



**Mary Taylor, CPA**  
Auditor of State



**CITY OF NEW PHILADELPHIA  
TUSCARAWAS COUNTY**

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CITY OF NEW PHILADELPHIA  
TUSCARAWAS COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

City of New Philadelphia  
Tuscarawas County  
150 East High Avenue  
New Philadelphia, Ohio 44683

To the Honorable Mayor and City Council:

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 City of New Philadelphia, Tuscarawas County, Ohio (the City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 City of New Philadelphia, Tuscarawas County, Ohio, as of December 31, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund and the Special Revenue Safety Forces Operation Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

October 21, 2008

**City of New Philadelphia**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2007*

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The discussion and analysis of the City of New Philadelphia's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2007. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

***Financial Highlights***

Key financial highlights for 2007 are as follows:

- General revenues accounted for \$11,180,586 in revenue or 52.5 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$10,106,440 or 47.5 percent of total revenues of \$21,287,026.
- Total program expenses were \$17,162,404; \$13,399,571 in governmental activities and \$3,762,833 in business-type activities.
- In total, net assets increased \$4,124,622. Net assets of governmental activities increased \$3,243,665, which represents an 11.2 percent increase from 2006. Net assets of business-type activities increased \$880,957 or 6.2 percent from 2006.
- Outstanding debt decreased from \$12,935,414 to \$11,828,581 through principal payments on debt.

***Using this Annual Financial Report***

This report is designed to allow the reader to look at the financial activities of the City of New Philadelphia as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the City operations, as they prefer.

The Statement of Net Assets and the Statement of Changes in Net Assets provide information from a summary perspective showing the effects of the operations for the year 2007 and how they affected the operations of the City as a whole.

***Reporting the City of New Philadelphia as a Whole***

*Statement of Net Assets and the Statement of Activities*

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City'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 City's most significant funds with all other nonmajor funds presented in total in one column. In the case of New Philadelphia, the General Fund, the Safety Forces Operation Fund and the High Tech Park Fund are the most significant governmental funds. The Water and Sewer Funds are the significant enterprise funds.

**City of New Philadelphia**  
*Management's Discussion and Analysis (Continued)*  
*For the Year Ended December 31, 2007*

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A question typically asked about the City's finances "How did we do financially during fiscal year 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's *net assets* and *changes in those assets*. This change in net assets is important because it tells the reader that, for the City as a whole, the *financial position* of the City 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 City's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two distinct kinds of activities:

- ✓ Governmental Activities - Most of the City's programs and services are reported here, including general government, security of persons and property, community environment, leisure time activities and transportation.
- ✓ Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's Water and Sewer Funds are reported as business-type activities.

***Reporting the City of New Philadelphia's Most Significant Funds***

*Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the General Fund, the Safety Forces Operation Fund and the High Tech Park Fund.

**Governmental Funds** - Most of the City'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 statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Safety Forces Operation Fund and the High Tech Park Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.



**City of New Philadelphia**  
*Management's Discussion and Analysis (Continued)*  
For the Year Ended December 31, 2007

The City adopts an annual appropriated budget for each of its funds. A budgetary comparison statement has been provided for the general fund and each major special revenue fund to demonstrate compliance with this budget.

**Proprietary Funds** - Proprietary funds use the same basis of accounting as business-type activities (water and sewer); therefore, these statements will essentially match.

**The City of New Philadelphia as a Whole**

Recall that the Statement of Net Assets provides the perspective of the City as a whole.

Table 1 provides a summary of the City's net assets for 2007 compared to 2006:

**(Table 1)**  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Assets</b>						
Current and Other Assets	\$ 12,181,618	\$ 10,723,858	\$ 1,945,953	\$ 2,612,868	\$ 14,127,571	\$ 13,336,726
Capital Assets	26,612,103	25,044,410	22,873,576	22,133,366	49,485,679	47,177,776
<i>Total Assets</i>	<u>38,793,721</u>	<u>35,768,268</u>	<u>24,819,529</u>	<u>24,746,234</u>	<u>63,613,250</u>	<u>60,514,502</u>
<b>Liabilities</b>						
Long-Term Liabilities	3,432,325	3,951,701	9,442,494	10,021,535	12,874,819	13,973,236
Other Liabilities	3,147,395	2,846,231	295,083	523,704	3,442,478	3,369,935
<i>Total Liabilities</i>	<u>6,579,720</u>	<u>6,797,932</u>	<u>9,737,577</u>	<u>10,545,239</u>	<u>16,317,297</u>	<u>17,343,171</u>
<b>Net Assets</b>						
Invested in Capital						
Assets, Net of Debt	23,329,064	21,946,363	14,900,775	13,452,531	38,229,839	35,398,894
Restricted	3,168,797	3,458,087	0	0	3,168,797	3,458,087
Unrestricted	5,716,140	3,565,886	181,177	748,464	5,897,317	4,314,350
<i>Total Net Assets</i>	<u>\$ 32,214,001</u>	<u>\$ 28,970,336</u>	<u>\$ 15,081,952</u>	<u>\$ 14,200,995</u>	<u>\$ 47,295,953</u>	<u>\$ 43,171,331</u>

Total assets increased by \$3,098,748 with governmental assets increasing \$3,025,453 and business-type assets increasing \$73,295. An increase of \$2,307,903 in total capital assets reflects additions exceeding depreciation expense. Total liabilities decreased by \$1,025,874 with governmental liabilities decreasing \$218,212 and business-type liabilities decreasing \$807,662. The majority of this decrease was the result of principal payments on debt. The City paid off several debt and capital lease obligations in 2007.

**City of New Philadelphia**  
*Management's Discussion and Analysis (Continued)*  
For the Year Ended December 31, 2007

Total net assets increased by \$4,124,622. This number reflects an increase of \$3,243,665 in governmental activities and an increase of \$880,957 in the net assets of the business-type activities. Table 2 shows the changes in net assets for fiscal year 2007 and 2006. This will enable the reader to draw further conclusion about the City's financial status and possibly project future problems.

**(Table 2)**  
**Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for Services	\$ 2,854,287	\$ 2,004,173	\$ 3,861,146	\$ 3,896,723	\$ 6,715,433	\$ 5,900,896
Operating Grants	1,097,067	1,460,074	0	0	1,097,067	1,460,074
Capital Grants	2,293,940	2,238,952	0	0	2,293,940	2,238,952
<i>General Revenues:</i>						
Property Taxes	1,814,322	2,307,974	0	0	1,814,322	2,307,974
Income Taxes	7,165,215	6,249,179	0	0	7,165,215	6,249,179
Grants and Entitlements	1,627,192	1,362,371	0	0	1,627,192	1,362,371
Investment Earnings	378,341	380,717	0	0	378,341	380,717
Other	141,372	201,817	54,144	74,768	195,516	276,585
<b>Total Revenues</b>	<b>17,371,736</b>	<b>16,205,257</b>	<b>3,915,290</b>	<b>3,971,491</b>	<b>21,287,026</b>	<b>20,176,748</b>
<b>Program Expenses</b>						
General Government	3,644,560	3,464,623	0	0	3,644,560	3,464,623
Security of Persons and Property	4,189,089	4,109,374	0	0	4,189,089	4,109,374
Transportation	2,141,831	1,469,334	0	0	2,141,831	1,469,334
Public Health Services	582,184	642,386	0	0	582,184	642,386
Community and Economic Development	551,363	394,387	0	0	551,363	394,387
Basic Utility Services	1,217,526	1,114,322	0	0	1,217,526	1,114,322
Leisure Time Activities	929,185	724,669	0	0	929,185	724,669
Interest and Fiscal Charges	143,833	220,989	0	0	143,833	220,989
<i>Enterprise Operations:</i>						
Water	0	0	2,264,036	2,271,642	2,264,036	2,271,642
Sewer	0	0	1,498,797	1,944,240	1,498,797	1,944,240
<b>Total Program Expenses</b>	<b>13,399,571</b>	<b>12,140,084</b>	<b>3,762,833</b>	<b>4,215,882</b>	<b>17,162,404</b>	<b>16,355,966</b>
<b>Increase (Decrease) in Net Assets</b>	<b>3,972,165</b>	<b>4,065,173</b>	<b>152,457</b>	<b>(244,391)</b>	<b>4,124,622</b>	<b>3,820,782</b>
Transfers	(728,500)	0	728,500	0	0	0
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 3,243,665</b>	<b>\$ 4,065,173</b>	<b>\$ 880,957</b>	<b>\$ (244,391)</b>	<b>\$ 4,124,622</b>	<b>\$ 3,820,782</b>

**City of New Philadelphia**  
*Management's Discussion and Analysis (Continued)*  
*For the Year Ended December 31, 2007*

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**Governmental Activities**

The funding for the governmental activities comes from several different sources, the most significant being the municipal income tax. Other prominent sources are property taxes, grants and entitlements, and charges for services.

The City's income tax is at a rate of 1.5 percent. Both residents of the City and non-residents who work inside the City are subject to the income tax. However, if residents work in a locality that has a municipal income tax, the City provides 100 percent credit up to 1 percent for those who pay income tax to another city. City Council could by Ordinance, choose to vary that income tax credit and create additional revenues for the City.

General revenues include grants and entitlements, such as local government funds. With the combination of property tax, income tax, and intergovernmental funding all expenses in the governmental activities are funded. The City monitors its source of revenues very closely for fluctuations.

General government represents the second largest expense of the governmental activities. This expense of \$3,644,560 represents 27.2 percent of the total expenses.

Police and fire (security of persons and property) represent the largest expense of the governmental activities. This expense of \$4,189,089 represents 31.3 percent of the total expenses. These two departments operate out of the General Fund and Safety Forces Fund.

The City also maintains a cemetery (public health services) and a park (leisure time services) within the City. These areas had expenses of \$1,511,369 in 2007 equaling 11.3 percent of the total governmental services expenses.

**Business-Type Activities**

Business-type activities include water and sewer operations. The revenues are generated primarily from charges for services. In 2007, charges for services of \$3,861,146 accounted for 98.6 percent of the business-type revenues. The total expenses for the utilities were \$3,762,833. The City had an increase in net assets of \$880,957 for the business-type activities.

***The City's Funds***

Information about the City's governmental funds begins on page 14. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues (including other financing sources) of \$16,765,117 and expenditures (including other financing uses) of \$16,293,013. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues.

Information about the proprietary funds starts on page 20. These funds are accounted for on an accrual basis. All business-type funds had operating expenses of \$3,714,118 which were less than operating revenues of \$3,861,146, by \$147,028 or 3.8 percent of operating revenues.

**City of New Philadelphia**  
*Management's Discussion and Analysis (Continued)*  
For the Year Ended December 31, 2007

**General Fund Budgeting Highlights**

The City'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 2007, the City amended its General Fund budget on various occasions. All recommendations for appropriation changes come to Council from the City Auditor. The Finance Committee of Council reviews them, and they make their recommendation to the Council as a whole.

For the General Fund, actual receipts exceeded the final budgeted revenues and other financing sources by \$192,611. The primary factors contributing to this were intergovernmental revenue and investment earnings exceeding expectations.

Actual disbursements and other financing uses of the General Fund were \$840,031 below the final budgeted amount of \$5,593,556. The primary factor contributing to this was disbursements for general government, capital outlay, and transfers out being \$607,427 below budgeted amounts.

**Capital Asset and Debt Administration**

**Capital Assets**

At the end of 2007, the City had \$49,485,679 invested in land, construction in progress, buildings, improvements, equipment, infrastructure and vehicles. A total of \$26,612,103 of this was for governmental activities with the remainder attributable to business-type activities. Table 3 shows fiscal year 2007 balances compared with 2006.

**(Table 3)**  
**Capital Assets at December 31**  
**(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 826,576	\$ 826,576	\$ 41,899	\$ 41,899	\$ 868,475	\$ 868,475
Buildings and Building Improvements	4,355,813	4,511,974	5,045,563	5,281,445	9,401,376	9,793,419
Improvements Other Than Buildings	3,516,453	3,557,155	5,602,738	5,767,579	9,119,191	9,324,734
Machinery and Equipment	947,257	1,023,681	734,657	749,130	1,681,914	1,772,811
Furniture and Fixtures	25,315	29,033	1,028	1,028	26,343	30,061
Vehicles	1,075,057	903,889	99,528	122,612	1,174,585	1,026,501
Construction in Progress	372,874	765,514	1,441,500	1,002,957	1,814,374	1,768,471
Infrastructure	15,492,758	13,426,588	0	0	15,492,758	13,426,588
Water Lines	0	0	6,162,271	6,065,332	6,162,271	6,065,332
Sewer Lines	0	0	3,744,392	3,101,384	3,744,392	3,101,384
<b>Totals</b>	<b>\$ 26,612,103</b>	<b>\$ 25,044,410</b>	<b>\$ 22,873,576</b>	<b>\$ 22,133,366</b>	<b>\$ 49,485,679</b>	<b>\$ 47,177,776</b>

The \$2,307,903 increase in capital assets was attributable to additional purchases exceeding depreciation expense. Note 9 provides capital asset activity during 2007.

**City of New Philadelphia**  
*Management's Discussion and Analysis (Continued)*  
For the Year Ended December 31, 2007

**Debt**

The outstanding debt for the City of New Philadelphia as of December 31, 2007 was \$11,828,581 with \$1,129,084 due within one year. Table 4 summarizes outstanding debt.

**(Table 4)**  
**Outstanding Debt, at December 31**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$ 2,495,822	\$ 2,990,002	\$ 0	\$ 0	\$ 2,495,822	\$ 2,990,002
Special Assessment Bonds	54,178	104,998	0	0	54,178	104,998
OPWC Loans	0	0	407,500	440,000	407,500	440,000
OWDA Loans	0	0	8,871,081	9,400,414	8,871,081	9,400,414
<i>Total</i>	<u>\$ 2,550,000</u>	<u>\$ 3,095,000</u>	<u>\$ 9,278,581</u>	<u>\$ 9,840,414</u>	<u>\$ 11,828,581</u>	<u>\$ 12,935,414</u>

The general obligation bonds are composed of city improvement bonds, park improvement bonds and downtown improvement bonds.

The special assessment bonds consist of various construction projects, various sidewalk improvements, and various other improvements. The principal and interest for these bonds are paid from the collection of special assessments by the County Auditor from the specific property owners who primarily benefited from the projects.

Additional information concerning the City's debt can be found in Note 14 to the basic financial statements.

***Current Financial Issues***

2007 was a year of financial improvement for the City of New Philadelphia. Income tax revenues and interest income held steady with 2006 revenue amounts. The new High Tech Park development was very near completion with just a little finishing work necessary. The City was able to erect a new 500,000-gallon water reservoir to help service and maintain pressure in the east end of the city. The local Community Improvement Corporation, which owns the tech park lots, is ready to begin marketing the lots for potential new development. Also, the first building to be constructed will be an incubator facility and construction should begin on that in 2008.

The Kimble Manufacturing Company finalized the construction of their new manufacturing facility and the City looks forward to their contributions to the community as an employer. This company is predicting great job growth in the next several years and hopes to add several hundred individuals to their payroll.

The City also began a major upgrade of water lines in the west end of town. New and larger water lines were installed, replacing 100+-year-old lines that were causing many maintenance issues. Also as part of this project, new sidewalks with handicapped accessible areas and driveway aprons were installed. This project is scheduled to be finished in 2008 and ODOT is responsible for paving the main thoroughfare through this end of town.

**City of New Philadelphia**  
*Management's Discussion and Analysis (Continued)*  
*For the Year Ended December 31, 2007*

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***Contacting the City's Finance Department***

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Beth Gundy, Auditor of New Philadelphia, Ohio, 150 East High Ave., Suite 19 or [bgundy@newphilaoh.com](mailto:bgundy@newphilaoh.com).

**City of New Philadelphia**  
*Statement of Net Assets*  
*December 31, 2007*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 5,704,177	\$ 1,037,265	\$ 6,741,442
Cash and Cash Equivalents in Segregated Accounts	91,235	0	91,235
Accounts Receivable	221,488	582,650	804,138
Intergovernmental Receivable	1,995,591	0	1,995,591
Taxes Receivable	3,969,755	0	3,969,755
Special Assessments Receivable	54,893	0	54,893
Materials and Supplies Inventory	144,479	326,038	470,517
Non-Depreciable Capital Assets	1,199,450	1,483,399	2,682,849
Depreciable Capital Assets, Net	<u>25,412,653</u>	<u>21,390,177</u>	<u>46,802,830</u>
<i>Total Assets</i>	<u>38,793,721</u>	<u>24,819,529</u>	<u>63,613,250</u>
<b>Liabilities</b>			
Accounts Payable	152,580	70,791	223,371
Accrued Wages	228,234	50,419	278,653
Contracts Payable	745,513	10,860	756,373
Retainage Payable	13,903	0	13,903
Intergovernmental Payable	434,712	84,017	518,729
Undistributed Monies	794	0	794
Accrued Interest Payable	10,202	24,076	34,278
Deferred Revenue	1,431,932	0	1,431,932
Accrued Vacation Leave Payable	116,811	54,920	171,731
Matured Compensated Absences Payable	12,714	0	12,714
Long-Term Liabilities:			
Due Within One Year	723,964	584,879	1,308,843
Due in More Than One Year	<u>2,708,361</u>	<u>8,857,615</u>	<u>11,565,976</u>
<i>Total Liabilities</i>	<u>6,579,720</u>	<u>9,737,577</u>	<u>16,317,297</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	23,329,064	14,900,775	38,229,839
Restricted for Debt Service	443,506	0	443,506
Restricted for Capital Outlay	1,544,736	0	1,544,736
Restricted for Other Purposes	1,180,555	0	1,180,555
Unrestricted	<u>5,716,140</u>	<u>181,177</u>	<u>5,897,317</u>
<i>Total Net Assets</i>	<u>\$ 32,214,001</u>	<u>\$ 15,081,952</u>	<u>\$ 47,295,953</u>

See accompanying notes to the basic financial statements.

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**City of New Philadelphia**  
*Statement of Activities*  
For the Year Ended December 31, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 3,644,560	\$ 1,026,386	\$ 0	\$ 0	\$ (2,618,174)	\$ 0	\$ (2,618,174)
Security of Persons and Property	4,189,089	401,851	38,039	9,522	(3,739,677)	0	(3,739,677)
Public Health	582,184	202,472	0	0	(379,712)	0	(379,712)
Leisure Time Services	929,185	100,808	21,000	12,883	(794,494)	0	(794,494)
Community and Economic Development	551,363	148,924	0	2,247,512	1,845,073	0	1,845,073
Basic Utility Services	1,217,526	892,149	141,242	0	(184,135)	0	(184,135)
Transportation	2,141,831	81,697	896,786	24,023	(1,139,325)	0	(1,139,325)
Interest and Fiscal Charges	143,833	0	0	0	(143,833)	0	(143,833)
<i>Total Governmental Activities</i>	<u>13,399,571</u>	<u>2,854,287</u>	<u>1,097,067</u>	<u>2,293,940</u>	<u>(7,154,277)</u>	<u>0</u>	<u>(7,154,277)</u>
<b>Business-Type Activities</b>							
Water	2,264,036	2,077,733	0	0	0	(186,303)	(186,303)
Sewer	1,498,797	1,783,413	0	0	0	284,616	284,616
<i>Total Business-Type Activities</i>	<u>3,762,833</u>	<u>3,861,146</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>98,313</u>	<u>98,313</u>
<i>Total - Primary Government</i>	<u>\$ 17,162,404</u>	<u>\$ 6,715,433</u>	<u>\$ 1,097,067</u>	<u>\$ 2,293,940</u>	<u>(7,154,277)</u>	<u>98,313</u>	<u>(7,055,964)</u>
<b>General Revenues:</b>							
Property Taxes Levied for:							
					964,541	0	964,541
					849,781	0	849,781
Income Taxes Levied for:							
					2,316,562	0	2,316,562
					4,848,653	0	4,848,653
					1,627,192	0	1,627,192
					378,341	0	378,341
					141,372	54,144	195,516
<i>Total General Revenues</i>					<u>11,126,442</u>	<u>54,144</u>	<u>11,180,586</u>
Transfers					(728,500)	728,500	0
<i>Total General Revenues and Transfers</i>					<u>10,397,942</u>	<u>782,644</u>	<u>11,180,586</u>
<i>Change in Net Assets</i>					<u>3,243,665</u>	<u>880,957</u>	<u>4,124,622</u>
<i>Net Assets Beginning of Year</i>					<u>28,970,336</u>	<u>14,200,995</u>	<u>43,171,331</u>
<i>Net Assets End of Year</i>					<u>\$ 32,214,001</u>	<u>\$ 15,081,952</u>	<u>\$ 47,295,953</u>

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2007*

	General	Safety Forces Operation	High Tech Park	All Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 2,172,597	\$ 515,239	\$ 69,857	\$ 2,946,484	\$ 5,704,177
Cash and Cash Equivalents in Segregated Accounts	0	0	0	91,235	91,235
Accounts Receivable	31,467	0	0	190,021	221,488
Intergovernmental Receivable	813,184	0	357,091	825,316	1,995,591
Taxes Receivable	1,802,240	815,731	0	1,351,784	3,969,755
Special Assessments Receivable	0	0	0	54,893	54,893
Materials and Supplies Inventory	55,278	0	0	89,201	144,479
<i>Total Assets</i>	<u>\$ 4,874,766</u>	<u>\$ 1,330,970</u>	<u>\$ 426,948</u>	<u>\$ 5,548,934</u>	<u>\$ 12,181,618</u>
<b>Liabilities</b>					
Accounts Payable	32,180	11,028	0	109,372	152,580
Accrued Wages	62,580	103,403	0	62,251	228,234
Contracts Payable	6,937	0	416,111	322,465	745,513
Retainage Payable	0	0	0	13,903	13,903
Intergovernmental Payable	168,717	13,548	0	252,447	434,712
Undistributed Monies	0	0	0	794	794
Deferred Revenue	1,991,102	354,419	10,836	1,639,981	3,996,338
Matured Compensated Absences Payable	0	3,991	0	8,723	12,714
<i>Total Liabilities</i>	<u>2,261,516</u>	<u>486,389</u>	<u>426,947</u>	<u>2,409,936</u>	<u>5,584,788</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	100,803	11,982	12,000	50,930	175,715
Reserved for Unclaimed Monies	28,198	0	0	0	28,198
Unreserved, Undesignated, Reported in:					
General Fund	2,484,249	0	0	0	2,484,249
Special Revenue Funds	0	832,599	0	1,812,569	2,645,168
Debt Service Funds	0	0	0	373,738	373,738
Capital Projects Funds	0	0	(11,999)	475,892	463,893
Permanent Funds	0	0	0	425,869	425,869
<i>Total Fund Balances</i>	<u>2,613,250</u>	<u>844,581</u>	<u>1</u>	<u>3,138,998</u>	<u>6,596,830</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 4,874,766</u>	<u>\$ 1,330,970</u>	<u>\$ 426,948</u>	<u>\$ 5,548,934</u>	<u>\$ 12,181,618</u>

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2007*

<b>Total Governmental Fund Balances</b>		\$ 6,596,830
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		26,612,103
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	\$ 119,599	
Income Tax	1,045,380	
Intergovernmental	1,290,636	
Charges for Services	53,898	
Special Assessments	54,893	
Total		2,564,406
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(10,202)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(2,495,822)	
Special Assessment Bonds	(54,178)	
Accrued Vacation Leave Payable	(116,811)	
Compensated Absences	(882,325)	
Total		(3,549,136)
<i>Net Assets of Governmental Activities</i>		\$ 32,214,001

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

	General	Safety Forces Operation	High Tech Park	All Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$ 957,366	\$ 0	\$ 0	\$ 862,932	\$ 1,820,298
Income Taxes	2,049,094	2,252,672	0	2,093,931	6,395,697
Special Assessments	0	0	0	59,488	59,488
Charges for Services	126,823	0	0	1,522,754	1,649,577
Licenses and Permits	18,199	0	0	148,924	167,123
Fines and Forfeitures	347,079	0	0	601,258	948,337
Intergovernmental	1,311,995	0	2,025,982	1,657,135	4,995,112
Interest	340,898	0	0	37,443	378,341
Rent	42,347	0	0	43,051	85,398
Contributions and Donations	22,405	0	0	21,000	43,405
Other	56,608	0	0	83,739	140,347
<i>Total Revenues</i>	<u>5,272,814</u>	<u>2,252,672</u>	<u>2,025,982</u>	<u>7,131,655</u>	<u>16,683,123</u>
<b>Expenditures</b>					
Current:					
General Government	2,182,290	0	0	947,717	3,130,007
Security of Persons and Property	1,201,321	1,984,302	0	850,027	4,035,650
Public Health	247,382	0	0	263,829	511,211
Leisure Time Services	627,997	0	0	0	627,997
Community and Economic Development	0	0	0	404,777	404,777
Basic Utility Services	0	0	0	1,150,392	1,150,392
Transportation	27,189	0	0	1,486,486	1,513,675
Capital Outlay	167,425	3,680	2,339,423	1,633,853	4,144,381
Debt Service:					
Principal Retirement	3,047	0	0	545,000	548,047
Interest and Fiscal Charges	122	0	0	145,785	145,907
<i>Total Expenditures</i>	<u>4,456,773</u>	<u>1,987,982</u>	<u>2,339,423</u>	<u>7,427,866</u>	<u>16,212,044</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>816,041</u>	<u>264,690</u>	<u>(313,441)</u>	<u>(296,211)</u>	<u>471,079</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	80,969	80,969
Proceeds from Sale of Capital Assets	1,025	0	0	0	1,025
Transfers Out	(53,213)	0	0	(27,756)	(80,969)
<i>Total Other Financing Sources (Uses)</i>	<u>(52,188)</u>	<u>0</u>	<u>0</u>	<u>53,213</u>	<u>1,025</u>
<i>Net Change in Fund Balance</i>	763,853	264,690	(313,441)	(242,998)	472,104
<i>Fund Balance Beginning of Year</i>	<u>1,849,397</u>	<u>579,891</u>	<u>313,442</u>	<u>3,381,996</u>	<u>6,124,726</u>
<i>Fund Balance End of Year</i>	<u>\$ 2,613,250</u>	<u>\$ 844,581</u>	<u>\$ 1</u>	<u>\$ 3,138,998</u>	<u>\$ 6,596,830</u>

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
December 31, 2007*

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**Net Change in Fund Balances - Total Governmental Funds** \$ 472,104

*Amounts reported for governmental activities in the  
statement of activities are different because*

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. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Asset Additions	\$	2,868,719	
Current Year Depreciation		<u>(1,187,366)</u>	
 Total			 1,681,353

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (113,660)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent Property Taxes		(5,976)	
Income Tax		769,518	
Intergovernmental		(20,318)	
Charges for Services		3,852	
Special Assessments		<u>(59,488)</u>	
 Total			 687,588

Repayment of bond principal and capital lease principal payments are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 548,047

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 2,074

Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Vacation Leave Payable		(5,170)	
Compensated Absences		<u>(28,671)</u>	
 Total			 <u>(33,841)</u>

*Change in Net Assets of Governmental Activities* \$ 3,243,665

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2007*

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Property Taxes	\$ 1,082,488	\$ 950,500	\$ 957,366	\$ 6,866
Income Taxes	1,908,700	2,070,000	2,010,778	(59,222)
Charges for Services	87,100	105,400	126,823	21,423
Licenses and Permits	5,000	16,000	18,199	2,199
Fines and Forfeitures	345,700	325,700	350,447	24,747
Intergovernmental	1,276,152	1,299,000	1,397,328	98,328
Interest	250,000	307,790	341,225	33,435
Rent	35,000	12,000	41,715	29,715
Contributions and Donations	3,730	8,380	22,405	14,025
Other	63,630	31,730	52,800	21,070
<i>Total Revenues</i>	<u>5,057,500</u>	<u>5,126,500</u>	<u>5,319,086</u>	<u>192,586</u>
<b>Expenditures</b>				
Current:				
General Government	2,387,970	2,539,270	2,221,283	317,987
Security of Persons and Property	1,603,566	1,428,566	1,305,230	123,336
Public Health	278,352	278,352	262,368	15,984
Leisure Time Services	649,878	656,078	630,077	26,001
Transportation	37,696	37,696	27,244	10,452
Capital Outlay	389,594	403,594	250,941	152,653
Debt Service:				
Principal Retirements	60,000	60,000	3,047	56,953
Interest and Fiscal Charges	0	0	122	(122)
<i>Total Expenditures</i>	<u>5,407,056</u>	<u>5,403,556</u>	<u>4,700,312</u>	<u>703,244</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(349,556)</u>	<u>(277,056)</u>	<u>618,774</u>	<u>895,830</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	1,000	1,025	25
Transfers Out	(190,000)	(190,000)	(53,213)	(136,787)
<i>Total Other Financing Sources (Uses)</i>	<u>(190,000)</u>	<u>(189,000)</u>	<u>(52,188)</u>	<u>(136,762)</u>
<i>Net Change in Fund Balance</i>	(539,556)	(466,056)	566,586	1,032,592
<i>Fund Balance Beginning of Year</i>	1,393,014	1,393,014	1,393,014	0
Prior Year Encumbrances Appropriated	75,235	75,235	75,235	0
<i>Fund Balance End of Year</i>	<u>\$ 928,693</u>	<u>\$ 1,002,193</u>	<u>\$ 2,034,835</u>	<u>\$ 1,032,592</u>

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Safety Forces Operation Fund*  
*For the Year Ended December 31, 2007*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenue</b>				
Income Taxes	\$ 1,800,000	\$ 2,200,000	\$ 2,241,277	\$ 41,277
<b>Expenditures</b>				
Current:				
Security of Persons and Property	1,868,233	2,083,233	2,027,868	55,365
Capital Outlay	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,878,233</u>	<u>2,093,233</u>	<u>2,037,868</u>	<u>55,365</u>
<i>Net Change in Fund Balance</i>	(78,233)	106,767	203,409	96,642
<i>Fund Balance Beginning of Year</i>	284,098	284,098	284,098	0
Prior Year Encumbrances Appropriated	<u>5,106</u>	<u>5,106</u>	<u>5,106</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 210,971</u></u>	<u><u>\$ 395,971</u></u>	<u><u>\$ 492,613</u></u>	<u><u>\$ 96,642</u></u>

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*December 31, 2007*

	Enterprise Funds		
	Water	Sewer	Totals
<b>Assets</b>			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$ 505,688	\$ 531,577	\$ 1,037,265
Accounts Receivable	305,221	277,429	582,650
Materials and Supplies Inventory	308,992	17,046	326,038
<i>Total Current Assets</i>	<u>1,119,901</u>	<u>826,052</u>	<u>1,945,953</u>
<i>Non-Current Assets:</i>			
Non-Depreciable Capital Assets	1,448,345	35,054	1,483,399
Depreciable Capital Assets, Net	9,194,280	12,195,897	21,390,177
<i>Total Non-Current Assets</i>	<u>10,642,625</u>	<u>12,230,951</u>	<u>22,873,576</u>
<i>Total Assets</i>	<u>11,762,526</u>	<u>13,057,003</u>	<u>24,819,529</u>
<b>Liabilities</b>			
<i>Current Liabilities:</i>			
Accounts Payable	60,062	10,729	70,791
Accrued Wages	28,497	21,922	50,419
Contracts Payable	10,860	0	10,860
Intergovernmental Payable	47,975	36,042	84,017
Accrued Interest Payable	0	24,076	24,076
Accrued Vacation Leave Payable	37,132	17,788	54,920
Compensated Absences Payable	8,019	12,776	20,795
OPWC Loans Payable	5,000	27,500	32,500
OWDA Loans Payable	0	531,584	531,584
<i>Total Current Liabilities</i>	<u>197,545</u>	<u>682,417</u>	<u>879,962</u>
<i>Long-Term Liabilities:</i>			
Compensated Absences Payable - Net of Current Portion	96,008	47,110	143,118
OPWC Loans Payable - Net of Current Portion	82,500	292,500	375,000
OWDA Loans Payable - Net of Current Portion	0	8,339,497	8,339,497
<i>Total Long-Term Liabilities</i>	<u>178,508</u>	<u>8,679,107</u>	<u>8,857,615</u>
<i>Total Liabilities</i>	<u>376,053</u>	<u>9,361,524</u>	<u>9,737,577</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	10,544,265	4,356,510	14,900,775
Unrestricted	842,208	(661,031)	181,177
<i>Total Net Assets</i>	<u>\$ 11,386,473</u>	<u>\$ 3,695,479</u>	<u>\$ 15,081,952</u>

See accompanying notes to the basic financial statements.



**City of New Philadelphia**  
*Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Proprietary Funds*  
*For the Year Ended December 31, 2007*

	Enterprise Funds		
	Water	Sewer	Totals
<b>Operating Revenues</b>			
Charges for Services	\$ 2,046,450	\$ 1,776,863	\$ 3,823,313
Tap-In Fees	31,283	6,550	37,833
<i>Total Operating Revenues</i>	<u>2,077,733</u>	<u>1,783,413</u>	<u>3,861,146</u>
<b>Operating Expenses</b>			
Salaries and Wages	711,659	538,923	1,250,582
Fringe Benefits	302,870	229,340	532,210
Contractual Services	564,117	49,611	613,728
Materials and Supplies	261,750	171,306	433,056
Depreciation	423,640	460,902	884,542
<i>Total Operating Expenses</i>	<u>2,264,036</u>	<u>1,450,082</u>	<u>3,714,118</u>
<i>Operating Income (Loss)</i>	<u>(186,303)</u>	<u>333,331</u>	<u>147,028</u>
<b>Non-Operating Revenue (Expense)</b>			
Other Revenue	1,759	52,385	54,144
Interest and Fiscal Charges	0	(48,715)	(48,715)
<i>Total Non-Operating Revenue (Expense)</i>	<u>1,759</u>	<u>3,670</u>	<u>5,429</u>
<i>Income (Loss) Before Contributions</i>	(184,544)	337,001	152,457
Capital Contributions	534,532	193,968	728,500
<i>Change in Net Assets</i>	349,988	530,969	880,957
<i>Net Assets Beginning of Year</i>	<u>11,036,485</u>	<u>3,164,510</u>	<u>14,200,995</u>
<i>Net Assets End of Year</i>	<u>\$ 11,386,473</u>	<u>\$ 3,695,479</u>	<u>\$ 15,081,952</u>

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2007

	Enterprise Funds		
	Water	Sewer	Totals
<b>Decrease in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 2,072,033	\$ 1,775,143	\$ 3,847,176
Cash Payments to Suppliers for Goods and Services	(264,070)	(127,670)	(391,740)
Cash Payments to Employees	(1,020,545)	(771,514)	(1,792,059)
Cash Payments for Contractual Services	(562,530)	(103,696)	(666,226)
<i>Net Cash Provided by Operating Activities</i>	<u>224,888</u>	<u>772,263</u>	<u>997,151</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Other Receipts	1,035	37,385	38,420
Principal Payments on Debt	0	(82,290)	(82,290)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>1,035</u>	<u>(44,905)</u>	<u>(43,870)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of Capital Assets	(580,367)	(597,904)	(1,178,271)
Disposal of Capital Assets	869	67,658	68,527
Principal Payments on Debt	(5,000)	(474,543)	(479,543)
Interest Payments on Debt	0	(49,834)	(49,834)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(584,498)</u>	<u>(1,054,623)</u>	<u>(1,639,121)</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(358,575)	(327,265)	(685,840)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>864,263</u>	<u>858,842</u>	<u>1,723,105</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 505,688</u>	<u>\$ 531,577</u>	<u>\$ 1,037,265</u>

(Continued)

**City of New Philadelphia**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2007

	Enterprise Funds		
	Water	Sewer	Totals
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>			
Operating Income (Loss)	\$ (186,303)	\$ 333,331	147,028
Adjustments:			
Depreciation	423,640	460,902	884,542
Increase in Assets:			
Accounts Receivable	(5,700)	(8,270)	(13,970)
Materials and Supplies Inventory	(3,399)	(832)	(4,231)
Increase (Decrease) in Liabilities:			
Accounts Payable	2,666	(9,617)	(6,951)
Accrued Wages	3,612	2,262	5,874
Accrued Vacation Leave Payable	1,550	669	2,219
Compensated Absences Payable	(10,913)	(6,295)	(17,208)
Intergovernmental Payable	(265)	113	(152)
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 224,888</u>	<u>\$ 772,263</u>	<u>\$ 997,151</u>

**Noncash Capital Financing Activities:**

During 2007, capital assets were donated by governmental activities to the water and sewer enterprise funds in the amount of \$534,532 and \$193,968 respectively.

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2007*

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	<u>Agency Funds</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 105,197
Cash and Cash Equivalents in Segregated Accounts	166,939
Accounts Receivable	<u>2,539</u>
<i>Total Assets</i>	<u><u>\$ 274,675</u></u>
<b>Liabilities</b>	
Undistributed Monies	<u><u>\$ 274,675</u></u>

See accompanying notes to the basic financial statements.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements*  
*December 31, 2007*

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**NOTE 1: REPORTING ENTITY**

The City of New Philadelphia (the “City”) is a municipal corporation, established under the laws of the State of Ohio. The City operates under a Council-Mayor form of government. The Mayor, Council, Auditor, Treasurer and Law Director are elected.

In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments, and organizations making up the City (the primary government) and its potential component units consistent with Government Accounting Standards Board Statements No. 14, “The Financial Reporting Entity” and No. 39, “Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14”.

The City provides various services including police and fire protection, emergency medical, water and sewer services, parks and recreation, planning, zoning, street maintenance and repair, refuse collection and general administrative services. The operation of each of these activities is directly controlled by the Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization’s governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization’s resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the levying of taxes or the issuance of debt. The City does not have any component units.

New Philadelphia Airport and New Philadelphia City School District have been excluded from the accompanying basic financial statements. Both are legally separate from the City. Neither imposes a financial burden nor provides a financial benefit to the City. The City cannot significantly influence the operations of these entities.

The City is associated with certain organizations which are defined as Jointly Governed Organizations. These organizations are presented in the notes to the basic financial statements (See Note 17). These organizations are:

Community Improvement Corporation of Tuscarawas County  
Southeastern Ohio Narcotics Team (S.E.N.T.)  
Ohio Mid-Eastern Governments Association (OMEGA)  
Tax Incentive Review Council (TIRC)

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
*December 31, 2007*

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

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The entity has elected not to apply FASB pronouncements and Interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The most significant of the City's accounting policies are described below.

***A. Basis of Presentation***

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. 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 charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

***Fund Financial Statements*** During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
*December 31, 2007*

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

***B. Fund Accounting***

The City 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 liabilities is reported as fund balance. The following are the City's major governmental funds:

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

***Safety Forces Operation Fund*** The safety forces operation special revenue fund is used to account for revenues and expenditures used to provide security for persons and property.

***High Tech Park Fund*** The high tech park capital projects fund is used to account for revenues and expenditures related to the construction of the High Tech Park.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

***Proprietary Funds*** Proprietary fund reporting focuses on the determination of operating income, changes in net asset, financial position, and cash flows. The following is the City's proprietary fund type:

***Enterprise Funds*** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The water and sewer funds are the City's major enterprise funds.

***Water Fund*** – The water fund accounts for the provision of water service to the residents and commercial users located within the City.

***Sewer Fund*** – The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
*December 31, 2007*

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

***Fiduciary Funds*** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for court collections that are distributed to various other governmental entities.

***C. Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

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

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

***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the 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 revenue, and in the presentation of expenses versus expenditures.



**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
*December 31, 2007*

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

**Revenues - Exchange and Non-Exchange 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 City, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6.) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the 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: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and entitlements, and rentals.

**Deferred Revenue** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**Expenses/Expenditures** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
*December 31, 2007*

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

***E. Pooled Cash and Cash Equivalents***

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

Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating certificates of deposit and repurchase agreements, which are reported at cost.

During 2007, investments were limited to STAROhio, (the State Treasury Asset Reserve of Ohio), certificates of deposit and money market accounts.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2007.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2007 amounted to \$340,898, which includes \$246,414 assigned from other City funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City's treasury. See Note 6, Deposits and Investments.

***F. Materials and Supplies Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies.

***G. Capital Assets***

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2007

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

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

All reported capital assets, except for land and construction-in-progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Building Improvements	30-40 Years	30-40 Years
Improvements Other Than Buildings	10-50 Years	10-50 Years
Machinery and Equipment	10-30 Years	10-30 Years
Furniture and Fixtures	10-30 Years	20 Years
Vehicles	10 Years	10 Years
Infrastructure	42-50 Years	42-50 Years

The City's infrastructure consists of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, sewer systems, and water systems.

***H. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

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

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
*December 31, 2007*

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

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

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund 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 fiscal year. Bonds, capital leases, and long-term loans are recognized as a liability on the government fund financial statements when due.

***J. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. At December 31, 2007, \$68,184 of the City's net assets were restricted by enabling legislation.

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

***K. Fund Balance Reserves***

The City reserves those portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund balance reserves are established for encumbrances, and unclaimed monies.

***L. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and sewer services. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
*December 31, 2007*

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

***M. Contributions of Capital***

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, of grants or outside contributions of resources restricted to capital acquisition and construction.

***N. Interfund Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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 and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***O. 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 City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the current year.

***P. Estimates***

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

***Q. Budgetary Data***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternative tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level within each department in the general fund and at the object level for all other funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
*December 31, 2007*

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time the final appropriations were enacted by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

***R. Changes in Accounting Principles***

For the year ended 2007, the City has implemented GASB Statement No. 48, "*Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*". GASB Statement No. 48 provides guidance on accounting for sales and pledges of receivables and future revenues. The Statement also requires governments to disclose in the notes to the financial statements the amount of future revenues that have been pledged or sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the City; however, additional disclosure related to revenues pledged for the repayment of debt has been provided in Note 14.

**NOTE 3: BUDGETARY BASIS OF ACCOUNTING**

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

The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund and the safety forces operation fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditure/expenses (budget) rather than as a reservation of fund balance (GAAP).

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2007

**NOTE 3: BUDGETARY BASIS OF ACCOUNTING (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and the safety forces operation major special revenue funds.

	General	Safety Forces Operation
GAAP Basis	\$ 787,345	\$ 244,541
Revenue accruals	22,780	8,754
Expenditure accruals	(107,182)	(27,259)
Encumbrances	(136,357)	(22,627)
Budget Basis	\$ 566,586	\$ 203,409

**NOTE 4: FUND DEFICITS**

Fund balances at December 31, 2007 included fund balance deficits in the public health fund, police and fire pension fund and the OPWC fund of \$370, \$56,372 and \$88,324, respectively. The deficits in these funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

**NOTE 5: DEPOSITS AND INVESTMENTS**

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

Active monies are public deposits necessary to meet the demands on the treasury. Such monies must be maintained either as cash by the City, 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 Council 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 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.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
*December 31, 2007*

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**NOTE 5: DEPOSITS AND INVESTMENTS (Continued)**

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by certificate, upon receipt of confirmation of transfer from the custodian.



**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2007

**NOTE 5: DEPOSITS AND INVESTMENTS (Continued)**

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the City's name. During 2007, the City and public depositories complied with the provisions of these statutes.

**Deposits with Financial Institutions**

Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City.

At year-end, the carrying amount of the City's deposits was \$6,108,282. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2007, \$5,874,357 of the City's bank balance of \$6,465,592 was exposed to custodial risk as discussed above, \$91,235 was uninsured and uncollateralized, while \$500,000 was covered by Federal Deposit Insurance Corporation.

**Investments**

As of December 31, 2007, the City had the following investment and maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>6 Months or Less</u>
STAROhio	<u>\$ 996,531</u>	<u>\$ 996,531</u>

***Interest Rate Risk*** The City has no investment policy to address interest rate risk in place at this time.

***Credit Risk*** Standard & Poor's has assigned STAROhio an AAAM rating.

***Concentration of Credit Risk*** The following table includes the percentage to total of each investment type held by the City at December 31, 2007:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
STAROhio	<u>\$ 996,531</u>	<u>100.00%</u>

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
*December 31, 2007*

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**NOTE 6:      PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) are for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2007.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien on December 31, 2006, are levied after October 1, 2007, and are collected in 2007 with real property taxes.

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2007, on the value as of December 31, 2006. For 2007, tangible personal property is assessed at 12.5 percent for property including inventory. This percentage will be reduced to 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all City operations for the year ended December 31, 2007 was \$9.67 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$ 297,473,030
Public Utility Real Property and Minerals	63,490
Public Utility Tangible Property	9,089,140
Tangible Personal Property	<u>22,736,629</u>
Total	<u>\$ 329,362,289</u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable at September 20.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
*December 31, 2007*

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**NOTE 6: PROPERTY TAXES (Continued)**

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of New Philadelphia. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2007 and for which there is an enforceable legal claim. In the general fund; police pension, fire pension and police and fire operating special revenue funds; and general obligation bond debt service fund; the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2007 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

**NOTE 7: RECEIVABLES**

Receivables at December 31, 2007 consisted of taxes, accounts (billed and unbilled user charged services), special assessments, loans (community development block grant monies loaned to local businesses) and intergovernmental receivables arising from grants, entitlements and shared revenues. Taxes, accounts, special assessments and intergovernmental receivables are deemed collectible in full.

Special assessments expected to be collected amount to \$54,893 in the downtown improvement bond retirement fund. At December 31, 2007 the amount of the delinquent special assessments was \$2,217.

**NOTE 8: INCOME TAX**

The City levies a municipal income tax of 1.5 percent on gross salaries, wages and other personal service compensation earned by residents of the City and on the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City. Residents of the City are granted a credit up to 1.5 percent for taxes paid to other municipalities.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. The street lighting special revenue fund, fire truck note fund, and the debt service fund receive an allocation from the income tax that is established annually by Council. The balance is allocated 51 percent to the general fund, 25 percent to the master capital improvement capital projects fund, 13 percent to the street maintenance and repair special revenue fund, 8 percent to the police and fire pension special revenue fund, and 3 percent to the cemetery special revenue fund.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2007

**NOTE 9: CAPITAL ASSETS**

A summary of changes in capital assets during 2007 follows:

	12/31/2006	Additions	Deletions	12/31/2007
<b>Governmental Activities</b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 826,576	\$ 0	\$ 0	\$ 826,576
Construction in Progress	765,514	1,681,222	(2,073,862)	372,874
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,592,090</u>	<u>1,681,222</u>	<u>(2,073,862)</u>	<u>1,199,450</u>
<i>Capital Assets Being Depreciated</i>				
Buildings and Building Improvements	7,239,123	0	0	7,239,123
Improvements Other than Buildings	4,997,033	110,288	0	5,107,321
Machinery and Equipment	3,262,518	196,575	(118,844)	3,340,249
Furniture and Fixtures	110,091	0	0	110,091
Vehicles	3,418,931	302,882	(9,850)	3,711,963
Infrastructure	22,441,580	2,651,614	0	25,093,194
<i>Total Capital Assets, Being Depreciated</i>	<u>41,469,276</u>	<u>3,261,359</u>	<u>(128,694)</u>	<u>44,601,941</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Building Improvements	(2,727,149)	(156,161)	0	(2,883,310)
Improvements Other than Buildings	(1,439,878)	(150,990)	0	(1,590,868)
Machinery and Equipment	(2,238,837)	(165,446)	11,291	(2,392,992)
Furniture and Fixtures	(81,058)	(3,718)	0	(84,776)
Vehicles	(2,515,042)	(125,607)	3,743	(2,636,906)
Infrastructure	(9,014,992)	(585,444)	0	(9,600,436)
<i>Total Accumulated Depreciation</i>	<u>(18,016,956)</u>	<u>(1,187,366) *</u>	<u>15,034</u>	<u>(19,189,288)</u>
<i>Total Capital Assets Being Depreciated</i>	<u>23,452,320</u>	<u>2,073,993</u>	<u>(113,660)</u>	<u>25,412,653</u>
<i>Total Governmental Capital Assets, Net</i>	<u>\$ 25,044,410</u>	<u>\$ 3,755,215</u>	<u>\$ (2,187,522)</u>	<u>\$ 26,612,103</u>

\*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 252,206
Basic Utility Services	46,573
Leisure Time Services	194,966
Public Health	4,127
Security of Persons and Property	69,506
Transportation	619,988
<b>Total</b>	<u>\$ 1,187,366</u>

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2007

**NOTE 9: CAPITAL ASSETS (Continued)**

	Balance 12/31/2006	Additions	Deletions	Balance 12/31/2007
<b>Business-Type Activities</b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 41,899	\$ 0	\$ 0	\$ 41,899
Construction in Progress	1,002,957	925,543	(487,000)	1,441,500
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,044,856</u>	<u>925,543</u>	<u>(487,000)</u>	<u>1,483,399</u>
<i>Capital Assets, Being Depreciated</i>				
Buildings	8,822,478	0	0	8,822,478
Improvements Other than Buildings	6,638,782	30,835	0	6,669,617
Machinery and Equipment	4,101,902	144,727	(69,300)	4,177,329
Furniture and Fixtures	20,554	0	0	20,554
Vehicles	737,135	4,000	(27,659)	713,476
Sewer lines	5,218,794	721,703	0	5,940,497
Water lines	11,935,422	338,471	0	12,273,893
<i>Total Capital Assets, Being Depreciated</i>	<u>37,475,067</u>	<u>1,239,736</u>	<u>(96,959)</u>	<u>38,617,844</u>
<i>Less Accumulated Depreciation:</i>				
Buildings	(3,541,033)	(235,882)	0	(3,776,915)
Improvements other than buildings	(871,203)	(195,676)	0	(1,066,879)
Machinery and equipment	(3,352,772)	(107,056)	17,156	(3,442,672)
Furniture and fixtures	(19,526)	0	0	(19,526)
Vehicles	(614,523)	(25,701)	26,276	(613,948)
Sewer lines	(2,117,410)	(78,695)	0	(2,196,105)
Water lines	(5,870,090)	(241,532)	0	(6,111,622)
<i>Total Accumulated Depreciation</i>	<u>(16,386,557)</u>	<u>(884,542)</u>	<u>43,432</u>	<u>(17,227,667)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>21,088,510</u>	<u>355,194</u>	<u>(53,527)</u>	<u>21,390,177</u>
<i>Total Business-Type Capital Assets, Net</i>	<u>\$ 22,133,366</u>	<u>\$ 1,280,737</u>	<u>\$ (540,527)</u>	<u>\$ 22,873,576</u>

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2007

**NOTE 10: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2007, the City contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible</u>
Scottsdale Indemnity Co.	Public Officials Liability	\$ 5,000
	Law Enforcement Liability	5,000
	Building and personal property	5,000
	Boiler and machinery	5,000
	Commercial inland marine	1,000
Westfield	Commercial auto	\$250 comprehensive \$1,000 collision
Scottsdale Indemnity Co.	General Liability	None

There has been no reduction in coverage from the prior year. Settled claims did not exceed coverage in any of the last three years.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs to provide coverage to employees for job related injuries.

**NOTE 11: DEFINED BENEFIT PENSION PLANS**

***A. Ohio Public Employees Retirement System***

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing multiple-employer deferred benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
*December 31, 2007*

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**NOTE 11: DEFINED BENEFIT PENSION PLANS (Continued)**

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The employer contribution rate for pension benefits for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 17.17 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions. The City pays 4.5 percent of the 9.5 percent employee contribution as an additional benefit to certain employees in the AFSCME Union and Municipal Court.

The City's required contributions for pension obligations to all three plans for the years ended December 31, 2007, 2006 and 2005 were \$655,889, \$644,527 and \$617,138, respectively. 73.5 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

***B. Ohio Police and Fire Pension Fund***

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by state statute. The City's contributions to the OP&F for police and firefighters were \$199,575 and \$290,492 for the year ended December 31, 2007, \$200,742 and \$276,640 for the year ended December 31, 2006, and \$190,843 and \$265,955 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005 and 72 percent and 73.2 percent, respectively, has been contributed for 2007.

**NOTE 12: POSTEMPLOYMENT BENEFITS**

***A. Ohio Public Employees Retirement System***

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement); 5 percent of covered payroll was the portion that was used to fund health care from January 1 to June 30, 2007 and 6.0 percent from July 1 to December 31, 2007.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
*December 31, 2007*

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**NOTE 12: POSTEMPLOYMENT BENEFITS (Continued)**

Benefits are advance-funded using the entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006 (the latest information available), include a return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50 to 5 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979 as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006 actuarial valuation was 362,130. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$260,454. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2007, which will allow additional funds to be allocated to the health care plan.

***B. Ohio Police and Fire Pension Fund***

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care cost paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 6.75 percent of covered payroll was applied to the postemployment health care program during 2007 and 7.75 during 2006. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.



**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
*December 31, 2007*

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**NOTE 12: POSTEMPLOYMENT BENEFITS (Continued)**

The City's actual contributions for 2007 that were used to fund postemployment benefits were \$69,053 for police and \$81,628 for firefighters. The OP&F's total health care expense for the year ended December 31, 2006, (the latest information available) was \$120,373,722, which was net of member contributions of \$58,532,848. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006 was 14,120 for police and 10,563 for firefighters.

**NOTE 13: OTHER EMPLOYEE BENEFITS**

***A. Additional Insurance***

The City contracts with AultCare for major medical insurance, Vision Service Plan for vision insurance for all full-time employees, and AFSCME Care Plan for full-time AFSCME union employees. The City pays \$2.07 for single eye care, \$4.67 for family eye care and \$26 for dental insurance premiums. Employees have a choice of 3 health care plans:

Option 1: The City pays: \$708.75 family, employee pays \$75 for a total of \$783.75  
\$307.25 single, employee pays \$34 for a total of \$341.25

Option 2: The City pays: \$627.40 family  
\$272.95 single

Option 3: HSA: The City pays: \$555.40 family  
\$241.80 single

The City also contributes to each employee: \$864.00 family  
\$373.80 single

These premiums are paid from the same funds that pay the employees' salaries.

The City provides life insurance and accidental death and dismemberment insurance to all full-time employees through American United Life.

***B. Compensated Absences***

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Employees earn two to six weeks of vacation per year, depending upon length of service. Vacation accumulation is limited to one year. All accumulated unused vacation time is paid upon termination of employment.

Employees earn sick leave at the rate of 4.6 hours for every 80 hours worked for city employees and police officers, and at a rate of 6.44 hours for every 112 hours of service for firefighters. Sick leave accumulation is limited based on years of service and is paid upon retirement. As of December 31, 2007, the total liability for unpaid compensated absences was \$1,046,238.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2007

**NOTE 14: LONG-TERM OBLIGATIONS**

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<b>Governmental Activities</b>			
Downtown Improvement Bonds - 1990	6.1-7.25%	\$ 285,235	December 1, 2008
City Improvement Bonds - 2002	2.3-5.0	3,745,000	December 1, 2021
Park Improvement Bonds - 2002	3.6-5.5	1,270,000	December 1, 2008
Special Assessment Bonds - 1990	6.1-7.25	599,765	December 1, 2008
<b>Business-Type Activities</b>			
Ohio Public Works Commission - 1991	0.00	\$ 200,000	January 1, 2012
Ohio Public Works Commission - 2003	0.00	350,000	July 1, 2023
Ohio Public Works Commission - 2004	0.00	100,000	July 1, 2024
Ohio Water Development Water Authority - 2001	0.20	8,263,204	July 1, 2023
Ohio Water Development Water Authority - 2002	0.00	1,645,800	July 1, 2023
Ohio Water Development Water Authority - 2003	3.53	875,008	July 1, 2023
Ohio Water Development Water Authority - 2005	4.25	211,630	July 1, 2030

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**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2007

**NOTE 14: LONG-TERM OBLIGATIONS (Continued)**

Changes in the long-term obligations of the City during 2007 were as follows:

	Amount			Amount	Amounts
	Outstanding	Additions	(Reductions)	Outstanding	Due in
	01/01/2007			12/31/2007	One Year
<b>Governmental Activities</b>					
<b>General Obligation Bonds</b>					
Downtown Improvement Bonds	\$ 50,002	\$ 0	\$ (24,180)	\$ 25,822	\$ 25,822
City Improvement Bonds	2,540,000	0	(270,000)	2,270,000	285,000
Park Improvements Bonds	400,000	0	(200,000)	200,000	200,000
<i>Total General Obligation Bonds</i>	<u>2,990,002</u>	<u>0</u>	<u>(494,180)</u>	<u>2,495,822</u>	<u>510,822</u>
Special Assessment Bond	104,998	0	(50,820)	54,178	54,178
Capital Leases	3,047	0	(3,047)	0	0
Compensated Absences	853,654	41,153	(12,482)	882,325	158,964
<i>Total Governmental Activities</i>	<u>\$ 3,951,701</u>	<u>\$ 41,153</u>	<u>\$ (560,529)</u>	<u>\$ 3,432,325</u>	<u>\$ 723,964</u>
<b>Business-Type Activities</b>					
<b>OPWC Loans</b>					
Ohio Public Works Commission - Sewer Repair	\$ 50,000	\$ 0	\$ (10,000)	\$ 40,000	\$ 10,000
Ohio Public Works Commission Loan					
Waste Water Treatment Plant Improvements	297,500	0	(17,500)	280,000	17,500
Ohio Public Works Commission Loan - Clearwell	92,500	0	(5,000)	87,500	5,000
<i>Total OPWC Loans</i>	<u>440,000</u>	<u>0</u>	<u>(32,500)</u>	<u>407,500</u>	<u>32,500</u>
<b>OWDA Loans</b>					
Ohio Water Development Authority Loan -					
Sewer Plant Expansion and Upgrade	7,019,745	0	(407,799)	6,611,946	408,616
Ohio Water Development Authority Loan -					
Bass Lake Project	1,398,930	0	(82,290)	1,316,640	82,290
Ohio Water Development Authority Loan -					
Waste Water Treatment Plant Improvements	774,992	0	(34,151)	740,841	35,367
Ohio Water Development Authority					
Loan - Sewer Loan	206,747	0	(5,093)	201,654	5,311
<i>Total OWDA Loans</i>	<u>9,400,414</u>	<u>0</u>	<u>(529,333)</u>	<u>8,871,081</u>	<u>531,584</u>
Compensated Absences	181,121	0	(17,208)	163,913	20,795
<i>Total Business-Type Activities</i>	<u>\$ 10,021,535</u>	<u>\$ 0</u>	<u>\$ (579,041)</u>	<u>\$ 9,442,494</u>	<u>\$ 584,879</u>

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
*December 31, 2007*

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**NOTE 14: LONG-TERM OBLIGATIONS (Continued)**

The City has pledged future water revenue and sewer revenue, net of specified operating expenses to repay \$9,278,581 of Ohio Public Works Commission (OPWC) loans and the Ohio Water Development Authority (OWDA) loans. Annual principal and interest payments, as a percentage of net customer revenues, on the loans are expected to be similar over the term of the loans as in the current year, which were 16 percent. The total principal and interest remaining to be paid on the loans is \$9,745,874. Principal and interest paid for the current year and total net revenues were \$611,667 and \$1,047,881, respectively.

In 2001, the City entered into an agreement with the Ohio Water Development Authority (OWDA) for a large sewer plant expansion and upgrade project. The total amount authorized for this loan was \$8,263,204, and as of December 31, 2007, the City had drawn \$8,229,699. The City began repaying the loan in 2004.

In 2003, The City was awarded a loan from the Ohio Water Development Authority (OWDA) in the amount of \$875,008. The proceeds of this loan are being used for improvements to the waste water treatment plant. As of December 31, 2007, the City had drawn down \$870,558.

In 2002, the City was awarded a loan from the Ohio Water Development Authority (OWDA) in the amount of \$1,645,800. The proceeds of this loan are being used by Geauga County to purchase and protect wetlands for a Bass Lake project in Geauga County. The City entered into this loan agreement in exchange for a drastically reduced interest rate on other OWDA debt.

In 2003, the City was awarded a loan from the Ohio Public Works Commission (OPWC) in the amount of \$350,000. The proceeds of this loan are being used for improvements to the waste water treatment plant. As of December 31, 2007, the City had drawn down the entire amount of the loan.

In 2004, the City was awarded a loan from the Ohio Public Works Commission (OPWC) in the amount of \$100,000. The proceeds of this loan are being used for improvements to the waste water treatment plant. As of December 31, 2007, the City had drawn down the entire amount of the loan.

In 2005, the City was awarded a loan from the Ohio Water Development Authority (OWDA) in the amount of \$211,630. The proceeds of this loan are being used for rehabilitation and replacement of deteriorated sanitary sewers. As of December 31, 2007, the City had drawn down the entire amount of the loan.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2007

**NOTE 14: LONG-TERM OBLIGATIONS (Continued)**

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from both voted and unvoted general property taxes levied on all taxable property located within the City. Tax monies will be received in and the debt will be retired from the debt service funds.

Special assessment bonds are payable from the proceeds of assessments against the specific property owners who primarily benefited from the project. Special assessment monies will be received in and the debt will be retired from the downtown improvement debt service fund. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments.

Compensated absences will be paid from general operating revenues of the fund from which the employees' salaries are paid.

The annual requirements to retire governmental activities debt are as follows:

	General Obligation Bonds		Special Assessment Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 510,822	\$ 118,466	\$ 54,178	\$ 3,944	\$ 565,000	\$ 122,410
2009	110,000	94,568	0	0	110,000	94,568
2010	120,000	89,947	0	0	120,000	89,947
2011	130,000	84,788	0	0	130,000	84,788
2012	130,000	79,067	0	0	130,000	79,067
2013-2017	755,000	298,088	0	0	755,000	298,088
2018-2021	740,000	94,415	0	0	740,000	94,415
	<u>\$ 2,495,822</u>	<u>\$ 859,339</u>	<u>\$ 54,178</u>	<u>\$ 3,944</u>	<u>\$ 2,550,000</u>	<u>\$ 863,283</u>

The annual requirements to retire business-type activities debt are as follows:

	Ohio Public Works Commission Loan		Ohio Water Development Authority Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 32,500	\$ 0	\$ 531,584	\$ 47,583	\$ 564,084	\$ 47,583
2009	32,500	0	533,889	45,278	566,389	45,278
2010	32,500	0	536,250	42,974	568,750	42,974
2011	32,500	0	538,670	40,497	571,170	40,497
2012	22,500	0	541,150	38,017	563,650	38,017
2013-2017	112,500	0	2,745,225	149,609	2,857,725	149,609
2018-2022	112,500	0	2,817,643	83,448	2,930,143	83,448
2023-2027	30,000	0	588,110	16,969	618,110	16,969
2028-2030	0	0	38,560	2,918	38,560	2,918
	<u>\$ 407,500</u>	<u>\$ 0</u>	<u>\$ 8,871,081</u>	<u>\$ 467,293</u>	<u>\$ 9,278,581</u>	<u>\$ 467,293</u>

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2007

**NOTE 15: INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2007, consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u>					<u>Total</u>
	<u>General</u>	<u>Municipal Court Dispute Resolution</u>	<u>Economic Development</u>	<u>Downtown Revolving Loan</u>	<u>High-Tech Park</u>	
Municipal Court Probation	\$ 0	\$ 20,000	\$ 0	\$ 0	\$ 0	\$ 20,000
Sidewalk Improvement	22,718	0	0	0	0	22,718
CDBG	30,495	0	16	7,740	0	38,251
Water	0	0	0	0	534,532	534,532
Sewer	0	0	0	0	193,968	193,968
<b>Total</b>	<b>\$ 53,213</b>	<b>\$ 20,000</b>	<b>\$ 16</b>	<b>\$ 7,740</b>	<b>\$ 728,500</b>	<b>\$ 809,469</b>

The transfer from the economic development fund to the CDBG fund was to close the economic development fund. The transfers from the high-tech park fund to the water and sewer funds were for capital assets. The transfer from the municipal court dispute resolution fund to the municipal court probation fund was per Court order. The transfers from the economic development and downtown revolving loan funds to the CDBG fund were for the City's local match. The remaining transfers were made to provide additional resources for current operations.

**NOTE 16: CONTRACTUAL COMMITMENTS**

As of December 31, 2007, the City had contractual commitments for the following projects:

	<u>Contractual Commitment</u>	<u>Expended</u>	<u>Balance 12/31/2007</u>
W.E. Quicksall - FY06 grant admin	\$ 27,800	\$ 27,300	\$ 500
W.E. Quicksall - FY07 Grant Admin	10,000	5,500	4,500
Civil Design - High Tech Park Engineering	470,055	387,712	82,343
RF Scurlock - Tech Park Construction	3,841,317	2,600,012	1,241,305
Caldwell Tanks - Tech Park Construction	413,550	391,050	22,500
Civil Design - Reiser Ave. extension	72,666	70,666	2,000
Tucson, Inc. - Reiser Ave. extension	353,682	125,674	228,008
Civil Design - Union Ave storm sewer	26,956	16,131	10,825
DeMattio Const. - Union Ave storm sewer	193,938	136,569	57,369
DeMattio Const. - W. High Ave water replacement	188,209	146,060	42,149
TMS Engineering - traffic signal engineering	141,680	63,903	77,777
Reynolds Inliner - stadium storm sewer re-line	79,983	0	79,983
Municipal Services-2006 CHIP grant admin	37,000	26,610	10,390
Municipal Services - 2006 CHIP grant implementation	65,400	45,500	19,900
<b>Totals</b>	<b>\$ 5,922,236</b>	<b>\$ 4,042,687</b>	<b>\$ 1,879,549</b>

**NOTE 17: JOINTLY GOVERNED ORGANIZATIONS**

***A Community Improvement Corporation of Tuscarawas County***

The City is associated with the Community Improvement Corporation (“Corporation”) of Tuscarawas County as a Jointly Governed Organization. The Corporation is operated by Tuscarawas County, New Philadelphia, Dover, Uhrichsville, Dennison, Strasburg, Sugarcreek and Gnadenhutten. It is controlled by 30 trustees consisting of the three County Commissioners, the mayor of each participating city or village and eighteen self-elected trustees. The board exercises total control over the operation of the corporation including budgeting, appropriating, contracting and designating management. Each participant’s degree of control is limited to its representation on the board. In 2007, no monies were paid by the City.

***B. Southeastern Ohio Narcotics Team (S.E.N.T.)***

The City is also associated with the Southeastern Ohio Narcotics Team (S.E.N.T.), as a Jointly Governed Organization. S.E.N.T. is a multi-jurisdictional drug task force with the primary goal of combating major narcotic traffickers in Belmont, Carroll, Guernsey, Harrison, Monroe and Tuscarawas counties. It is jointly governed among the participating counties and cities. A grant is received from the State of Ohio of which the participating entities must match 25 percent. Of the 17 members, the City appoints one. Each member’s control over the operation of S.E.N.T. is limited to its representation on the board. In 2007, no monies were paid by the City.

***C. Ohio Mid-Eastern Governments Association (OMEGA)***

The Ohio-Mid Eastern Governments Association (OMEGA) is a ten county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum and Tuscarawas counties. OMEGA was formed to aid and assist the participating counties and political subdivisions within the counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a sixteen member executive board comprised of members appointed from each participating county and cities within each county. City membership is voluntary. The mayor of the City of New Philadelphia serves as the City’s representative on the board. The board has total control over budgeting, personnel, and financial matters. Each member currently pays a per capita membership fee based upon the most recent United States census. During 2007, OMEGA received \$2,558 from the City of New Philadelphia for an annual fee. The continued existence of OMEGA is not dependent on the City’s continued participation and no equity interest exists. OMEGA has no outstanding debts.

***D. Tax Incentive Revenue Council (TIRC)***

The Tax Incentive Revenue Council (TIRC) is an inter-jurisdictional body created to review and evaluate the performance of each Enterprise Zone Agreement. This body is advisory in nature only and cannot directly impact an existing Enterprise Zone Agreement. The TIRC is charged to annually review each Enterprise Zone Agreement and determine whether or not the business(es) has/have complied with the terms and conditions of the agreement. Upon review, the TIRC is to make a formal recommendation to the local government(s) in party to the Enterprise Zone Agreement. ORC Section 5709.85 sets forth the composition of TIRC. The council is jointly governed among Tuscarawas County, municipalities, townships and school districts within the county-designated Enterprise Zone. In 2007, no monies were paid by the City.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
*December 31, 2007*

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**NOTE 18: CONTINGENCIES**

***A. Grants***

The City 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the City at December 31, 2007.

***B. Litigation***

The City is a party to several legal proceedings. With the exception noted below, City management is of the opinion that ultimate disposition of these proceedings will not have a material effect, if any, on the financial condition of the City.

The City is the defendant in a case concerning a public records request. Since insurance coverage for civil forfeiture is disputed, in the opinion of City management, no reasonable estimate of loss, if any, can be made.



**CITY OF NEW PHILADELPHIA  
TUSCARAWAS COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2007**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Grant Number	Federal CFDA Number	Receipts	Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Passed through Ohio Department of Development:</i>				
Community Development Block Grants	A-F-04-154-1	14.228	\$ -	\$ 500
Community Development Block Grants	A-F-05-154-1	14.228	59,745	59,190
Community Development Block Grants	A-F-06-154-1	14.228	<u>70,645</u>	<u>81,396</u>
<i>Total Community Development Block Grants</i>			130,390	141,086
HOME Investment Partnerships Program	A-C-06-154-2	14.239	272,639	235,944
HOME Investment Partnerships Program	A-C-06-154-1	14.239	39,200	76,938
HOME Investment Partnerships Program	C-06-154-1	14.239	<u>8,463</u>	<u>5,288</u>
<i>Total HOME Investment Partnerships Program</i>			320,302	318,170
<b>Total U.S. Department of Housing and Urban Development</b>			<b>450,692</b>	<b>459,256</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<i>Direct:</i>				
FY2006 Bulletproof Vest Partnership Program	03014371	16.607	3,473	-
<b>U.S. DEPARTMENT OF FEDERAL AVIATION ADMINISTRATION</b>				
<i>Direct:</i>				
Airport Improvement Program	3-39-0060-0403	20.106	8,711	4,343
Airport Improvement Program	3-39-0060-0605	20.106	<u>21,122</u>	<u>16,822</u>
<i>Total Airport Improvement Program</i>			29,833	21,165
<b>U.S. DEPARTMENT OF COMMERCE</b>				
<i>Direct:</i>				
Public Works and Economic Development Cluster	06-01-04893	11.300	<u>1,472,593</u>	<u>2,148,984</u>
<b>TOTAL</b>			<b><u>\$ 1,956,591</u></b>	<b><u>\$ 2,629,405</u></b>

The notes are an integral part of this schedule.

**CITY OF NEW PHILADELPHIA  
TUSCARAWAS COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - MATCHING REQUIREMENTS**

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



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of New Philadelphia  
Tuscarawas County  
150 East High Avenue  
New Philadelphia, Ohio 44663

To the Honorable Mayor and City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Philadelphia, Tuscarawas County, Ohio, (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 21, 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the City's management in a separate letter dated October 21, 2008.

### **Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted certain noncompliance or other matters that we reported to the City's management in a separate letter dated October 21, 2008.

We intend this report solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

October 21, 2008



# Mary Taylor, CPA

Auditor of State

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

City of New Philadelphia  
Tuscarawas County  
150 East High Avenue  
New Philadelphia, Ohio 44663

To the Honorable Mayor and City Council:

### Compliance

We have audited the compliance of the City of New Philadelphia, Tuscarawas County, Ohio, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal programs for the year ended December 31, 2007. The summary of auditor's results section of the accompanying Schedule of Findings identifies the City's major federal programs. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of New Philadelphia complied, in all material respects, with the requirements referred to above that apply to its major federal programs for the year ended December 31, 2007.

In a separate letter to the City's management dated October 21, 2008, we reported an other matter related to federal noncompliance not requiring inclusion in this report.

### Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that the City's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the City's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

We intend this report solely for the information and use of the audit committee, management, City Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

October 21, 2008

**CITY OF NEW PHILADELPHIA  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2007**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Investments for Public Works and Economic Development Facilities – CFDA #11.300 Community Development Block Grants – CFDA #14.228
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

None

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

None







**Mary Taylor, CPA**  
Auditor of State

**CITY OF NEW PHILADELPHIA**

**TUSCARAWAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 13, 2008**