	-	4,285,246	4,970,295
<u>Net Position</u>						
Net investment in capital assets	13,980,950	12,196,062	6,287	16,781	13,987,237	12,212,843
Restricted	3,322,917	4,008,837	-	-	3,322,917	4,008,837
Unrestricted (deficit)	(6,171,889)	(6,991,643)	(142,201)	(98,379)	(6,314,090)	(7,090,022)
Total net position	\$ 11,131,978	\$ 9,213,256	\$ (135,914)	\$ (81,598)	\$ 10,996,064	\$ 9,131,658

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2024 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024, the District assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$10,996,064. Of this amount, \$11,131,978 is reported in governmental activities and (\$135,914) is reported in business-type activities.

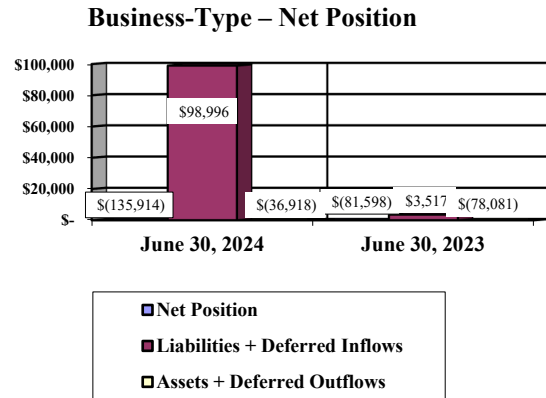
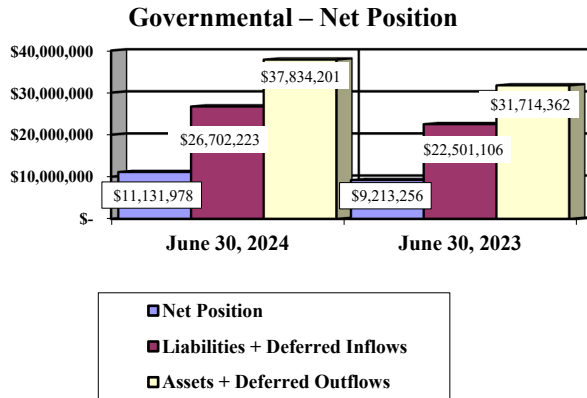
At year-end, capital assets represented 47.61% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, right to use assets and vehicles. Investments in capital assets, net of related debt to acquire the assets at June 30, 2024, were \$13,987,237. 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 position, \$3,322,917, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is (\$6,314,090).

The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2024 and June 30, 2023.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**



The table below shows the change in net position for fiscal years 2024 and 2023.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services and sales	\$ 572,511	\$ 565,706	\$ 26,402	\$ 31,480	\$ 598,913	\$ 597,186
Operating grants and contributions	3,713,355	4,234,912	-	-	3,713,355	4,234,912
Capital grants and contributions	-	369,813	-	-	-	369,813
General revenues:						
Property taxes	2,487,289	2,261,973	-	-	2,487,289	2,261,973
Payment in lieu of taxes	6,257	6,263	-	-	6,257	6,263
Income taxes	1,618,698	1,615,703	-	-	1,618,698	1,615,703
Grants and entitlements	7,176,795	6,527,367	-	-	7,176,795	6,527,367
Investment earnings	669,548	313,426	-	-	669,548	313,426
Miscellaneous	217,606	136,571	-	-	217,606	136,571
Total revenues	16,462,059	16,031,734	26,402	31,480	16,488,461	16,063,214

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Governmental Activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
<u>Expenses</u>						
Program expenses:						
Instruction:						
Regular	5,531,262	5,891,524	-	-	5,531,262	5,891,524
Special	2,545,742	2,412,396	-	-	2,545,742	2,412,396
Vocational	393,918	277,430	-	-	393,918	277,430
Other	6,117	5,863	-	-	6,117	5,863
Support services:						
Pupil	858,415	621,118	-	-	858,415	621,118
Instructional staff	1,017,588	1,706,784	-	-	1,017,588	1,706,784
Board of education	15,149	27,013	-	-	15,149	27,013
Administration	1,010,881	1,214,899	-	-	1,010,881	1,214,899
Fiscal	433,222	294,272	-	-	433,222	294,272
Business	19,789	12,912	-	-	19,789	12,912
Operations and maintenance	545,297	1,780,692	-	-	545,297	1,780,692
Pupil transportation	840,332	796,002	-	-	840,332	796,002
Central	-	339,981	-	-	-	339,981
Operation of non-instructional services						
Other non-instructional services	13,517	44,643	-	-	13,517	44,643
Food service operations	447,457	465,229	-	-	447,457	465,229
Extracurricular activities	567,341	545,380	-	-	567,341	545,380
Interest and fiscal charges	297,310	96,987	-	-	297,310	96,987
Recreation	-	-	80,718	100,781	80,718	100,781
Total expenses	<u>14,543,337</u>	<u>16,533,125</u>	<u>80,718</u>	<u>100,781</u>	<u>14,624,055</u>	<u>16,633,906</u>
Changes in net position	<u>1,918,722</u>	<u>(501,391)</u>	<u>(54,316)</u>	<u>(69,301)</u>	<u>1,864,406</u>	<u>(570,692)</u>
Net position (deficit) at beginning of year	<u>9,213,256</u>	<u>9,714,647</u>	<u>(81,598)</u>	<u>(12,297)</u>	<u>9,131,658</u>	<u>9,702,350</u>
Net position (deficit) at end of year	<u>\$ 11,131,978</u>	<u>\$ 9,213,256</u>	<u>\$ (135,914)</u>	<u>\$ (81,598)</u>	<u>\$ 10,996,064</u>	<u>\$ 9,131,658</u>

Governmental Activities

Net position of the District's governmental activities increased \$1,918,722. Total governmental expenses of \$14,543,337 were offset by program revenues of \$4,285,866, and general revenues of \$12,176,193. Program revenues supported 29.47% 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 68.58% of total governmental revenue.

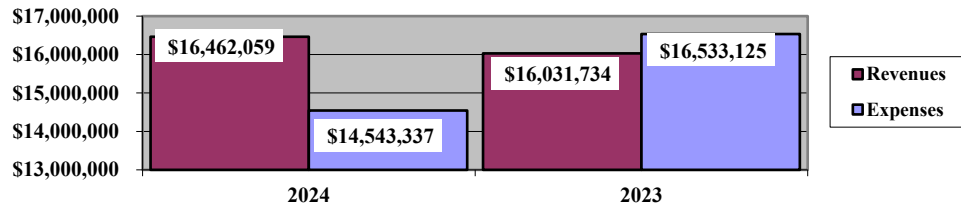
Expenses of the governmental activities decreased \$1,989,788 or 12.04%. This decrease is primarily the result of fluctuations in personal costs and capital asset purchases.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2024 or 2023.

Governmental Activities - Revenues and Expenses



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

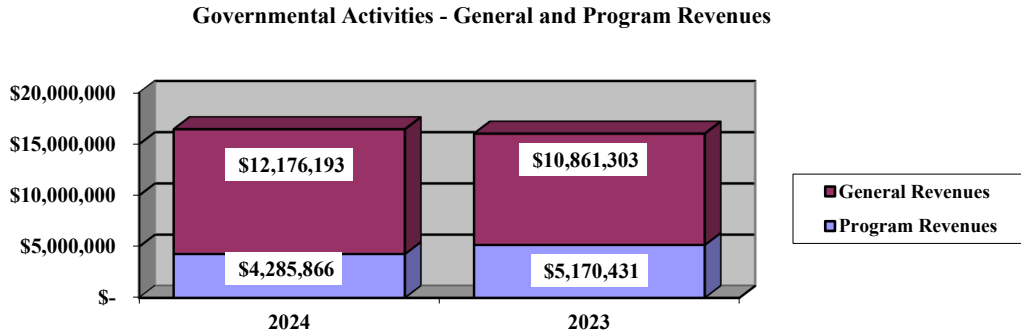
	Governmental Activities			
	Total Cost of Services 2024	Net Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2023
Program expenses				
Instruction:				
Regular	\$ 5,531,262	\$ 4,203,420	\$ 5,891,524	\$ 5,102,792
Special	2,545,742	1,396,527	2,412,396	1,338,473
Vocational	393,918	342,894	277,430	220,567
Other	6,117	6,117	5,863	5,863
Support services:				
Pupil	858,415	561,584	621,118	232,118
Instructional staff	1,017,588	673,340	1,706,784	386,434
Board of education	15,149	15,149	27,013	6,431
Administration	1,010,881	994,640	1,214,899	1,047,789
Fiscal	433,222	415,367	294,272	282,703
Business	19,789	19,624	12,912	12,217
Operations and maintenance	545,297	223,411	1,780,692	1,387,333
Pupil transportation	840,332	712,973	796,002	586,175
Central	-	-	339,981	292,927
Operations of non-instructional services:				
Other non-instructional services	13,517	13,119	44,643	(2,390)
Food service operations	447,457	(15,107)	465,229	(34)
Extracurricular activities	567,341	397,103	545,380	366,309
Interest and fiscal charges	297,310	297,310	96,987	96,987
Total expenses	\$ 14,543,337	\$ 10,257,471	\$ 16,533,125	\$ 11,362,694

The dependence upon tax and other general revenues for governmental activities is apparent, as 70.18% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 70.53%. 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, 2024**

The graph below presents the District's governmental activities revenue for fiscal years 2024 and 2023.



Business-Type Activities

Business-type activities include recreation. This program had revenues of \$26,402 and expenses of \$80,718 for fiscal year 2024. This resulted in a decrease to net position for the fiscal year of \$54,316. This fund is intended to be self-supporting through user fees and charges. Management assesses its performance to ensure that it is ran efficiently.

The District's Funds

The District's governmental funds reported a combined fund balance of \$12,327,063 which is more than last year's total balance of \$10,240,461. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2024 and 2023.

	<u>Fund Balance June 30, 2024</u>	<u>Fund Balance June 30, 2023</u>	<u>Increase</u>	<u>Percentage Change</u>
General fund	\$ 7,692,230	\$ 7,324,513	\$ 367,717	5.02 %
Building fund	4,066,356	2,699,314	1,367,042	50.64 %
Other governmental funds	<u>568,477</u>	<u>216,634</u>	<u>351,843</u>	162.41 %
Total	<u>\$ 12,327,063</u>	<u>\$ 10,240,461</u>	<u>\$ 2,086,602</u>	20.38 %

General Fund

The District's general fund balance increased \$367,717. In fiscal year 2024, property tax revenues remained consistent with the prior fiscal year. Earnings on investments increased due to an increase in the amount the District invested and the amount that they earned on those investments. The changes in instruction and support service expenditures are due to fluctuations in personnel costs.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

	<u>2024</u> <u>Amount</u>	<u>2023</u> <u>Amount</u>	<u>Increase</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 4,075,576	\$ 3,945,000	\$ 130,576	3.31 %
Earnings on investments	312,368	267,020	45,348	16.98 %
Intergovernmental	8,088,089	7,313,137	774,952	10.60 %
Other revenues	<u>517,719</u>	<u>414,439</u>	<u>103,280</u>	24.92 %
 Total	 <u>\$ 12,993,752</u>	 <u>\$ 11,939,596</u>	 <u>\$ 1,054,156</u>	 8.83 %
<u>Expenditures</u>				
Instruction	\$ 7,110,148	\$ 6,877,914	\$ 232,234	3.38 %
Support services	4,642,687	3,849,054	793,633	20.62 %
Non-instructional services	13,174	5,772	7,402	128.24 %
Extracurricular activities	375,363	331,632	43,731	13.19 %
Facilities acquisition and construction	15,886	-	15,886	100.00 %
Debt service	<u>422,885</u>	<u>70,284</u>	<u>352,601</u>	501.68 %
 Total	 <u>\$ 12,580,143</u>	 <u>\$ 11,134,656</u>	 <u>\$ 1,445,487</u>	 12.98 %

Building Fund

The building fund had \$4,426,180 in revenues and other financing sources and \$3,059,138 in expenditures. During fiscal year 2024, the building fund's fund balance increased \$1,367,042 from a balance of \$2,699,314 to a balance of \$4,066,356.

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 2024, the District's original and final budgeted revenues and other financing sources were \$12,884,003. Actual revenues and other financing sources for fiscal 2024 was \$13,648,779. This represents a \$764,776 increase over final budgeted revenues.

General fund original appropriations and other financing uses totaled \$9,871,242 and final budget appropriations and financing uses totaled \$13,159,183. The actual budget basis expenditures and other financing uses for fiscal year 2024 totaled \$13,163,145, which was \$3,962 more than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2024, the District had \$16,413,218 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, right to use assets and vehicles. Of this total, \$16,406,931 was reported in governmental activities and \$6,287 was reported in business-type activities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The following table shows fiscal 2024 balances compared to 2023:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 315,751	\$ 315,751	\$ -	\$ -	\$ 315,751	\$ 315,751
Construction in progress	1,538,670	164,086	-	-	1,538,670	164,086
Land improvements	2,139,659	1,119,643	1,491	4,473	2,141,150	1,124,116
Buildings and improvements	11,356,984	9,844,924	3,756	11,268	11,360,740	9,856,192
Furniture and equipment	360,091	364,735	1,040	1,040	361,131	365,775
Right to use - SBITA	12,356	-	-	-	12,356	-
Vehicles	683,420	637,177	-	-	683,420	637,177
Totals	<u>\$ 16,406,931</u>	<u>\$ 12,446,316</u>	<u>\$ 6,287</u>	<u>\$ 16,781</u>	<u>\$ 16,413,218</u>	<u>\$ 12,463,097</u>

See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2024, the District had \$8,354 in SBITA liabilities and \$6,860,081 in notes payable outstanding. Of this total, \$500,874 is due within one year and \$6,367,561 is due within greater than one year. The following table summarizes the outstanding obligations for fiscal year 2024 compared to 2023.

Outstanding Debt, at Year End

	<u>Governmental Activities 2024</u>	<u>Governmental Activities 2023</u>
SBITA liability	\$ 8,354	\$ -
Note payable - finance purchase	<u>6,860,081</u>	<u>3,157,168</u>
Total	<u>\$ 6,868,435</u>	<u>\$ 3,157,168</u>

At June 30, 2024, the District's voted debt margin was \$11,898,775, and an unvoted debt margin of \$131,955.

See Note 11 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The District continues to meet its current financial obligations. It is projected that the Board will have a positive five-year forecast through fiscal year 2028. Having a positive cash balance can be attributed to the increase of over \$500,000 million in state funding. However, a negative spending deficit of \$1.7 million is projected in fiscal year 2028.

The K-12 building is now over 25 years old and the District continues to monitor major repairs as new equipment/fixtures begin to reach their maximum life. The facility capital maintenance levy (0.5 mill) has expired. Therefore, all future capital cost will have to come from the general fund.

The District renewed an Emergency Levy in November 2016 for 10 years. The levy generates approximately \$152,000 per calendar year.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The District has a continuing Earned Income Tax of 1 percent of gross earnings and has been an integral part of the revenue of the District. The revenue from this income tax has begun to rebound from a drastic decline in 2008.

The District has negotiated agreements with two bargaining units; the New London Teachers Association and the Ohio Association of Public School Employees Local Chapter #521.

School districts have experienced major changes in legislation, school funding initiatives and local economic conditions due to the COVID-19 pandemic. The roles and influence of legislative officials is also somewhat unpredictable and will also impact future school funding decisions. The District is committed to careful monitoring and planning to provide the resources required to provide the highest standards for educating the students it serves.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives; additional information can be obtained from the Five Year Forecast and the accompanying assumptions posted on the website of the Ohio Department of Education and Workforce at www.education.ohio.gov. If you have questions about this report or need additional financial information contact Jim Hudson, Treasurer, New London Local School District, 2 Wildcat Drive, New London, Ohio 44851-9262.

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

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 13,722,491	\$ 15,158	\$ 13,737,649
Receivables:			
Property taxes	2,590,626	-	2,590,626
Income taxes	714,917	-	714,917
Accounts	3,032	-	3,032
Intergovernmental	169,434	-	169,434
Prepayments	29,365	-	29,365
Materials and supplies inventory	1,068	-	1,068
Inventory held for resale	6,944	-	6,944
Internal balance	145,000	(145,000)	-
Net OPEB asset	808,616	-	808,616
Capital assets:			
Nondepreciable/amortizable capital assets	1,854,421	-	1,854,421
Depreciable/amortizable capital assets, net	14,552,510	6,287	14,558,797
Capital assets, net	16,406,931	6,287	16,413,218
Total assets	34,598,424	(123,555)	34,474,869
Deferred outflows of resources:			
Pension	2,657,501	52,209	2,709,710
OPEB	578,276	34,428	612,704
Total deferred outflows of resources	3,235,777	86,637	3,322,414
Liabilities:			
Accounts payable	101,001	-	101,001
Contracts payable	1,096,359	-	1,096,359
Retainage payable	103,414	-	103,414
Accrued wages and benefits payable	946,036	2,108	948,144
Intergovernmental payable	33,551	24	33,575
Pension and post employment benefits payable	182,645	576	183,221
Accrued interest payable	68,651	-	68,651
Unearned revenue	8,126	-	8,126
Long-term liabilities:			
Due within one year	557,440	-	557,440
Due in more than one year:			
Net pension liability	11,306,218	61,603	11,367,821
Net OPEB liability	717,626	18,791	736,417
Other amounts due in more than one year	7,311,804	-	7,311,804
Total liabilities	22,432,871	83,102	22,515,973
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	2,270,845	-	2,270,845
Pension	668,579	866	669,445
OPEB	1,329,928	15,028	1,344,956
Total deferred inflows of resources	4,269,352	15,894	4,285,246
Net position:			
Net investment in capital assets	13,980,950	6,287	13,987,237
Restricted for:			
Capital projects	1,549,876	-	1,549,876
OPEB	808,616	-	808,616
Classroom facilities maintenance	225,644	-	225,644
Debt service	22,792	-	22,792
State funded programs	119,573	-	119,573
Food service operations	199,250	-	199,250
Extracurricular	122,445	-	122,445
Other purposes	274,721	-	274,721
Unrestricted (deficit)	(6,171,889)	(142,201)	(6,314,090)
Total net position (deficit)	\$ 11,131,978	\$ (135,914)	\$ 10,996,064

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, 2024**

		Program Revenues	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental activities:			
Instruction:			
Regular	\$ 5,531,262	\$ 153,139	\$ 1,174,703
Special	2,545,742	61,049	1,088,166
Vocational	393,918	921	50,103
Other	6,117	-	-
Support services:			
Pupil	858,415	-	296,831
Instructional staff	1,017,588	-	344,248
Board of education	15,149	-	-
Administration	1,010,881	-	16,241
Fiscal	433,222	-	17,855
Business	19,789	-	165
Operations and maintenance	545,297	9,397	312,489
Pupil transportation	840,332	78,747	48,612
Operation of non-instructional services:			
Food service operations	447,457	133,520	329,044
Other non-instructional services	13,517	-	398
Extracurricular activities	567,341	135,738	34,500
Interest and fiscal charges	297,310	-	-
Total governmental activities	14,543,337	572,511	3,713,355
Business-type activities:			
Recreation	80,718	26,402	-
Total business-type activities	80,718	26,402	-
Totals	<u>\$ 14,624,055</u>	<u>\$ 598,913</u>	<u>\$ 3,713,355</u>

General revenues:

Property taxes levied for:

 General purposes

Payments in lieu of taxes

Income taxes levied for:

 General purposes

Grants and entitlements not restricted
to specific programs

Investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position (deficit) at beginning of year

Net position (deficit) at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (4,203,420)	\$ -	\$ (4,203,420)
(1,396,527)	-	(1,396,527)
(342,894)	-	(342,894)
(6,117)	-	(6,117)
(561,584)	-	(561,584)
(673,340)	-	(673,340)
(15,149)	-	(15,149)
(994,640)	-	(994,640)
(415,367)	-	(415,367)
(19,624)	-	(19,624)
(223,411)	-	(223,411)
(712,973)	-	(712,973)
15,107	-	15,107
(13,119)	-	(13,119)
(397,103)	-	(397,103)
(297,310)	-	(297,310)
(10,257,471)	-	(10,257,471)
-	(54,316)	(54,316)
-	(54,316)	(54,316)
(10,257,471)	(54,316)	(10,311,787)
2,487,289	-	2,487,289
6,257	-	6,257
1,618,698	-	1,618,698
7,176,795	-	7,176,795
669,548	-	669,548
217,606	-	217,606
12,176,193	-	12,176,193
1,918,722	(54,316)	1,864,406
9,213,256	(81,598)	9,131,658
<u>\$ 11,131,978</u>	<u>\$ (135,914)</u>	<u>\$ 10,996,064</u>

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General	Building	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 7,298,409	\$ 5,274,667	\$ 1,149,415	\$ 13,722,491
Receivables:				
Property taxes	2,590,626	-	-	2,590,626
Income taxes	714,917	-	-	714,917
Accounts	2,244	-	788	3,032
Interfund loans	616,891	-	-	616,891
Intergovernmental	65,559	-	103,875	169,434
Prepayments	29,365	-	-	29,365
Materials and supplies inventory	-	-	1,068	1,068
Inventory held for resale	-	-	6,944	6,944
Due from other funds	2,862	-	-	2,862
Advance to other funds	9,059	-	-	9,059
Total assets	<u>\$ 11,329,932</u>	<u>\$ 5,274,667</u>	<u>\$ 1,262,090</u>	<u>\$ 17,866,689</u>
Liabilities:				
Accounts payable	\$ 68,776	\$ 8,538	\$ 23,687	\$ 101,001
Contracts payable	-	1,096,359	-	1,096,359
Retainage payable	-	103,414	-	103,414
Accrued wages and benefits payable	882,987	-	63,049	946,036
Intergovernmental payable	32,773	-	778	33,551
Pension and post employment benefits payable	172,359	-	10,286	182,645
Interfund loans payable	-	-	471,891	471,891
Due to other funds	-	-	2,862	2,862
Advance from other funds	-	-	9,059	9,059
Unearned revenue	-	-	8,126	8,126
Total liabilities	<u>1,156,895</u>	<u>1,208,311</u>	<u>589,738</u>	<u>2,954,944</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	2,270,845	-	-	2,270,845
Delinquent property tax revenue not available	88,936	-	-	88,936
Income tax revenue not available	121,026	-	-	121,026
Intergovernmental revenue not available	-	-	103,875	103,875
Total deferred inflows of resources	<u>2,480,807</u>	<u>-</u>	<u>103,875</u>	<u>2,584,682</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	1,068	1,068
Prepays	29,365	-	-	29,365
Unclaimed monies	1,037	-	-	1,037
Restricted:				
Debt service	-	-	22,792	22,792
Capital improvements	-	4,066,356	-	4,066,356
Classroom facilities maintenance	-	-	225,644	225,644
Food service operations	-	-	203,205	203,205
State funded programs	-	-	119,573	119,573
Extracurricular	-	-	122,445	122,445
Scholarships	-	-	273,684	273,684
Committed:				
Capital improvements	-	-	45,395	45,395
Assigned:				
Student instruction	3,411	-	-	3,411
Student and staff support	7,626	-	-	7,626
Subsequent year's appropriations	1,676,167	-	-	1,676,167
Uniform school supplies	162,911	-	-	162,911
Public school support	60,008	-	-	60,008
Other purposes	396,230	-	-	396,230
Unassigned (deficit)	<u>5,355,475</u>	<u>-</u>	<u>(445,329)</u>	<u>4,910,146</u>
Total fund balances	<u>7,692,230</u>	<u>4,066,356</u>	<u>568,477</u>	<u>12,327,063</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,329,932</u>	<u>\$ 5,274,667</u>	<u>\$ 1,262,090</u>	<u>\$ 17,866,689</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 POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2024

Total governmental fund balances		\$ 12,327,063
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		16,406,931
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 88,936	
Income taxes receivable	121,026	
Intergovernmental receivable	103,875	
Total		313,837
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(68,651)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	2,657,501	
Deferred inflows - pension	(668,579)	
Net pension liability	(11,306,218)	
Deferred outflows - OPEB	578,276	
Deferred inflows - OPEB	(1,329,928)	
Net OPEB asset	808,616	
Net OPEB liability	(717,626)	
Total		(9,977,958)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Note payable	(6,860,081)	
Compensated absences	(1,000,809)	
SBITA transaction	(8,354)	
Total		(7,869,244)
Net position of governmental activities		<u><u>\$ 11,131,978</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 BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General	(Formerly Major) Other Grant	(Formerly Major) Miscellaneous Federal Grants	Building	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 2,468,890			\$ -	\$ -	\$ 2,468,890
Income taxes	1,606,686			-	-	1,606,686
Intergovernmental	8,088,089			-	3,071,755	11,159,844
Investment earnings	312,368			357,180	13,922	683,470
Tuition and fees	212,180			-	-	212,180
Extracurricular	81,676			-	145,135	226,811
Charges for services	-			-	133,520	133,520
Contributions and donations	-			-	28,586	28,586
Payment in lieu of taxes	6,257			-	-	6,257
Miscellaneous	217,606			-	9,952	227,558
Total revenues	<u>12,993,752</u>			<u>357,180</u>	<u>3,402,870</u>	<u>16,753,802</u>
Expenditures:						
Current:						
Instruction:						
Regular	4,740,157			-	430,264	5,170,421
Special	1,975,114			-	560,142	2,535,256
Vocational	388,760			-	-	388,760
Other	6,117			-	-	6,117
Support services:						
Pupil	771,295			-	86,390	857,685
Instructional staff	680,153			-	351,792	1,031,945
Board of education	15,149			-	-	15,149
Administration	913,404			331,908	26,308	1,271,620
Fiscal	404,079			-	8,239	412,318
Business	19,589			-	200	19,789
Operations and maintenance	914,545			2,520,452	360,215	3,795,212
Pupil transportation	876,521			-	4,023	880,544
Central	47,952			-	674,331	722,283
Operation of non-instructional services:						
Food service operations	-			-	443,202	443,202
Other non-instructional services	13,174			-	343	13,517
Extracurricular activities	375,363			-	169,785	545,148
Facilities acquisition and construction	15,886			-	-	15,886
Debt service:						
Principal retirement	373,619			-	-	373,619
Interest and fiscal charges	49,266			138,157	-	187,423
Issuance costs	-			68,621	-	68,621
Total expenditures	<u>12,580,143</u>			<u>3,059,138</u>	<u>3,115,234</u>	<u>18,754,515</u>
Excess of revenues over (under) expenditures	<u>413,609</u>			<u>(2,701,958)</u>	<u>287,636</u>	<u>(2,000,713)</u>
Other financing sources (uses):						
Note proceeds	-			4,069,000	-	4,069,000
Sale/loss of assets	-			-	2,429	2,429
Transfers in	-			-	61,778	61,778
Transfers (out)	(61,778)			-	-	(61,778)
SBITA transaction	15,886			-	-	15,886
Total other financing sources (uses)	<u>(45,892)</u>			<u>4,069,000</u>	<u>64,207</u>	<u>4,087,315</u>
Net change in fund balances	367,717			1,367,042	351,843	2,086,602
Fund balances (deficit) as previously reported	7,324,513	(491,025)	(207,270)	2,699,314	914,929	10,240,461
Adjustment - changes in major fund to nonmajor fund	-	491,025	207,270	-	(698,295)	-
Fund balances at beginning of year	<u>7,324,513</u>			<u>2,699,314</u>	<u>216,634</u>	<u>10,240,461</u>
Fund balances at end of year	<u>\$ 7,692,230</u>			<u>\$ 4,066,356</u>	<u>\$ 568,477</u>	<u>\$ 12,327,063</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, 2024

Net change in fund balances - total governmental funds	\$	2,086,602
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 4,837,517	
Current year depreciation/amortization	<u>(876,902)</u>	
Total		3,960,615
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	18,399	
Income taxes	12,012	
Intergovernmental	<u>(322,154)</u>	
Total		(291,743)
Repayment of note and SBITA principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		373,619
Issuance of notes and SBITAs are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(4,084,886)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Increase in accrued interest payable		(41,266)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,009,602	
OPEB	<u>29,225</u>	
Total		1,038,827
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,159,677)	
OPEB	<u>121,353</u>	
Total		(1,038,324)
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.		
		<u>(84,722)</u>
Change in net position of governmental activities	\$	<u>1,918,722</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2024

	Total Business-Type Activities - Enterprise Funds
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 15,158
Total current assets	<u>15,158</u>
Noncurrent assets:	
Depreciable capital assets, net	<u>6,287</u>
Total noncurrent assets	<u>6,287</u>
Total assets	<u>21,445</u>
Deferred outflows of resources:	
Pension	52,209
OPEB	34,428
Total deferred outflows of resources	<u>86,637</u>
Liabilities:	
Current liabilities:	
Accrued wages and benefits	2,108
Pension and postemployment benefit payable	576
Interfund loan payable	145,000
Intergovernmental payable	24
Total current liabilities	<u>147,708</u>
Long-term liabilities:	
Net pension liability	61,603
Net OPEB liability	18,791
Total long-term liabilities	<u>80,394</u>
Total liabilities	<u>228,102</u>
Deferred inflows of resources:	
Pension	866
OPEB	15,028
Total deferred inflows of resources	<u>15,894</u>
Net position:	
Investment in capital assets	6,287
Unrestricted (deficit)	<u>(142,201)</u>
Total net position (deficit)	<u>\$ (135,914)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Total Business-Type Activities - Enterprise Fund
Operating revenues:	
Charges for services	\$ 26,402
Total operating revenues	<u>26,402</u>
Operating expenses:	
Personal services	63,502
Materials and supplies	3,358
Other	3,364
Depreciation	10,494
Total operating expenses	<u>80,718</u>
Operating loss	<u>(54,316)</u>
Change in net position	(54,316)
Net position (deficit) at beginning of year	<u>(81,598)</u>
Net position (deficit) at end of year	<u><u>\$ (135,914)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Total Business-Type Activities - Enterprise Fund
Cash flows from operating activities:	
Cash received from sales/charges for services	\$ 26,402
Cash payments for personal services	(54,440)
Cash payments for materials and supplies	(3,578)
Cash payments for other expenses	<u>(3,364)</u>
Net cash used in operating activities	<u>(34,980)</u>
Cash flows from noncapital financing activities:	
Cash received from interfund loans	145,000
Cash used in repayment of interfund loans	<u>(96,691)</u>
Net cash provided by noncapital financing activities	<u>48,309</u>
Net increase in cash and cash equivalents	13,329
Cash and cash equivalents at beginning of year	<u>1,829</u>
Cash and cash equivalents at end of year	<u><u>\$ 15,158</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (54,316)
Adjustments:	
Depreciation	10,494
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Deferred outflows - pension	(52,209)
Deferred outflows - OPEB	(34,428)
Accounts payable	(220)
Accrued wages and benefits	(453)
Intergovernmental payable	(6)
Pension and post employment benefit payable	(130)
Net pension liability	61,603
Net OPEB liability	18,791
Deferred inflows - pension	866
Deferred inflows - OPEB	<u>15,028</u>
Net cash used in operating activities	<u><u>\$ (34,980)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	<u>\$ 126,042</u>
Net position:	
Restricted for individuals, organizations and other governments	<u>\$ 126,042</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Custodial</u>
Additions:	
Earnings on investments	\$ 2,060
Other custodial fund collections	<u>50,809</u>
Total additions	<u>52,869</u>
 Deductions:	
Other custodial fund disbursements	<u>40,325</u>
 Change in net position	12,544
 Net position at beginning of year	<u>113,498</u>
 Net position at end of year	<u><u>\$ 126,042</u></u>

SEE ACCOMPANYING NOTES TO 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, 2024**

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. The lease is continuing for \$1.00 per year. The District is in the process of building a new stadium on campus and will end the leased agreement after completion. The District employs 55 non-certified and 80 certified (including administrative) full-time and part-time employees to provide services to 953 students in grades Pre-K through 12 and various electronic/community schools.

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’s significant accounting policies are described below:

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus and Amendment of GASB Statements No. 14 and No. 34*. 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 criterion, 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, 2024**

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Network for Educational Technology (NEOnet)

Northeast Ohio Network for Educational Technology (NEOnet) is a jointly governed organization comprised of school districts located throughout northeast and central Ohio. The jointly governed organization was formed for the purpose of providing and maintaining technology software and delivery to the administrative and instructional functions of member districts. Each of the member districts support NEOnet based upon a per pupil charge, dependent upon the software package utilized. NEOnet assembly consists of a superintendent or designated representative from each participating district and a representative from the Treasurer Committee. NEOnet is governed by a Board of Directors chosen from the general membership of the NEOnet assembly. Financial information can be obtained by contacting the Fiscal Officer at NEOnet, 700 Graham Road, Cuyahoga Falls, Ohio 44221.

EHOVE Career Center

The EHOVE Career Center (EHOVE) is a vocational school district that is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs to its students. EHOVE accepts non-tuition students from the District as a member school; however, it is considered a separate political subdivision and is not considered part of the District.

PUBLIC ENTITY RISK POOLS

Ohio School Plan

The District participates in the Ohio School Plan (the Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Schuett Insurance Agency, Inc., and a member of Hylant Group, Inc. Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

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 12.C. for further information on this group rating plan.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Huron-Erie School Employees Insurance Association

The Huron-Erie School Employees Insurance Association (the Association) is a jointly governed organization among several 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 4918 Milan Road, Sandusky, Ohio 44870. Refer to Note 12.D. for further information on this Association.

RELATED ORGANIZATION

New London Public Library

The New London Public Library (the Library) is a distinct political subdivision of the State of Ohio governed by a Board of Trustees. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the District for operational subsidies.

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.

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 deferred outflows of resources compared to liabilities and deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

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

Building Fund - The building fund is used to account for and report debt proceeds and other resources restricted for building improvements.

Other governmental funds of the District are used to account for:

Nonmajor special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Nonmajor capital projects funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Nonmajor debt service funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Proprietary fund - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The following is the District's proprietary fund:

Enterprise fund - An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services. The District's enterprise fund is:

Recreation fund - This fund accounts for fees for the upkeep of the community fitness center offered to District residents.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial funds account for scholarships. The District has no administrative involvement in selecting the recipients of the scholarship.

C. Basis of Presentation and Measurement Focus

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

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.

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

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental 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 deferred outflows of resources along with current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows, liabilities and deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund activities.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's enterprise fund are program fees. Operating expenses for the enterprise fund include the cost of sales, personnel and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 and the statements presented for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows, and in the presentation of expenses versus expenditures. 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 7). Revenue from income taxes is recognized in the period in which the income is earned (See Note 8). 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. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 13 and 14 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities 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. The specific timetable for fiscal year 2024 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 needs 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate 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 2024.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. 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.
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 of Education during fiscal year 2024. 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.

The District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding \$100 million is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day. All accounts of the participant will be combined for these purposes.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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 2024 amounted to \$312,368.

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 expended/expensed when used. Inventories are accounted for using the consumption method which means that the cost of inventory items are recorded as an expenditure in the governmental funds when consumed.

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

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

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 acquisition value. The District maintains a capitalization threshold of \$5,000, unless the assets are a group purchase that collectively is considered significant by the District. 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 and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

<u>Description</u>	Governmental & Business-type Activities <u>Estimated Lives</u>
Land improvements	10 - 20 years
Buildings and improvements	10 - 50 years
Furniture and equipment	5 - 30 years
Right to use	3 years
Vehicles	5 - 10 years

The District is reporting intangible right to use assets related to SBITAs. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

I. Interfund Balance

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivables/payables”. On fund financial statements, receivables and payables resulting from long-term interfund loans are classified as “advance from/advance to other funds”. These amounts are eliminated in the governmental type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

On the governmental fund financial statements, receivables and payables resulting from short-term interfund loans from the general fund to cover negative cash balances in other governmental funds are classified as “due to/from other funds”. These amounts are eliminated in the governmental activities columns on the statement of net position.

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, 2024, 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 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, 2024 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.

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 and capital leases are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

L. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

M. Net Position

Net Position represents the difference between assets and deferred outflows of resources compared to liabilities and deferred inflows of resources. Net investment in capital assets consists 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 position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amounts restricted for other purposes represent amounts restricted for special trusts and endowments.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

N. Prepayments

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

O. Estimates

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

P. 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, 2024.

Q. 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.

R. Bond Premium and Discount/Accounting Gain or Loss

On government-wide and fund financial statements, bond issuance costs are expensed in the year they occur.

Bond premiums are deferred and amortized 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 a deferred inflow or deferred outflow of resources on government-wide statement of net position.

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

S. Pensions/Other Postemployment Benefits (OPEB)

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

T. 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 2024, the District had no transactions that would be classified as extraordinary or special items.

U. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the District, these revenues are charges for services for operating the recreation center. Revenues and expenses that do not meet these definitions are reported as nonoperating.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2024, the District has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*" and Implementation Guide No. 2023-1.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously report by the District.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 is reflected on the financial statements of the District.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2024 included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor funds</u>	
Other grant fund	\$ 332,575
Public school preschool fund	8,028
Vocational education enhancement fund	433
IDEA, Part B fund	24,957
Title I, disadvantaged children fund	38,920
Supporting effective instruction fund	6,714
Miscellaneous federal grants fund	33,702
Recreation	135,914

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

C. Compliance

Contrary to Ohio Revised Code Sections 5705.41(B) and 5705.40, the District had disbursements in excess of appropriations for the General, Building, Food Service, Other Federal Grants, and Title IV Part A funds.

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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time.

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

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

A. Deposits with Financial Institutions

At June 30, 2024, the carrying amount of all District deposits was \$4,391,809 and the bank balance of all District deposits was \$4,458,621. Of the bank balance, \$4,189,145 was covered by federal depository insurance, \$128,062 was covered by the Ohio Pooled Collateral System (OPCS) and the remaining \$141,414 was exposed to custodial risk as discussed below.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District's and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2024, one of the District's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

As of June 30, 2024, the District had the following investment and maturities:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>Investment Maturities</u>
		<u>6 months or less</u>
Amortized Cost:		
STAR Ohio	<u>\$ 9,471,882</u>	<u>\$ 9,471,882</u>

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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: STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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, 2024:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
Amortized Cost:		
STAR Ohio	<u>\$ 9,471,882</u>	<u>100.00</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Reconciliation of Cash and Investments to the Statement of Activities

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2024:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,391,809
Investments	<u>9,471,882</u>
Total	<u>\$ 13,863,691</u>
<u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 13,722,491
Business-type activities	15,158
Custodial funds	<u>126,042</u>
Total	<u>\$ 13,863,691</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund loans receivable/payable consisted of the following at June 30, 2024, as reported on the fund financial statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	\$ 471,891
General fund	Nonmajor enterprise fund	<u>145,000</u>
		<u>\$ 616,891</u>

The primary purpose of the short-term interfund loan is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

- B. Advances to/advances from other funds consisted of the following at June 30, 2024, as reported on the fund statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u>\$ 9,059</u>

The primary purpose of the long-term interfund loan is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide statement of net position.

**NEW LONDON LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- C. Interfund transfers for the year ended June 30, 2024, consisted of the following, as reported in the fund financial statements:

Transfers to nonmajor governmental funds from:

General fund	<u>\$ 61,778</u>
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Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

- D. Interfund balances at June 30, 2024, as reported on the fund statements, consist of the following amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 2,862</u>

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were requested, but were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - RECEIVABLES

Receivables at June 30, 2024 consisted of property taxes, income taxes, accounts (billings for user charged services and student fees) and intergovernmental grants. 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 principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 2,590,626
Income taxes	714,917
Accounts	3,032
Intergovernmental	<u>169,434</u>
Total	<u>\$ 3,478,009</u>

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

NOTE 7 - 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.

**NEW LONDON LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 7 - PROPERTY TAXES - (Continued)

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2024 represent the collection of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed values as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair 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 2024 represent the collection of calendar year 2023 taxes. Public utility real and personal property taxes received in calendar year 2024 became a lien on December 31, 2022, were levied after April 1, 2023, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Huron, Lorain and Ashland Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2024, are available to finance fiscal year 2024 operations. The amount available as an advance at June 30, 2024 and 2023 were:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Major governmental funds:		
General fund	\$ 230,845	\$ 324,544

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 delinquent tangible personal property taxes which are measurable as of June 30, 2024 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2024 taxes were collected are:

	2023 Second Half Collections		2024 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 123,551,610	94.82	\$ 124,654,460	94.47
Public utility personal	<u>6,744,290</u>	<u>5.18</u>	<u>7,300,910</u>	<u>5.53</u>
Total	<u>\$ 130,295,900</u>	<u>100.00</u>	<u>\$ 131,955,370</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$30.95		\$30.90	

NOTE 8 - SCHOOL DISTRICT INCOME TAX

The District has authorized, through voter approval, an annual 1 percent 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 2024, was \$1,606,686.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 9 - CAPITAL ASSETS

A. Governmental activities capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	<u>Balance</u> <u>06/30/23</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/24</u>
Governmental activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 315,751	\$ -	\$ -	\$ 315,751
Construction in progress	<u>164,086</u>	<u>2,477,285</u>	<u>(1,102,701)</u>	<u>1,538,670</u>
Total capital assets, not being depreciated/amortized	<u>479,837</u>	<u>2,477,285</u>	<u>(1,102,701)</u>	<u>1,854,421</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	2,899,873	1,130,756	-	4,030,629
Building and improvements	22,122,436	2,119,380	-	24,241,816
Furniture and equipment	1,579,286	60,000	-	1,639,286
Right to use - SBITA	-	15,886	-	15,886
Vehicles	<u>1,654,653</u>	<u>136,911</u>	<u>-</u>	<u>1,791,564</u>
Total capital assets, being depreciated/amortized	<u>28,256,248</u>	<u>3,462,933</u>	<u>-</u>	<u>31,719,181</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(1,780,230)	(110,740)	-	(1,890,970)
Building and improvements	(12,277,512)	(607,320)	-	(12,884,832)
Furniture and equipment	(1,214,551)	(64,644)	-	(1,279,195)
Right to use - SBITA	-	(3,530)	-	(3,530)
Vehicles	<u>(1,017,476)</u>	<u>(90,668)</u>	<u>-</u>	<u>(1,108,144)</u>
Total accumulated depreciation/amortization	<u>(16,289,769)</u>	<u>(876,902)</u>	<u>-</u>	<u>(17,166,671)</u>
Governmental activities capital assets, net	<u>\$ 12,446,316</u>	<u>\$ 5,063,316</u>	<u>\$ (1,102,701)</u>	<u>\$ 16,406,931</u>

Depreciation/amortization expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 559,042
Vocational	3,168
<u>Support service:</u>	
Pupil	3,530
Instructional staff	20,665
Operations and maintenance	163,153
Pupil transportation	88,024
Central	13,784
Extracurricular activities	22,213
Food service operations	<u>3,323</u>
Total depreciation/amortization expense	<u>\$ 876,902</u>

**NEW LONDON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Business-type activities capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	Balance <u>06/30/23</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/24</u>
Business-type activities:				
<i>Capital assets, being depreciated:</i>				
Land improvements	\$ 44,738	\$ -	\$ -	\$ 44,738
Building and improvements	225,356	-	-	225,356
Furniture and equipment	10,396	-	-	10,396
Total capital assets, being depreciated	<u>280,490</u>	<u>-</u>	<u>-</u>	<u>280,490</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(40,265)	(2,982)	-	(43,247)
Building and improvements	(214,088)	(7,512)	-	(221,600)
Furniture and equipment	(9,356)	-	-	(9,356)
Total accumulated depreciation	<u>(263,709)</u>	<u>(10,494)</u>	<u>-</u>	<u>(274,203)</u>
Business-type activities capital assets, net	<u>\$ 16,781</u>	<u>\$ (10,494)</u>	<u>\$ -</u>	<u>\$ 6,287</u>

Depreciation expense was charged to the enterprise funds as follows:

Business-type activities:

Recreation	\$ <u>10,494</u>
Total depreciation expense	\$ <u>10,494</u>

NOTE 10 - NOTE PAYABLE – FINANCE PURCHASE

During the current fiscal year and during the prior fiscal year, the District entered into note payable-finance purchase agreements for maintenance and improvement projects. In prior fiscal years, the District entered into notes payable-finance purchase agreements for the acquisition of buses. These arrangements transfers benefits and risks of ownership to the District at the conclusion of the finance purchase term. These notes payable-finance purchases are considered direct borrowings. Direct borrowings have terms negotiated directly between the District and the lender and are not offered for public sale. Notes payable - finance purchase payments have been reclassified and are reflected as debt service expenditures in the basic financial statements.

A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in the 2024 fiscal year totaled \$366,087 and \$187,079, respectively. These amounts are reported as debt service payments in the general fund and the building fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - NOTE PAYABLE – FINANCE PURCHASE - (Continued)

The following is a schedule of debt service requirements for the financed purchase:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 496,081	\$ 234,217	\$ 730,298
2026	494,000	217,024	711,024
2027	511,000	199,451	710,451
2028	529,000	181,266	710,266
2029	548,000	162,433	710,433
2030 - 2034	2,677,000	511,941	3,188,941
2035 - 2039	<u>1,605,000</u>	<u>151,140</u>	<u>1,756,140</u>
Total	<u>\$ 6,860,081</u>	<u>\$ 1,657,472</u>	<u>\$ 8,517,553</u>

NOTE 11 - LONG-TERM OBLIGATIONS

A. Changes in Long-Term Obligations

During the fiscal year 2024, the following changes occurred in governmental activities and business-type activities long-term obligations.

	<u>Balance 06/30/23</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/24</u>	<u>Amount Due Within One Year</u>
<u>Governmental Activities:</u>					
Note Payable - Finance Purchase					
direct borrowing	\$ 3,157,168	\$ 4,069,000	\$ (366,087)	\$ 6,860,081	\$ 496,801
SBITA Liability	-	15,886	(7,532)	8,354	4,073
Net Pension Liability	11,174,810	296,426	(165,018)	11,306,218	-
Net OPEB Liability	548,065	169,561	-	717,626	-
Compensated Absences	<u>1,017,266</u>	<u>131,824</u>	<u>(148,281)</u>	<u>1,000,809</u>	<u>56,566</u>
Total Long-Term Obligations	<u>\$ 15,897,309</u>	<u>\$ 4,682,697</u>	<u>\$ (686,918)</u>	<u>\$ 19,893,088</u>	<u>\$ 557,440</u>
 <u>Business-Type Activities:</u>					
Net Pension Liability	\$ -	\$ 61,603	\$ -	\$ 61,603	\$ -
Net OPEB Liability	<u>-</u>	<u>18,791</u>	<u>-</u>	<u>18,791</u>	<u>-</u>
Total Long-Term Obligations	<u>-</u>	<u>80,394</u>	<u>-</u>	<u>80,394</u>	<u>-</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. Subscription-Based Information Technology Arrangements (SBITA) Liability

During the current fiscal year, the District entered into a SBITA transaction. The future SBITA payments were discounted based on the interest rate implicit in the agreement. The discount is being amortized using the interest method over the life of the subscription.

The District pays the SBITA obligation from the General Fund. Principal and interest requirements to retire the District's outstanding SBITA liability at June 30, 2024, are as follows:

Fiscal Year Ended	SBITA Payable		
	Principal	Interest	Total
2024	\$ 4,073	\$ 427	\$ 4,500
2025	4,281	219	4,500
Total	<u>\$ 8,354</u>	<u>\$ 646</u>	<u>\$ 9,000</u>

C. 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 the food service fund (a nonmajor governmental fund). The note payable – finance purchase is described in Note 10.

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

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

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9 percent 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 percent 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, 2024, are a voted debt margin of \$11,898,775 (including available funds of \$22,792) and an unvoted debt margin of \$131,955.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees and natural disasters.

The District belongs to the Ohio School Plan (the Plan), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 400 Ohio schools (Members).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - RISK MANAGEMENT - (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile and violence coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible.

The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Only if the Plan's paid liability loss ratio exceeds 65 percent and is less than 80 percent does the Plan contribute to paid claims. (See the Plan's audited financial statements on their website for more details.) The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2023, 2022 and 2021:

	2023	2022	2021
Assets	\$ 19,048,264	\$ 17,878,913	\$ 16,691,066
Liabilities	13,713,334	11,253,693	7,777,013
Net position	5,334,930	6,625,220	8,914,053

You can read the complete audited financial statements for The Ohio School Plan at the Plan's website, www.ohioschoolplan.org under "Financials".

Settled claims have not exceeded these commercial insurance coverages in any of the past three years, and there has been no significant reduction in insurance coverage from last year.

B. Employee Dishonesty Bonds

The Treasurer is covered by a \$100,000 surety bond through CAN Surety (Boales Insurance Agent, Inc. Ashland, Ohio). The remaining employees who handle money are covered with a public employees blanket bond in the amount of \$100,000.

C. Workers' Compensation

For fiscal year 2024, 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 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. The risk of loss transfers to the Association upon payment of the premiums.

**NEW LONDON LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - RISK MANAGEMENT - (Continued)

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 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$208,453 for fiscal year 2024. Of this amount, \$15,535 is reported as pension and postemployment benefits payable.

**NEW LONDON LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0% upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3% of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1% of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all of their member contributions and 11.09% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2024 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$806,468 for fiscal year 2024. Of this amount, \$137,696 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.038016000%	0.041019150%	
Proportion of the net pension liability current measurement date	<u>0.043692400%</u>	<u>0.041577050%</u>	
Change in proportionate share	<u>0.005676400%</u>	<u>0.000557900%</u>	
Proportionate share of the net pension liability	\$ 2,414,230	\$ 8,953,591	\$ 11,367,821
Pension expense	\$ 330,941	\$ 844,315	\$ 1,175,256

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 103,769	\$ 326,430	\$ 430,199
Changes of assumptions	17,100	737,378	754,478
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	229,669	280,443	510,112
Contributions subsequent to the measurement date	<u>208,453</u>	<u>806,468</u>	<u>1,014,921</u>
Total deferred outflows of resources	<u>\$ 558,991</u>	<u>\$ 2,150,719</u>	<u>\$ 2,709,710</u>

**NEW LONDON LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 19,867	\$ 19,867
Net difference between projected and actual earnings on pension plan investments	33,936	26,834	60,770
Changes of assumptions	-	555,032	555,032
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	33,776	-	33,776
Total deferred inflows of resources	<u>\$ 67,712</u>	<u>\$ 601,733</u>	<u>\$ 669,445</u>

\$1,014,921 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	\$ 70,477	\$ 58,357	\$ 128,834
2026	(5,586)	(188,243)	(193,829)
2027	216,135	904,881	1,121,016
2028	1,800	(32,477)	(30,677)
Total	<u>\$ 282,826</u>	<u>\$ 742,518</u>	<u>\$ 1,025,344</u>

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023 and June 30, 2022, are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.00%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.00%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2023, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

**NEW LONDON LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

Discount Rate - Total pension liability was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90%.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 3,563,280	\$ 2,414,230	\$ 1,446,374

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 and June 30, 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2023 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

**NEW LONDON LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 13,768,643	\$ 8,953,591	\$ 4,881,377

Assumption and Benefit Changes Since the Prior Measurement Date - The discount rate remained at 7.00% for June 30, 2023 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the District's surcharge obligation was \$29,990.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$29,990 for fiscal year 2024. Of this amount, \$29,990 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2023, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.039035700%	0.041019150%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.044700500%</u>	<u>0.041577050%</u>	
Change in proportionate share	<u>0.005664800%</u>	<u>0.000557900%</u>	
Proportionate share of the net OPEB liability	\$ 736,417	\$ -	\$ 736,417
Proportionate share of the net OPEB asset	\$ -	\$ (808,616)	\$ (808,616)
OPEB expense	\$ (73,318)	\$ (47,879)	\$ (121,197)

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 1,533	\$ 1,261	\$ 2,794
Net difference between projected and actual earnings on OPEB plan investments	5,708	1,444	7,152
Changes of assumptions	249,002	119,124	368,126
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	202,252	2,390	204,642
Contributions subsequent to the measurement date	<u>29,990</u>	<u>-</u>	<u>29,990</u>
Total deferred outflows of resources	<u>\$ 488,485</u>	<u>\$ 124,219</u>	<u>\$ 612,704</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 379,799	\$ 123,333	\$ 503,132
Changes of assumptions	209,148	533,518	742,666
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>94,475</u>	<u>4,683</u>	<u>99,158</u>
Total deferred inflows of resources	<u>\$ 683,422</u>	<u>\$ 661,534</u>	<u>\$ 1,344,956</u>

\$29,990 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2025.

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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	\$ (100,340)	\$ (236,629)	\$ (336,969)
2026	(88,143)	(110,105)	(198,248)
2027	(46,272)	(41,678)	(87,950)
2028	(21,979)	(56,693)	(78,672)
2029	(18,342)	(52,027)	(70,369)
Thereafter	<u>50,149</u>	<u>(40,183)</u>	<u>9,966</u>
Total	<u>\$ (224,927)</u>	<u>\$ (537,315)</u>	<u>\$ (762,242)</u>

Actuarial Assumptions - SERS

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

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

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

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**NEW LONDON LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023 and June 30, 2022 are presented below:

Wage inflation:

Current measurement date	2.40%
Prior measurement date	2.40%

Future salary increases, including inflation:

Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%

Investment rate of return:

Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation

Municipal bond index rate:

Current measurement date	3.86%
Prior measurement date	3.69%

Single equivalent interest rate, net of plan investment expense,
including price inflation:

Current measurement date	4.27%
Prior measurement date	4.08%

Medical trend assumption:

Current measurement date	6.75 to 4.40%
Prior measurement date	7.00 to 4.40%

In 2023, the following mortality assumptions were used:

Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

Mortality Projection - Mortality rates are projected using a fully generational projection with Scale MP-2020.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

**NEW LONDON LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022 and the June 30, 2023 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86% at June 30, 2023 and 3.69% at June 30, 2022.

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HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 941,351	\$ 736,417	\$ 574,817
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 541,020	\$ 736,417	\$ 995,343

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation, compared with June 30, 2022 actuarial valuation, are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%
Discount rate of return	7.00%	7.00%
Blended discount rate of return	N/A	N/A
Health care cost trends		
	Initial	Ultimate
Medical		
Pre-Medicare	7.50%	4.14%
Medicare	-10.94%	4.14%
Prescription Drug		
Pre-Medicare	-11.95%	4.14%
Medicare	1.33%	4.14%

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the June 30, 2023 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2023 valuation.

Benefit Term Changes Since the Prior Measurement Date - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	\$ 684,388	\$ 808,616	\$ 916,806

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	\$ 921,826	\$ 808,616	\$ 672,256

NOTE 15 - CONTINGENCIES

A. Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

B. Litigation

The District is not a party to legal proceedings that would have a material effect on the financial condition of the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 16 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2023	\$ -
Current year set-aside requirement	179,915
Current year qualifying expenditures	(838,413)
Current year offsets	<u>-</u>
Total	<u>\$ (658,498)</u>
Balance carried forward to fiscal year 2025	<u>\$ -</u>
Set-aside balance June 30, 2024	<u>\$ -</u>

In prior fiscal years, the District issued \$2,130,000 in classroom facilities general obligation bonds. These proceeds may be used to reduce the capital improvements set-aside amount to zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$2,130,000 at June 30, 2024.

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero for the capital acquisitions reserve, this extra amount may not be used to reduce the set-aside requirements for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

NOTE 17 - OTHER COMMITMENTS

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

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General	\$ 10,979
Building	3,671,711
Other governmental	<u>55,131</u>
Total	<u>\$ 3,737,821</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 18 - CONTRACTUAL COMMITMENTS

As of June 30, 2024, the District had the following contractual commitments outstanding related to the stadium project. A summary of the primary contractual commitments follows:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Paid Through June 30, 2024</u>	<u>Remaining Contract Amount</u>
GPD Group	\$ 263,500	\$ 61,293	\$ 202,207
Mosser Construction	<u>4,792,901</u>	<u>4,656,211</u>	<u>136,690</u>
Total	<u>\$ 5,056,401</u>	<u>\$ 4,717,504</u>	<u>\$ 338,897</u>

NOTE 19 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2024, the District received COVID-19 funding. The District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance with</u> <u>Final Budget -</u> <u>over (under)</u> <u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>		
Budgetary revenues and other financing sources	\$ 12,884,003	\$ 12,884,003	\$ 13,648,779	\$ 764,776
Budgetary expenditures and other financing uses	9,871,242	13,159,183	13,163,145	3,962
Net change in fund balance	3,012,761	(275,180)	485,634	760,814
Budgetary fund balance at beginning of year	6,153,295	6,153,295	6,153,295	-
Prior year encumbrances appropriated	17,403	17,403	17,403	-
Budgetary fund balance at end of year	<u>\$ 9,183,459</u>	<u>\$ 5,895,518</u>	<u>\$ 6,656,332</u>	<u>\$ 760,814</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.043692400%	\$ 2,414,230	\$ 1,811,857	133.25%	76.06%
2023	0.038016000%	2,056,201	1,621,757	126.79%	75.82%
2022	0.040354300%	1,488,957	1,274,614	116.82%	82.86%
2021	0.036364200%	2,405,205	1,363,929	176.34%	68.55%
2020	0.402485000%	2,408,138	1,348,304	178.60%	70.85%
2019	0.038407700%	2,199,680	1,305,674	168.47%	71.36%
2018	0.039139300%	2,338,487	1,247,650	187.43%	69.50%
2017	0.038890700%	2,846,440	1,191,507	238.89%	62.98%
2016	0.040716500%	2,323,323	1,225,781	189.54%	69.16%
2015	0.043879000%	2,220,691	1,275,036	174.17%	71.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 208,453	\$ (208,453)	\$ -	\$ 1,488,950	14.00%
2023	253,660	(253,660)	-	1,811,857	14.00%
2022	227,046	(227,046)	-	1,621,757	14.00%
2021	178,446	(178,446)	-	1,274,614	14.00%
2020	190,950	(190,950)	-	1,363,929	14.00%
2019	182,021	(182,021)	-	1,348,304	13.50%
2018	176,266	(176,266)	-	1,305,674	13.50%
2017	174,671	(174,671)	-	1,247,650	14.00%
2016	166,811	(166,811)	-	1,191,507	14.00%
2015	161,558	(161,558)	-	1,225,781	13.18%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.041577050%	\$ 8,953,591	\$ 5,614,714	159.47%	80.02%
2023	0.041019150%	9,118,609	5,343,371	170.65%	78.88%
2022	0.039661672%	5,071,101	4,993,164	101.56%	87.78%
2021	0.038662390%	9,354,923	4,678,914	199.94%	75.48%
2020	0.037968920%	8,396,598	4,497,814	186.68%	77.40%
2019	0.039005810%	8,576,502	4,400,014	194.92%	77.31%
2018	0.038741380%	9,203,098	4,465,536	206.09%	75.30%
2017	0.039437590%	13,200,950	4,037,543	326.96%	66.80%
2016	0.038984650%	10,774,217	4,067,393	264.89%	72.10%
2015	0.040098940%	9,753,450	4,097,008	238.06%	74.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 806,468	\$ (806,468)	\$ -	\$ 5,760,486	14.00%
2023	786,060	(786,060)	-	5,614,714	14.00%
2022	748,072	(748,072)	-	5,343,371	14.00%
2021	699,043	(699,043)	-	4,993,164	14.00%
2020	655,048	(655,048)	-	4,678,914	14.00%
2019	629,694	(629,694)	-	4,497,814	14.00%
2018	616,002	(616,002)	-	4,400,014	14.00%
2017	625,175	(625,175)	-	4,465,536	14.00%
2016	565,256	(565,256)	-	4,037,543	14.00%
2015	569,435	(569,435)	-	4,067,393	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.044700500%	\$ 736,417	\$ 1,811,857	40.64%	30.02%
2023	0.039035700%	548,065	1,621,757	33.79%	30.34%
2022	0.041361800%	782,806	1,274,614	61.42%	24.08%
2021	0.038021800%	826,338	1,363,929	60.59%	18.17%
2020	0.041090700%	1,033,345	1,348,304	76.64%	15.57%
2019	0.039055500%	1,083,505	1,305,674	82.98%	13.57%
2018	0.039715400%	1,065,857	1,247,650	85.43%	12.46%
2017	0.039428080%	1,123,846	1,191,507	94.32%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 29,990	\$ (29,990)	\$ -	\$ 1,488,950	2.01%
2023	31,279	(31,279)	-	1,811,857	1.73%
2022	26,331	(26,331)	-	1,621,757	1.62%
2021	25,422	(25,422)	-	1,274,614	1.99%
2020	25,782	(25,782)	-	1,363,929	1.89%
2019	31,091	(31,091)	-	1,348,304	2.31%
2018	28,031	(28,031)	-	1,305,674	2.15%
2017	21,637	(21,637)	-	1,247,650	1.73%
2016	20,022	(20,022)	-	1,191,507	1.68%
2015	32,425	(32,425)	-	1,225,781	2.65%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability/(Asset)	District's Proportionate Share of the Net OPEB Liability/(Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.041577050%	\$ (808,616)	\$ 5,614,714	14.40%	168.52%
2023	0.041019150%	(1,062,122)	5,343,371	19.88%	230.73%
2022	0.039661672%	(836,234)	4,993,164	16.75%	174.73%
2021	0.038662390%	(679,491)	4,678,914	14.52%	182.10%
2020	0.037968920%	(628,856)	4,497,814	13.98%	174.70%
2019	0.039005810%	(626,783)	4,400,014	14.25%	176.00%
2018	0.038741380%	1,511,546	4,465,536	33.85%	47.10%
2017	0.039437590%	2,109,133	4,037,543	52.24%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ -	\$ -	\$ -	\$ 5,760,486	0.00%
2023	-	-	-	5,614,714	0.00%
2022	-	-	-	5,343,371	0.00%
2021	-	-	-	4,993,164	0.00%
2020	-	-	-	4,678,914	0.00%
2019	-	-	-	4,497,814	0.00%
2018	-	-	-	4,400,014	0.00%
2017	-	-	-	4,465,536	0.00%
2016	-	-	-	4,037,543	0.00%
2015	-	-	-	4,067,393	0.00%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - BUDGETARY PROCESS

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

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

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 485,634
Net adjustment for revenue and other financing sources accruals	(922,892)
Net adjustment for expenditure and other financing uses accruals	716,355
Funds budgeted elsewhere	67,345
Adjustments for encumbrances	<u>21,275</u>
GAAP Basis	<u><u>\$ 367,717</u></u>

As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the uniform school supplies fund, the rotary – special services fund, the transportation-shared services fund and the public school support fund.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2024.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.
- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

SUPPLEMENTARY INFORMATION

**NEW LONDON LOCAL SCHOOL DISTRICT
HURON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	2024	\$ 44,170
National School Lunch Program	10.555	2024	221,005
COVID-19 - National School Lunch Program	10.555	COVID-19, 2024	30,608
National School Lunch Program - Food Donation	10.555	2024	32,139
Total National School Lunch Program			283,752
Total Child Nutrition Cluster and U.S. Department of Agriculture			327,922
U.S. DEPARTMENT OF THE TREASURY			
<i>Passed Through Ohio Office of Budget and Management</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - School Safety Round #5	21.027	COVID-19, 2023	300,000
Total U.S. Department of Treasury			300,000
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2023	7,850
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2024	212,660
Title I Grants to Local Educational Agencies - Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	84.010A, 2023	7,476
Total Title I Grants to Local Educational Agencies			227,986
Special Education Cluster (IDEA)			
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2023	21,444
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2024	202,677
COVID-19 - Special Education-Grants to States (IDEA, Part B) - ARP	84.027X	COVID-19, 84.027X, 2023	3,968
Total Special Education-Grants to States (IDEA, Part B) and Special Education Cluster (IDEA)			228,089
Supporting Effective Instruction State Grants	84.367A	84.367A, 2024	23,596
Comprehensive Literacy State Development Subgrant	84.371C	84.371C, 2023	192,974
Comprehensive Literacy State Development Subgrant	84.371C	84.371C, 2024	336,834
Total Comprehensive Literacy State Development Subgrant			529,808
Student Support and Academic Enrichment Program	84.424A	84.424A, 2024	25,401
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2023	3,259
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2024	696,529
Total Education Stabilization Fund (ESF)			699,788
Total U.S. Department of Education			1,734,668
Total Federal Expenditures			\$ 2,362,590

The accompanying notes are an integral part of this schedule.

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the New London Local School District under programs of the federal government for the fiscal year ended June 30, 2024 and is prepared in accordance with the cash basis of accounting. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the New London Local School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the New London Local School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The New London Local School District has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – CHILD NUTRITION CLUSTER

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

NOTE 4 – FOOD DONATION PROGRAM

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

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

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

To the Members of the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New London Local School District, Huron County, Ohio, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the New London Local School District's basic financial statements, and have issued our report thereon dated December 27, 2024.

Report on Internal Control over Financial Reporting

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

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

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

New London Local School District
Huron County

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the New London Local School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings as item 2024-001.

New London Local School District's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the New London Local School District's response to the finding identified in our audit and described in the accompanying corrective action plan. The New London Local School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Julian & Grube, Inc.
December 27, 2024

**Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

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

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the New London Local School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the New London Local School District's major federal programs for the fiscal year ended June 30, 2024. The New London Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

In our opinion, the New London Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the New London Local School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the New London Local School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the New London Local School District's federal programs.

New London Local School District
Huron County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the New London Local School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the New London Local School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the New London Local School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the New London Local School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the New London Local School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

New London Local School District
Huron County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

Julian & Grube, Inc.
December 27, 2024

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material weaknesses in internal control 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>	None reported
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material weaknesses in internal control 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>	None reported
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	COVID-19 – Education Stabilization Fund (ALN 84.425)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	Yes

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024**

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

Finding Number	2024-001
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Noncompliance – Expenditures Exceeding Appropriations

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated. Also, the Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires any amendments to an appropriation measure be made by resolution and comply with the same provisions of the law as used in making the original appropriations.

The District had expenditures exceeding appropriations in the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General	\$ 13,159,183	\$ 13,163,145	\$ 3,962
Building	4,289,715	6,662,151	2,372,436
Food Service	419,403	419,416	13
Other Federal Grants	1,542,854	1,546,954	4,100
Title IV Part A	27,941	33,266	5,325

With expenditures exceeding appropriations, the District is expending monies that have not been appropriated, which may result in unnecessary purchases and/or fund deficits.

We recommend the District comply with the Ohio Revised Code Section 5705.41(B) and 5705.40 and the Auditor of State Bulletin 97-010 by monitoring expenditures, so they do not exceed lawful appropriations and amending the budget prior to year-end. This may be achieved by monitoring the budget more closely and on a continual basis and making appropriation amendments as necessary, subsequent to the passage of permanent appropriations.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

New London Local Schools

Educating Tomorrow's Leaders

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
JUNE 30, 2024

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2023-001	2023	<u>Noncompliance</u> - Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated. Also, the Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires any amendments to an appropriation measure be made by resolution and comply with the same provisions of the law as used in making the original appropriations. During fiscal year 2023, the District had expenditures exceeding appropriations in certain funds.	Not Corrected	Repeated as finding 2024-001, as the District had expenditures exceeding appropriations in certain funds.

Board of Education Offices
2 Wildcat Drive
New London, OH 44851
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Fax (419) 929-4108

New London High School
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New London, Ohio 44851
(419) 929-1586
Fax (419) 929-9513

New London Middle School
1 Wildcat Drive
New London, Ohio 44851
(419) 929-5409
Fax (419) 929-9513

New London Elementary School
1 Wildcat Drive
New London, OH 44851
(419) 929-8117
Fax (419) 929-9512

New London Local Schools

Educating Tomorrow's Leaders

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2024

Finding Number	Planned Corrective Action	Anticipation Completion Date	Responsible Contact Person
2024-001	The District will review all budgetary information within the District's system on a monthly basis and make sure expenditures do not exceed appropriations.	Immediately	Jim Hudson, Treasurer

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OHIO AUDITOR OF STATE KEITH FABER



NEW LONDON LOCAL SCHOOL DISTRICT

HURON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/18/2025

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

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