



**Mary Taylor, CPA**  
Auditor of State



**CITY OF NEW PHILADELPHIA  
TUSCARAWAS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	11
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet	
Governmental Funds .....	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	14
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds .....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	16
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual General Fund.....	17
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual Safety Forces Operation Fund .....	18
Statement of Fund Net Assets	
Proprietary Funds .....	19
Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds .....	20
Statement of Cash Flows	
Proprietary Funds .....	21
Statement of Fiduciary Assets and Liabilities	
Agency Fund.....	23
Notes to the Basic Financial Statements .....	25
Federal Awards Receipts and Expenditures Schedule.....	53
Notes to the Federal Awards Receipts and Expenditures Schedule .....	54

CITY OF NEW PHILADELPHIA  
TUSCARAWAS COUNTY

TABLE OF CONTENTS  
(Continued)

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	55
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 .....	57
Schedule of Findings.....	59



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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 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, 2006, 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 the Comptroller General of the United States' *Government Auditing Standards*. 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 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, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Safety Forces Operation Funds 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 July 13, 2007, 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 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

July 13, 2007

**City of New Philadelphia**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*(Unaudited)*

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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, 2006. 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 2006 are as follows:

- General revenues accounted for \$10,576,826 in revenue or 52.4 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$9,599,922 or 47.6 percent of total revenues of \$20,176,748.
- Total program expenses were \$16,355,966; \$12,140,084 in governmental activities and \$4,215,882 in business-type activities.
- In total, net assets increased \$3,820,782. Net assets of governmental activities increased \$4,065,173, which represents a 16.3 percent increase from 2005. Net assets of business-type activities decreased \$244,391 or 1.7 percent from 2005.
- Outstanding debt decreased from \$14,209,793 to \$12,935,414 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 2006 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, 2006*  
*(Unaudited)*

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A question typically asked about the City's finances "How did we do financially during fiscal year 2006?" 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, 2006  
(Unaudited)

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 2006 compared to 2005:

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

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	Restated 2005	2006	Restated 2005
<b>Assets</b>						
Current and Other Assets	\$ 10,723,858	\$ 9,336,083	\$ 2,612,868	\$ 3,114,621	\$ 13,336,726	\$ 12,450,704
Capital Assets	25,044,410	24,032,363	22,133,366	22,068,812	47,177,776	46,101,175
<b>Total Assets</b>	<b>35,768,268</b>	<b>33,368,446</b>	<b>24,746,234</b>	<b>25,183,433</b>	<b>60,514,502</b>	<b>58,551,879</b>
<b>Liabilities</b>						
Long-Term Liabilities	3,951,701	5,457,815	10,021,535	10,444,304	13,973,236	15,902,119
Other Liabilities	2,846,231	3,005,468	523,704	293,743	3,369,935	3,299,211
<b>Total Liabilities</b>	<b>6,797,932</b>	<b>8,463,283</b>	<b>10,545,239</b>	<b>10,738,047</b>	<b>17,343,171</b>	<b>19,201,330</b>
<b>Net Assets</b>						
Invested in Capital Assets Net of Debt	21,946,363	19,660,705	13,452,531	13,192,977	35,398,894	32,853,682
Restricted	3,458,087	2,384,328	0	0	3,458,087	2,384,328
Unrestricted	3,565,886	2,860,130	748,464	1,252,409	4,314,350	4,112,539
<b>Total Net Assets</b>	<b>\$ 28,970,336</b>	<b>\$ 24,905,163</b>	<b>\$ 14,200,995</b>	<b>\$ 14,445,386</b>	<b>\$ 43,171,331</b>	<b>\$ 39,350,549</b>

**City of New Philadelphia**  
*Management's Discussion and Analysis (Continued)*  
For the Year Ended December 31, 2006  
(Unaudited)

Total assets increased by \$1,962,623 with governmental assets increasing \$2,399,822 and business-type assets decreasing \$437,199. An increase of \$1,076,601 in total capital assets reflects additions exceeding depreciation expense. Total liabilities decreased by \$1,858,159 with governmental liabilities decreasing \$1,665,351 and business-type liabilities decreasing \$192,808. The majority of this decrease was the result of principal payments on debt. The City paid off several debt and capital lease obligations in 2006.

Total net assets increased by \$3,820,782. This number reflects an increase of \$4,065,173 in governmental activities and a decrease of \$244,391 in the net assets of the business-type activities. Table 2 shows the changes in net assets for fiscal year 2006 and 2005. 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	
	2006	2005	2006	Restated	2006	Restated
				2005		2005
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for Services	\$ 2,004,173	\$ 1,759,206	\$ 3,896,723	\$ 3,991,796	\$ 5,900,896	\$ 5,751,002
Operating Grants	1,460,074	1,052,612	0	333,677	1,460,074	1,386,289
Capital Grants	2,238,952	297,736	0	914,148	2,238,952	1,211,884
<i>General Revenues:</i>						
Property Taxes	2,307,974	2,358,851	0	0	2,307,974	2,358,851
Income Taxes	6,249,179	4,680,935	0	73	6,249,179	4,681,008
Grants and Entitlements	1,362,371	1,170,820	0	0	1,362,371	1,170,820
Investment Earnings	380,717	209,003	0	0	380,717	209,003
Other	201,817	1,646,110	74,768	17,328	276,585	1,663,438
<i>Total Revenues</i>	<u>16,205,257</u>	<u>13,175,273</u>	<u>3,971,491</u>	<u>5,257,022</u>	<u>20,176,748</u>	<u>18,432,295</u>
<b>Program Expenses</b>						
General Government	3,464,623	3,201,838	0	0	3,464,623	3,201,838
Security of Persons and Property	4,109,374	3,735,924	0	0	4,109,374	3,735,924
Transportation	1,469,334	1,583,043	0	0	1,469,334	1,583,043
Public Health Services	642,386	615,249	0	0	642,386	615,249
Community and Economic Development	394,387	491,428	0	0	394,387	491,428
Basic Utility Services	1,114,322	1,084,585	0	0	1,114,322	1,084,585
Leisure Time Activities	724,669	793,085	0	0	724,669	793,085
Interest and Fiscal Charges	220,989	230,317	0	0	220,989	230,317
<i>Enterprise Operations:</i>						
Water	0	0	2,271,642	2,406,589	2,271,642	2,406,589
Sewer	0	0	1,944,240	2,049,309	1,944,240	2,049,309
<i>Total Program Expenses</i>	<u>12,140,084</u>	<u>11,735,469</u>	<u>4,215,882</u>	<u>4,455,898</u>	<u>16,355,966</u>	<u>16,191,367</u>
Increase (Decrease) in Net Assets	4,065,173	1,439,804	(244,391)	801,124	3,820,782	2,240,928
Transfers	0	(203,376)	0	203,376	0	0
Increase (Decrease) in Net Assets	<u>\$ 4,065,173</u>	<u>\$ 1,236,428</u>	<u>\$ (244,391)</u>	<u>\$ 1,004,500</u>	<u>\$ 3,820,782</u>	<u>\$ 2,240,928</u>

**City of New Philadelphia**  
*Management's Discussion and Analysis (Continued)*  
*For the Year Ended December 31, 2006*  
*(Unaudited)*

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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.

Police and fire (security of persons and property) represent the largest expense of the governmental activities. This expense of \$4,109,374 represents 33.8 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 \$1,367,055 in 2006 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 2006, charges for services of \$3,896,723 accounted for 98.1 percent of the business-type revenues. The total expenses for the utilities were \$4,215,882. The City had a decrease in net assets of \$244,391 for the business-type activities.

***The City's Funds***

Information about the City's governmental funds begins on page 13. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$15,705,024 and expenditures of \$14,549,619. 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 19. These funds are accounted for on an accrual basis. All business-type funds had operating expenses of \$4,164,944 which was more than operating revenues of \$3,896,723, by \$268,221 or 6.9 percent of operating revenues.

**City of New Philadelphia**  
*Management's Discussion and Analysis (Continued)*  
For the Year Ended December 31, 2006  
(Unaudited)

**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 2006, 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 \$201,648. 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 \$617,881 below the final budgeted amount of \$5,648,970. The primary factor contributing to this was disbursements for general government and security of persons and property being \$560,544 below budgeted amounts.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of 2006, the City had \$47,177,776 invested in land, construction in progress, buildings, improvements, equipment, infrastructure and vehicles. A total of \$25,044,410 of this was for governmental activities with the remainder attributable to business-type activities. Table 3 shows fiscal year 2006 balances compared with 2005.

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

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	Restated 2005	2006	2005
Land	\$ 826,576	\$ 826,576	\$ 41,899	\$ 41,899	\$ 868,475	\$ 868,475
Buildings and Building Improvements	4,511,974	4,580,335	5,281,445	5,442,036	9,793,419	10,022,371
Improvements Other Than Buildings	3,557,155	2,989,667	5,767,579	6,170,450	9,324,734	9,160,117
Machinery and Equipment	1,023,681	988,918	749,130	807,923	1,772,811	1,796,841
Furniture and Fixtures	29,033	30,697	1,028	1,028	30,061	31,725
Vehicles	903,889	896,888	122,612	89,885	1,026,501	986,773
Construction in Progress	765,514	0	1,002,957	631,418	1,768,471	631,418
Infrastructure	13,426,588	13,719,282	0	0	13,426,588	13,719,282
Water Lines	0	0	6,065,332	6,264,119	6,065,332	6,264,119
Sewer Lines	0	0	3,101,384	2,620,054	3,101,384	2,620,054
<b>Totals</b>	<b>\$ 25,044,410</b>	<b>\$ 24,032,363</b>	<b>\$ 22,133,366</b>	<b>\$ 22,068,812</b>	<b>\$ 47,177,776</b>	<b>\$ 46,101,175</b>

The \$1,076,601 increase in capital assets was attributable to additional purchases exceeding depreciation expense. Note 10 provides capital asset activity during 2006.

**City of New Philadelphia**  
*Management's Discussion and Analysis (Continued)*  
For the Year Ended December 31, 2006  
(Unaudited)

**Debt**

The outstanding debt for the City of New Philadelphia as of December 31, 2006 was \$12,935,414 with \$1,106,832 due within one year. Table 4 summarizes outstanding debt.

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

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Police and Fire Pension	\$ 0	\$ 161,487	\$ 0	\$ 0	\$ 0	\$ 161,487
General Obligation Bonds	2,990,002	3,462,542	0	0	2,990,002	3,462,542
Special Assessment Bonds	104,998	152,458	0	0	104,998	152,458
ODOT Loan	0	198,061	0	0	0	198,061
Tractor Loan	0	5,561	0	0	0	5,561
Tractor Loan	0	18,371	0	0	0	18,371
OPWC Loans	0	0	440,000	472,500	440,000	472,500
OWDA Loans	0	0	9,400,414	9,738,813	9,400,414	9,738,813
<i>Total</i>	<u>\$ 3,095,000</u>	<u>\$ 3,998,480</u>	<u>\$ 9,840,414</u>	<u>\$ 10,211,313</u>	<u>\$ 12,935,414</u>	<u>\$ 14,209,793</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 16 to the basic financial statements.

***Current Financial Issues***

2006 was the first year where the full income from the recently passed ½ percent tax increase was realized. This allowed the City of New Philadelphia to replace outdated equipment and embark on programs to increase storm water runoff capacity. Storm sewers were added and a cleaning of the Beaverdam Creek was accomplished. An agreement was entered into with Kimble Manufacturing to bring their manufacturing facility into the City, providing approximately 300 new jobs by 2009. This, along with the completion of the infrastructure for the Regional Hi-Tech Park in 2007, and the new production lines at Gradall Excavator, will add significantly to the overall financial health of the City for the next 20 years.

The plans for the future are always made keeping a careful watch on the financial condition of the City. The City of New Philadelphia is financially strong. It is the goal to keep it that way and still grow and meet the needs of the future. The City showed its strength in 2006 by continuing to provide services to the citizens at its highest level.

**City of New Philadelphia**  
*Management's Discussion and Analysis (Continued)*  
*For the Year Ended December 31, 2006*  
*(Unaudited)*

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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, 2006

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 4,677,876	\$ 1,723,105	\$ 6,400,981
Accounts Receivable	194,519	567,956	762,475
Intergovernmental Receivable	2,167,415	0	2,167,415
Taxes Receivable	3,364,520	0	3,364,520
Loans Receivable	658	0	658
Special Assessments Receivable	114,381	0	114,381
Materials and Supplies Inventory	204,489	321,807	526,296
Non-Depreciable Capital Assets	1,592,090	1,044,856	2,636,946
Depreciable Capital Assets, Net	23,452,320	21,088,510	44,540,830
<i>Total Assets</i>	<u>35,768,268</u>	<u>24,746,234</u>	<u>60,514,502</u>
<b>Liabilities</b>			
Accounts Payable	83,110	77,742	160,852
Accrued Wages	199,549	44,545	244,094
Contracts Payable	355,521	239,352	594,873
Intergovernmental Payable	434,140	84,169	518,309
Undistributed Monies	744	0	744
Accrued Interest Payable	12,276	25,195	37,471
Deferred Revenue	1,646,927	0	1,646,927
Accrued Vacation Leave Payable	111,641	52,701	164,342
Matured Compensated Absences Payable	2,323	0	2,323
Long-Term Liabilities:			
Due Within One Year	749,501	578,998	1,328,499
Due in More Than One Year	3,202,200	9,442,537	12,644,737
<i>Total Liabilities</i>	<u>6,797,932</u>	<u>10,545,239</u>	<u>17,343,171</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	21,946,363	13,452,531	35,398,894
Restricted for Debt Service	471,181	0	471,181
Restricted for Capital Outlay	1,166,980	0	1,166,980
Restricted for Other Purposes	1,819,926	0	1,819,926
Unrestricted	3,565,886	748,464	4,314,350
<i>Total Net Assets</i>	<u>\$ 28,970,336</u>	<u>\$ 14,200,995</u>	<u>\$ 43,171,331</u>

See accompanying notes to basic financial statements.

**City of New Philadelphia**  
*Statement of Activities*  
For the Year Ended December 31, 2006

	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	\$ 3,464,623	\$ 1,019,514	\$ 0	\$ 0	\$ (2,445,109)	\$ 0	\$ (2,445,109)
Security of Persons and Property	4,109,374	412,840	5,953	0	(3,690,581)	0	(3,690,581)
Public Health	642,386	209,274	0	0	(433,112)	0	(433,112)
Leisure Time Services	724,669	0	0	657,720	(66,949)	0	(66,949)
Community and Economic Development	394,387	91,241	500,000	1,382,096	1,578,950	0	1,578,950
Basic Utility Services	1,114,322	143,930	68,530	0	(901,862)	0	(901,862)
Transportation	1,469,334	127,374	885,591	199,136	(257,233)	0	(257,233)
Interest and Fiscal Charges	220,989	0	0	0	(220,989)	0	(220,989)
<i>Total Governmental Activities</i>	<u>12,140,084</u>	<u>2,004,173</u>	<u>1,460,074</u>	<u>2,238,952</u>	<u>(6,436,885)</u>	<u>0</u>	<u>(6,436,885)</u>
<b>Business-Type Activities</b>							
Water	2,271,642	2,082,823	0	0	0	(188,819)	(188,819)
Sewer	1,944,240	1,813,900	0	0	0	(130,340)	(130,340)
<i>Total Business-Type Activities</i>	<u>4,215,882</u>	<u>3,896,723</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(319,159)</u>	<u>(319,159)</u>
<i>Total - Primary Government</i>	<u>\$ 16,355,966</u>	<u>\$ 5,900,896</u>	<u>\$ 1,460,074</u>	<u>\$ 2,238,952</u>	<u>(6,436,885)</u>	<u>(319,159)</u>	<u>(6,756,044)</u>
<b>General Revenues:</b>							
Property Taxes Levied for:							
General Purposes					1,078,225	0	1,078,225
Other Purposes					1,229,749	0	1,229,749
Income Taxes Levied for:							
General Purposes					2,026,921	0	2,026,921
Other Purposes					4,222,258	0	4,222,258
Grants and Entitlements not Restricted to Specific Programs							
Unrestricted Contributions					1,362,371	0	1,362,371
Investment Earnings					12,589	0	12,589
Miscellaneous					380,717	0	380,717
					189,228	74,768	263,996
<i>Total General Revenues</i>					<u>10,502,058</u>	<u>74,768</u>	<u>10,576,826</u>
<i>Change in Net Assets</i>					4,065,173	(244,391)	3,820,782
<i>Net Assets Beginning of Year, Restated (See Note 3)</i>					24,905,163	14,445,386	39,350,549
<i>Net Assets End of Year</i>					<u>\$ 28,970,336</u>	<u>\$ 14,200,995</u>	<u>\$ 43,171,331</u>

See accompanying notes to basic financial statements.



**City of New Philadelphia**

*Balance Sheet*

*Governmental Funds*

*December 31, 2006*

	<u>General</u>	<u>Safety Forces Operation</u>	<u>High Tech Park</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and					
Cash Equivalents	\$ 1,469,981	\$ 289,204	\$ 145,901	\$ 2,772,790	\$ 4,677,876
Accounts Receivable	30,395	0	0	164,124	194,519
Intergovernmental Receivable	583,320	0	484,473	1,099,622	2,167,415
Taxes Receivable	1,454,614	545,448	0	1,364,458	3,364,520
Loans Receivable	0	0	0	658	658
Special Assessments Receivable	0	0	0	114,381	114,381
Materials and Supplies Inventory	44,307	0	0	160,182	204,489
<i>Total Assets</i>	<u>\$ 3,582,617</u>	<u>\$ 834,652</u>	<u>\$ 630,374</u>	<u>\$ 5,676,215</u>	<u>\$ 10,723,858</u>
<b>Liabilities</b>					
Accounts Payable	28,981	0	0	54,129	83,110
Accrued Wages	106,220	46,498	0	46,831	199,549
Contracts Payable	0	0	261,328	94,193	355,521
Intergovernmental Payable	230,263	111,570	0	92,307	434,140
Undistributed Monies	0	0	0	744	744
Deferred Revenue	1,366,595	95,531	55,604	2,006,015	3,523,745
Matured Compensated Absences Payable	1,161	1,162	0	0	2,323
<i>Total Liabilities</i>	<u>1,733,220</u>	<u>254,761</u>	<u>316,932</u>	<u>2,294,219</u>	<u>4,599,132</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	49,401	5,106	0	464,166	518,673
Reserved for Unclaimed Monies	26,993	0	0	0	26,993
Reserved for Loans Receivable	0	0	0	658	658
Unreserved, Undesignated, Reported in:					
General Fund	1,773,003	0	0	0	1,773,003
Special Revenue Funds	0	574,785	0	1,908,556	2,483,341
Debt Service Funds	0	0	0	333,189	333,189
Capital Projects Funds	0	0	313,442	350,849	664,291
Permanent Funds	0	0	0	324,578	324,578
<i>Total Fund Balances</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>Total Liabilities and Fund Balances</i>	<u>\$ 3,582,617</u>	<u>\$ 834,652</u>	<u>\$ 630,374</u>	<u>\$ 5,676,215</u>	<u>\$ 10,723,858</u>

See accompanying notes to basic financial statements.

**City of New Philadelphia**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2006*

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<b>Total Governmental Fund Balances</b>	\$ 6,124,726
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*Amounts reported for governmental activities in the  
 statement of net assets are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	25,044,410
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:

Property Taxes	125,575	
Income Tax	275,862	
Intergovernmental	1,310,954	
Charges for Services	50,046	
Special Assessments	114,381	

Total		1,876,818
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Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(12,276)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds	\$ (2,990,002)	
Special Assessment Bonds	(104,998)	
Capital Leases	(3,047)	
Accrued Vacation Leave Payable	(111,641)	
Compensated Absences	(853,654)	

Total		(4,063,342)
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<i>Net Assets of Governmental Activities</i>	\$ 28,970,336
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See accompanying notes to basic financial statements.

**City of New Philadelphia**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General	Safety Forces Operation	High Tech Park	All Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$ 1,088,043	\$ 0	\$ 0	\$ 1,254,283	\$ 2,342,326
Income Taxes	2,021,729	2,070,660	0	2,129,262	6,221,651
Special Assessments	0	0	0	60,205	60,205
Charges for Services	80,917	0	0	750,690	831,607
Licenses and Permits	5,721	0	0	91,241	96,962
Fines and Forfeitures	358,946	0	0	618,968	977,914
Intergovernmental	1,372,370	0	1,053,955	1,428,162	3,854,487
Interest	329,610	0	0	51,107	380,717
Rent	40,043	0	0	39,575	79,618
Contributions and Donations	670,309	0	0	0	670,309
Other	127,161	0	0	62,067	189,228
<i>Total Revenues</i>	<u>6,094,849</u>	<u>2,070,660</u>	<u>1,053,955</u>	<u>6,485,560</u>	<u>15,705,024</u>
<b>Expenditures</b>					
Current:					
General Government	1,959,475	0	0	867,785	2,827,260
Security of Persons and Property	1,346,359	1,838,572	0	659,689	3,844,620
Public Health	219,794	0	0	345,330	565,124
Leisure Time Services	561,255	0	0	0	561,255
Community and Economic Development	0	0	0	227,989	227,989
Basic Utility Services	0	0	0	1,093,676	1,093,676
Transportation	29,828	0	0	1,349,284	1,379,112
Capital Outlay	729,813	49,009	740,523	872,136	2,391,481
Debt Service:					
Principal Retirement	786,796	0	0	648,302	1,435,098
Interest and Fiscal Charges	19,406	0	0	204,598	224,004
<i>Total Expenditures</i>	<u>5,652,726</u>	<u>1,887,581</u>	<u>740,523</u>	<u>6,268,789</u>	<u>14,549,619</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>442,123</u>	<u>183,079</u>	<u>313,432</u>	<u>216,771</u>	<u>1,155,405</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	20,587	20,587
Transfers Out	(20,587)	0	0	0	(20,587)
<i>Total Other Financing Sources (Uses)</i>	<u>(20,587)</u>	<u>0</u>	<u>0</u>	<u>20,587</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	421,536	183,079	313,432	237,358	1,155,405
<i>Fund Balance Beginning of Year</i>	<u>1,427,861</u>	<u>396,812</u>	<u>10</u>	<u>3,144,638</u>	<u>4,969,321</u>
<i>Fund Balance End 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>

See accompanying notes to 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, 2006*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	1,155,405
 <i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Asset Additions	\$ 2,225,083	
Current Year Depreciation	<u>(999,366)</u>	
Total		1,225,717
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.		
		(213,670)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	(34,352)	
Income Tax	27,528	
Intergovernmental	549,190	
Charges for Services	<u>(42,133)</u>	
Total		500,233
Repayment of bond principal, capital lease payments and loans are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		1,435,098
In the statement of activities, interest in accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		3,015
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	(111,641)	
Compensated Absences	<u>71,016</u>	
Total		<u>(40,625)</u>
<i>Change in Net Assets of Governmental Activities</i>	\$	<u><u>4,065,173</u></u>

See accompanying notes to 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, 2006*

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Property Taxes	\$ 986,500	\$ 1,088,488	\$ 1,088,043	\$ (445)
Income Taxes	1,900,000	2,014,000	2,036,156	22,156
Charges for Services	73,100	83,100	80,917	(2,183)
Licenses and Permits	5,000	5,000	5,721	721
Fines and Forfeitures	399,088	340,700	355,885	15,185
Intergovernmental	1,117,550	1,275,152	1,352,533	77,381
Interest	100,000	250,000	327,878	77,878
Rent	35,000	35,000	40,470	5,470
Contributions and Donations	3,730	3,730	12,589	8,859
Other	135,832	152,130	157,256	5,126
<i>Total Revenues</i>	<u>4,755,800</u>	<u>5,247,300</u>	<u>5,457,448</u>	<u>210,148</u>
<b>Expenditures</b>				
Current:				
General Government	2,138,723	2,198,524	1,965,134	233,390
Security of Persons and Property	1,498,554	1,668,554	1,341,400	327,154
Public Health	217,645	237,645	225,221	12,424
Leisure Time Services	580,908	580,907	566,605	14,302
Transportation	37,075	37,075	31,717	5,358
Capital Outlay	153,721	220,265	74,223	146,042
Debt Service:				
Principal Retirements	0	606,000	786,796	(180,796)
Interest and Fiscal Charges	0	15,000	19,406	(4,406)
<i>Total Expenditures</i>	<u>4,626,626</u>	<u>5,563,970</u>	<u>5,010,502</u>	<u>553,468</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>129,174</u>	<u>(316,670)</u>	<u>446,946</u>	<u>763,616</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	8,500	0	(8,500)
Transfers Out	(160,000)	(85,000)	(20,587)	(64,413)
<i>Total Other Financing Sources (Uses)</i>	<u>(160,000)</u>	<u>(76,500)</u>	<u>(20,587)</u>	<u>(72,913)</u>
<i>Net Change in Fund Balance</i>	(30,826)	(393,170)	426,359	836,529
<i>Fund Balance Beginning of Year</i>	916,394	916,394	916,394	0
Prior Year Encumbrances Appropriated	50,261	50,261	50,261	0
<i>Fund Balance End of Year</i>	<u>\$ 935,829</u>	<u>\$ 573,485</u>	<u>\$ 1,393,014</u>	<u>\$ 836,529</u>

See accompanying notes to 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, 2006*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenue</b>				
Income Taxes	\$ 1,750,000	\$ 1,750,000	\$ 1,935,333	\$ 185,333
<b>Expenditures</b>				
Current:				
Security of Persons and Property	1,890,517	1,890,247	1,819,907	70,340
Capital Outlay	46,200	53,812	49,009	4,803
<i>Total Expenditures</i>	<u>1,936,717</u>	<u>1,944,059</u>	<u>1,868,916</u>	<u>75,143</u>
<i>Net Change in Fund Balance</i>	(186,717)	(194,059)	66,417	260,476
<i>Fund Balance Beginning of Year</i>	178,124	178,124	178,124	0
Prior Year Encumbrances Appropriated	39,557	39,557	39,557	0
<i>Fund Balance End of Year</i>	<u>\$ 30,964</u>	<u>\$ 23,622</u>	<u>\$ 284,098</u>	<u>\$ 260,476</u>

See accompanying notes to basic financial statements.

**City of New Philadelphia**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*December 31, 2006*

	Enterprise Funds		
	Water	Sewer	Totals
<b>Assets</b>			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$ 864,263	\$ 858,842	\$ 1,723,105
Accounts Receivable	298,797	269,159	567,956
Materials and Supplies Inventory	305,593	16,214	321,807
<i>Total Current Assets</i>	<u>1,468,653</u>	<u>1,144,215</u>	<u>2,612,868</u>
<i>Non-Current Assets:</i>			
Non-Depreciable Capital Assets	869,613	175,243	1,044,856
Depreciable Capital Assets, Net	9,201,114	11,887,396	21,088,510
<i>Total Non-Current Assets</i>	<u>10,070,727</u>	<u>12,062,639</u>	<u>22,133,366</u>
<i>Total Assets</i>	<u>11,539,380</u>	<u>13,206,854</u>	<u>24,746,234</u>
<b>Liabilities</b>			
<i>Current Liabilities:</i>			
Accounts Payable	57,396	20,346	77,742
Accrued Wages	24,885	19,660	44,545
Contracts Payable	129,352	110,000	239,352
Intergovernmental Payable	48,240	35,929	84,169
Accrued Interest Payable	0	25,195	25,195
Accrued Vacation Leave Payable	35,582	17,119	52,701
Compensated Absences Payable	8,114	9,052	17,166
OPWC Loans Payable	5,000	27,500	32,500
OWDA Loans Payable	0	529,332	529,332
<i>Total Current Liabilities</i>	<u>308,569</u>	<u>794,133</u>	<u>1,102,702</u>
<i>Long-Term Liabilities:</i>			
Compensated Absences Payable - Net of Current Portion	106,826	57,129	163,955
OPWC Loans Payable - Net of Current Portion	87,500	320,000	407,500
OWDA Loans Payable - Net of Current Portion	0	8,871,082	8,871,082
<i>Total Long-Term Liabilities</i>	<u>194,326</u>	<u>9,248,211</u>	<u>9,442,537</u>
<i>Total Liabilities</i>	<u>502,895</u>	<u>10,042,344</u>	<u>10,545,239</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	9,848,875	3,603,656	13,452,531
Unrestricted	1,187,610	(439,146)	748,464
<i>Total Net Assets</i>	<u>\$ 11,036,485</u>	<u>\$ 3,164,510</u>	<u>\$ 14,200,995</u>

See accompanying notes to 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, 2006*

	Enterprise Funds		
	Water	Sewer	Totals
<b>Operating Revenues</b>			
Charges for Services	\$ 2,049,965	\$ 1,804,050	\$ 3,854,015
Tap-In Fees	32,858	9,850	42,708
<i>Total Operating Revenues</i>	<u>2,082,823</u>	<u>1,813,900</u>	<u>3,896,723</u>
<b>Operating Expenses</b>			
Salaries and Wages	700,757	547,990	1,248,747
Fringe Benefits	297,420	217,615	515,035
Contractual Services	626,684	356,426	983,110
Materials and Supplies	282,150	147,373	429,523
Depreciation	364,631	623,898	988,529
<i>Total Operating Expenses</i>	<u>2,271,642</u>	<u>1,893,302</u>	<u>4,164,944</u>
<i>Operating Loss</i>	<u>(188,819)</u>	<u>(79,402)</u>	<u>(268,221)</u>
<b>Non-Operating Revenue (Expense)</b>			
Other Revenue	70,811	3,957	74,768
Interest and Fiscal Charges	0	(50,938)	(50,938)
<i>Total Non-Operating Revenue (Expense)</i>	<u>70,811</u>	<u>(46,981)</u>	<u>23,830</u>
<i>Change in Net Assets</i>	(118,008)	(126,383)	(244,391)
<i>Net Assets Beginning of Year, Restated (See Note 3)</i>	<u>11,154,493</u>	<u>3,290,893</u>	<u>14,445,386</u>
<i>Net Assets End of Year</i>	<u>\$ 11,036,485</u>	<u>\$ 3,164,510</u>	<u>\$ 14,200,995</u>

See accompanying notes to basic financial statements.



**City of New Philadelphia**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2006

	Enterprise Funds		
	Water	Sewer	Totals
<b>Decrease in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 2,098,130	\$ 1,830,774	\$ 3,928,904
Cash Payments to Suppliers for Goods and Services	(284,359)	(135,108)	(419,467)
Cash Payments to Employees	(978,791)	(770,184)	(1,748,975)
Cash Payments for Contractual Services	(614,193)	(364,922)	(979,115)
<i>Net Cash Provided by Operating Activities</i>	<u>220,787</u>	<u>560,560</u>	<u>781,347</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Other Receipts	70,811	3,957	74,768
Intergovernmental Receipts	0	33,472	33,472
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>70,811</u>	<u>37,429</u>	<u>108,240</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Proceeds from Loans	0	188,736	188,736
Acquisition of Capital Assets	(571,690)	(312,836)	(884,526)
Principal Payments on Debt	(5,000)	(554,635)	(559,635)
Interest Payments	0	(51,366)	(51,366)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(576,690)</u>	<u>(730,101)</u>	<u>(1,306,791)</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(285,092)	(132,112)	(417,204)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>1,149,355</u>	<u>990,954</u>	<u>2,140,309</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 864,263</u>	<u>\$ 858,842</u>	<u>\$ 1,723,105</u>

(continued)

**City of New Philadelphia**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2006

	Enterprise Funds		
	Water	Sewer	Totals
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>			
Operating Loss	\$ (188,819)	\$ (79,402)	(268,221)
Adjustments:			
Depreciation	364,631	623,898	988,529
(Increase) Decrease in Assets:			
Accounts Receivable	15,307	16,874	32,181
Materials and Supplies Inventory	(392)	19,288	18,896
Increase (Decrease) in Liabilities:			
Accounts Payable	10,674	(15,519)	(4,845)
Accrued Wages	190	169	359
Accrued Vacation Leave Payable	35,582	17,119	52,701
Compensated Absences Payable	(24,778)	(27,092)	(51,870)
Intergovernmental Payable	8,392	5,225	13,617
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 220,787</u>	<u>\$ 560,560</u>	<u>\$ 781,347</u>

See accompanying notes to basic financial statements.

**City of New Philadelphia**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Fund*  
*December 31, 2006*

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	<u>Agency Fund</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 110,992
Cash and Cash Equivalents in Segregated Accounts	204,900
Accounts Receivable	<u>2,609</u>
<i>Total Assets</i>	<u><u>\$ 318,501</u></u>
<b>Liabilities</b>	
Undistributed Monies	<u><u>\$ 318,501</u></u>

See accompanying notes to basic financial statements.

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**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements*  
*December 31, 2006*  
*(Unaudited)*

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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 City School District has been excluded from the accompanying basic financial statements. The District is legally separate from the City and does not impose a financial burden nor provide a financial benefit to the City. The City cannot significantly influence the operations of this entity.

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 19). 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, 2006  
(Unaudited)

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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, 2006  
(Unaudited)

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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 Special Revenue Fund*** The safety forces operation special revenue fund is used to account for revenues and expenses used to provide security for persons and property.

***High Tech Park Capital Improvement Fund*** This fund is used to account for revenues and expenses 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 sewer and water funds are the City's major enterprise funds.

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

***Water Fund*** – The water fund accounts for the provision of water 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, 2006  
(Unaudited)

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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. 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 City funds.

***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. Private purpose trust funds are reported using the economic resources measurement focus.

***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, 2006  
(Unaudited)

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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 7.) 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, 2006, but which were levied to finance fiscal year 2007 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, 2006  
(Unaudited)

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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 2006, investments were limited to STAROhio, (the State Treasury Asset Reserve of Ohio).

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, 2006.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2006 amounted to \$329,610, which includes \$263,963 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, 2006  
 (Unaudited)

**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
Land	N/A	N/A
Buildings and 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, 2006  
(Unaudited)

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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, compensated absences, special termination benefits, and contractually required pension contributions 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.

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, long-term loans receivable 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, 2006  
(Unaudited)

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

***M. 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.

***N. 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.

***O. 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.

***P. Budgetary Data***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The 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.

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.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2006  
 (Unaudited)

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

The appropriations 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.

**NOTE 3: CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET ASSETS**

***A. Change In Accounting Principles***

For the year ended December 31, 2006, the City has implemented GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, and Statement No. 47, *Accounting for Termination Benefits*.

Statement No. 46 establishes that any amount of the primary government's net assets at the end of the reporting period restricted by enabling legislation should be disclosed in the notes to the financial statements. At December 31, 2006, \$273,893 of the City's net assets were restricted by enabling legislation.

Statement No. 47 provides guidance to governmental employers for measuring, recognizing and reporting liabilities and expenses/expenditures related to *all* termination benefits without limitations as to the period of time during which the benefits are offered.

The implementation of these GASB statements did not have an effect on the financial statements of the City.

***B. Restatement of Net Assets***

During 2006 it was determined that the value of sewer lines at December 31, 2005 had been overstated by \$344,319 in the Sewer Revenue Fund. Net assets have been restated to correct the value of capital assets.

	Sewer
Previously Reported Net Assets at 12/31/05	\$ 3,635,212
Change in Value of Capital Assets:	(344,319)
Restated Net Assets at 1/1/06	\$ 3,290,893

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2006  
 (Unaudited)

**NOTE 4: 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).

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 fund.

<b>Net Change in Fund Balance</b>		
	<u>General</u>	<u>Safety Forces Operation</u>
GAAP Basis	\$ 421,536	\$ 183,079
Revenue accruals	(637,401)	(135,327)
Expenditure accruals	717,459	23,771
Encumbrances	<u>(75,235)</u>	<u>(5,106)</u>
 Budget Basis	 <u>\$ 426,359</u>	 <u>\$ 66,417</u>

**NOTE 5: FUND DEFICITS**

Fund balances at December 31, 2006 included fund balance deficits in the Airport Federal Grant Fund and the Public Health Fund of \$706 and \$5,911, respectively. The deficit in these funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required, not when accruals occur.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
December 31, 2006  
(Unaudited)

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**NOTE 6: DEPOSITS AND INVESTMENTS**

State statues 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.

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



**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2006  
 (Unaudited)

**NOTE 6: DEPOSITS AND INVESTMENTS (Continued)**

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.

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 2006, 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 \$5,721,139. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of December 31, 2006, \$5,531,668 of the City's bank balance of \$5,953,115 was exposed to custodial risk as discussed above, while \$421,447 was covered by Federal Deposit Insurance Corporation.

**Investments**

As of December 31, 2006, the City had the following investment and maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>6 Months or Less</u>
STAROhio	<u>\$ 995,734</u>	<u>\$ 995,734</u>

***Interest Rate Risk*** The City has no investment policy in place at this time.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2006  
 (Unaudited)

**NOTE 6: DEPOSITS AND INVESTMENTS (Continued)**

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

**Concentration of Credit Risk** The following table includes the percentage to total of each investment type held by the City at December 31, 2006:

Investment Type	Fair Value	Percent of Total
STAROhio	<u>\$ 995,734</u>	<u>100.00%</u>

**NOTE 7: 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 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

2006 real property taxes are levied after October 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 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. 2006 public utility property taxes which became a lien on December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the values as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent for inventory.

The full tax rate for all City operations for the year ended December 31, 2006 was \$9.67 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$ 294,945,500
Public Utility Real Property and Minerals	70,220
Public Utility Tangible Property	9,002,640
Tangible Personal Property	<u>27,960,420</u>
Total	<u>\$ 331,978,780</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.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
December 31, 2006  
(Unaudited)

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**NOTE 7: PROPERTY TAXES (Continued)**

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.

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, 2006 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 2006 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 8: RECEIVABLES**

Receivables at December 31, 2006 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, loans and intergovernmental receivables are deemed collectible in full.

Special assessments expected to be collected in more than one year amount to \$114,381 in the downtown improvement bond retirement fund. At December 31, 2006 the amount of the delinquent special assessments was \$2,076.

**NOTE 9: 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, 2006  
 (Unaudited)

**NOTE 10: CAPITAL ASSETS**

A summary of changes in capital assets during 2006 follows:

	<u>12/31/2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2006</u>
<b>Governmental Activities</b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 826,576	\$ 0	\$ 0	\$ 826,576
Construction in Progress	0	765,514	0	765,514
<i>Total Capital Assets Not Being Depreciated</i>	<u>826,576</u>	<u>765,514</u>	<u>0</u>	<u>1,592,090</u>
<i>Capital Assets Being Depreciated</i>				
Buildings and Building Improvements	7,239,123	0	0	7,239,123
Improvements Other than Buildings	4,312,330	684,703	0	4,997,033
Machinery and Equipment	3,098,456	288,820	(124,758)	3,262,518
Furniture and Fixtures	110,091	0	0	110,091
Vehicles	3,422,359	196,602	(200,030)	3,418,931
Infrastructure	22,152,136	289,444	0	22,441,580
<i>Total Capital Assets, Being Depreciated</i>	<u>40,334,495</u>	<u>1,459,569</u>	<u>(324,788)</u>	<u>41,469,276</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Building Improvements	(2,658,788)	(68,361)	0	(2,727,149)
Improvements Other than Buildings	(1,322,663)	(117,215)	0	(1,439,878)
Machinery and Equipment	(2,109,538)	(133,729)	4,430	(2,238,837)
Furniture and Fixtures	(79,394)	(1,664)	0	(81,058)
Vehicles	(2,525,471)	(96,259)	106,688	(2,515,042)
Infrastructure	(8,432,854)	(582,138)	0	(9,014,992)
<i>Total Accumulated Depreciation</i>	<u>(17,128,708)</u>	<u>(999,366)*</u>	<u>111,118</u>	<u>(18,016,956)</u>
<i>Total Capital Assets Being Depreciated</i>	<u>23,205,787</u>	<u>460,203</u>	<u>(213,670)</u>	<u>23,452,320</u>
<i>Total Governmental Capital Assets, Net</i>	<u>\$ 24,032,363</u>	<u>\$ 1,225,717</u>	<u>\$ (213,670)</u>	<u>\$ 25,044,410</u>

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

General Government	\$ 619,222
Basic Utility Services	28,908
Leisure Time Services	113,713
Public Health	7,576
Security of Persons and Property	131,823
Transportation	98,124
	<u>999,366</u>
Total	<u>\$ 999,366</u>

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2006  
 (Unaudited)

**NOTE 10: CAPITAL ASSETS (Continued)**

	Restated Balance 12/31/2005	Additions	Deletions	Balance 12/31/2006
<b>Business-Type Activities</b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 41,899	\$ 0	\$ 0	\$ 41,899
Construction in Progress	631,418	812,991	(441,452)	1,002,957
<i>Total Capital Assets Not Being Depreciated</i>	<u>673,317</u>	<u>812,991</u>	<u>(441,452)</u>	<u>1,044,856</u>
<i>Capital Assets, Being Depreciated</i>				
Buildings	8,822,478	0	0	8,822,478
Improvements Other than Buildings	6,618,581	20,201	0	6,638,782
Machinery and Equipment	4,081,318	20,584	0	4,101,902
Furniture and Fixtures	20,554	0	0	20,554
Vehicles	704,484	49,848	(17,197)	737,135
Sewer lines	4,668,600	550,194	0	5,218,794
Water lines	11,893,845	41,577	0	11,935,422
<i>Total Capital Assets, Being Depreciated</i>	<u>36,809,860</u>	<u>682,404</u>	<u>(17,197)</u>	<u>37,475,067</u>
<i>Less Accumulated Depreciation:</i>				
Buildings	(3,380,442)	(160,591)	0	(3,541,033)
Improvements other than buildings	(448,131)	(423,072)	0	(871,203)
Machinery and equipment	(3,273,395)	(79,377)	0	(3,352,772)
Furniture and fixtures	(19,526)	0	0	(19,526)
Vehicles	(614,599)	(16,261)	16,337	(614,523)
Sewer lines	(2,048,546)	(68,864)	0	(2,117,410)
Water lines	(5,629,726)	(240,364)	0	(5,870,090)
<i>Total Accumulated Depreciation</i>	<u>(15,414,365)</u>	<u>(988,529)</u>	<u>16,337</u>	<u>(16,386,557)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>21,395,495</u>	<u>(306,125)</u>	<u>(860)</u>	<u>21,088,510</u>
<i>Total Business-Type Capital Assets, Net</i>	<u>\$ 22,068,812</u>	<u>\$ 506,866</u>	<u>\$ (442,312)</u>	<u>\$ 22,133,366</u>

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2006  
 (Unaudited)

**NOTE 11: 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 2006, 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 12: 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, 2006  
(Unaudited)

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**NOTE 12: DEFINED BENEFIT PENSION PLANS (Continued)**

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 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 2006 was 13.7 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 16.93 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 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, 2006, 2005 and 2004 were \$644,527, \$617,138 and \$623,060, respectively. 75 percent has been contributed for 2006 and 100 percent for 2005 and 2004.

***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 \$200,742 and \$276,640 for the year ended December 31, 2006, \$190,843 and \$265,955 for the year ended December 31, 2005, \$189,038 and \$257,326 for the year ended December 31, 2004. The full amount has been contributed for 2005 and 2004 and 74 percent and 73.7 percent, respectively, has been contributed for 2006.

**NOTE 13: 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 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.5 percent of covered payroll was the portion that was used to fund health care.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
December 31, 2006  
(Unaudited)

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**NOTE 13: 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, 2005, 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 6 percent annually for the next nine years and 4 percent annually after nine 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 369,214. The number of active contributing participants for both plans used in the December 31, 2005 actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$182,181. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 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, 2006, 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 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. 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, 2006  
(Unaudited)

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

The City's actual contributions for 2006 that were used to fund postemployment benefits were \$200,742 for police and \$276,640 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005 was 13,922 for police and 10,537 for firefighters.

**NOTE 14: OTHER EMPLOYEE BENEFITS**

***A. Additional Insurance***

The City contracts with AultCare for major medical insurance for all full-time employees, Vision Service Plan for vision insurance for all full-time employees, and AFSCME Care Plan for full-time AFSCME union employees. The City pays total monthly premiums of \$244.15 single major medical, \$583.15 family major medical, \$2.07 single eye care, \$4.67 family eye care, and \$26 dental insurance premiums. Effective March 1, 2005, City employees are required to pay \$25 single and \$35 family per month for major medical insurance making the total premium for major medical insurance \$269.15 for single coverage and \$618.15 for family coverage. 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, 2006, the total liability for unpaid compensated absences was \$1,034,775.

**NOTE 15: CAPITALIZED LEASES - LESSEE DISCLOSURE**

In prior years the City entered into a capitalized lease for the acquisition of a copier. The lease met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2006  
 (Unaudited)

**NOTE 15: CAPITALIZED LEASES - LESSEE DISCLOSURE (Continued)**

The asset acquired by the lease was capitalized in the governmental activities in the amount of \$10,136, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded and is reduced for each required principal payment.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2006:

	Governmental Activities
2007	\$ 2,340
2008	829
	3,169
Less amount representing interest	122
Present value of minimum lease payments	\$ 3,047

**NOTE 16: 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
State Infrastructure Bank (ODOT) Loan			
Street Resurfacing	3.00	192,250	November 20, 2006
Tractor Loan - 2003	0.00	16,685	May 16, 2006
Tractor Loan - 2005	0.00	18,371	November 20, 2006
<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

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2006  
 (Unaudited)

**NOTE 16: LONG-TERM OBLIGATIONS (Continued)**

Changes in the long-term obligations of the City during 2006 were as follows:

	Amount			Amount Outstanding 12/31/2006	Amounts Due in One Year
	Outstanding 01/01/2006	Additions	(Reductions)		
<b>Governmental Activities</b>					
<b>General Obligation Bonds</b>					
Downtown Improvement Bonds	\$ 72,542	\$ 0	\$ (22,540)	\$ 50,002	\$ 24,000
City Improvement Bonds	2,800,000	0	(260,000)	2,540,000	270,000
Park Improvements Bonds	590,000	0	(190,000)	400,000	200,000
<i>Total General Obligation Bonds</i>	<u>3,462,542</u>	<u>0</u>	<u>(472,540)</u>	<u>2,990,002</u>	<u>494,000</u>
Special Assessment Bond	152,458		(47,460)	104,998	51,000
State Infrastructure Bank (ODOT) Loan -					
Street Resurfacing	198,061	0	(198,061)	0	0
Tractor Loan	5,561	0	(5,561)	0	0
Tractor Loan	18,371	0	(18,371)	0	0
Capital Leases	534,665	0	(531,618)	3,047	2,120
Compensated Absences	924,670	0	(71,016)	853,654	202,381
Police and Fire Pension Payable	161,487	0	(161,487)	0	0
<i>Total Governmental Activities</i>	<u>\$ 5,457,815</u>	<u>\$ 0</u>	<u>\$ (1,506,114)</u>	<u>\$ 3,951,701</u>	<u>\$ 749,501</u>
<b>Business-Type Activities</b>					
<b>OPWC Loans</b>					
Ohio Public Works Commission - Sewer Repair	\$ 60,000	\$ 0	\$ (10,000)	\$ 50,000	\$ 10,000
Ohio Public Works Commission Loan					
Waste Water Treatment Plant Improvements	315,000	0	(17,500)	297,500	17,500
Ohio Public Works Commission Loan - Clearwell	97,500	0	(5,000)	92,500	5,000
<i>Total OPWC Loans</i>	<u>472,500</u>	<u>0</u>	<u>(32,500)</u>	<u>440,000</u>	<u>32,500</u>
<b>OWDA Loans</b>					
Ohio Water Development Authority Loan -					
Sewer Plant Expansion and Upgrade	7,426,730	0	(406,985)	7,019,745	407,798
Ohio Water Development Authority Loan -					
Bass Lake Project	1,481,220	0	(82,290)	1,398,930	82,290
Ohio Water Development Authority Loan -					
Waste Water Treatment Plant Improvements	807,969	0	(32,977)	774,992	34,151
Ohio Water Development Authority					
Loan - Sewer Loan	22,894	188,736	(4,883)	206,747	5,093
<i>Total OWDA Loans</i>	<u>9,738,813</u>	<u>188,736</u>	<u>(527,135)</u>	<u>9,400,414</u>	<u>529,332</u>
Compensated Absences	232,991	0	(51,870)	181,121	17,166
<i>Total Business-Type Activities</i>	<u>\$ 10,444,304</u>	<u>\$ 188,736</u>	<u>\$ (611,505)</u>	<u>\$ 10,021,535</u>	<u>\$ 578,998</u>

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
December 31, 2006  
(Unaudited)

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**NOTE 16: LONG-TERM OBLIGATIONS (Continued)**

The Ohio Public Works Commission (OPWC) loan and the Ohio Water Development Authority (OWDA) loan will be paid from charges for services revenue in the water and sewer funds.

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, 2006, the City had drawn \$8,229,699. The City began repaying the loan in 2004.

In 2004, 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, 2006, 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 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 2004, 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, 2006, 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, 2006, 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, 2006, 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, 2006  
 (Unaudited)

**NOTE 16: 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.

During 2003, the City was awarded a loan from the State Infrastructure Bank, Ohio Department of Transportation (ODOT) in the amount of \$192,250. The proceeds of this were used for street resurfacing. The loan had a 0 percent interest rate until 2006. The loan was paid off during 2006.

The City had two loans for tractors. The loans were paid off during 2006.

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

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

	General Obligation Bonds		Special Assessment Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 494,000	\$ 139,671	\$ 51,000	\$ 7,642	\$ 545,000	\$ 147,313
2008	511,002	118,466	53,998	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
2012-2016	720,000	332,072	0	0	720,000	332,072
2017-2021	905,000	139,498	0	0	905,000	139,498
	<u>\$ 2,990,002</u>	<u>\$ 999,010</u>	<u>\$ 104,998</u>	<u>\$ 11,586</u>	<u>\$ 3,095,000</u>	<u>\$ 1,010,596</u>

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2006  
 (Unaudited)

**NOTE 16: LONG-TERM OBLIGATIONS (Continued)**

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

	Ohio Public Works Commission		Ohio Water Development Authority		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 32,500	\$ 0	\$ 529,332	\$ 49,834	\$ 561,832	\$ 49,834
2008	32,500	0	531,584	47,584	564,084	47,584
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
2012-2016	112,500	0	2,731,840	163,997	2,844,340	163,997
2017-2021	112,500	0	2,802,383	93,452	2,914,883	93,452
2022-2026	52,500	0	1,146,097	24,324	1,198,597	24,324
2027-2031	0	0	50,369	4,934	50,369	4,934
	<u>\$ 440,000</u>	<u>\$ 0</u>	<u>\$ 9,400,414</u>	<u>\$ 512,874</u>	<u>\$ 9,840,414</u>	<u>\$ 512,874</u>

**NOTE 17: INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2006, consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u> General
Sidewalk Improvement Fund	<u>\$ 20,587</u>

The general fund transfers to the Sidewalk Improvement fund were made to provide additional resources for current operations.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
 December 31, 2006  
 (Unaudited)

**NOTE 18: CONTRACTUAL COMMITMENTS**

As of December 31, 2006, the City had contractual commitments for the following projects:

	Contractual Commitment	Expended	Balance 12/31/2006
W.E. Quicksall - FY05 Grant Admin	\$ 22,900	\$ 6,500	\$ 16,400
W.E. Quicksall - FY06 Grant Admin	27,800	6,000	21,800
Civil Design - High Tech Park Engineering	432,055	298,572	133,483
RF Scurlock - Tech Park Construction	3,821,869	857,287	2,964,582
Caldwell Tanks - Tech Park Construction	403,050	21,576	381,474
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	182,209	0	182,209
RD Zande - FY03 airport improvements	110,430	101,612	8,818
Municipal Services-2006 CHIP grant admin	37,000	8,000	29,000
Municipal Services - 2006 CHIP grant implementation	65,400	1,000	64,400
	<u>\$ 5,323,607</u>	<u>\$ 1,453,247</u>	<u>\$ 3,870,360</u>
Totals			

**NOTE 19: 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 Gnadenuhthen. 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 2006, 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 2006, the City contributed \$5,117, which represents 19.19 percent of total contributions.

**City of New Philadelphia, Ohio**  
*Notes To The Basic Financial Statements (Continued)*  
December 31, 2006  
(Unaudited)

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**NOTE 19: JOINTLY GOVERNED ORGANIZATIONS (Continued)**

***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 2006, 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 2006, no monies were paid by the City.

**NOTE 20: 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, 2006.

***B. Litigation***

The City is a party to several legal proceedings. 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.



**CITY OF NEW PHILADELPHIA  
TUSCARAWAS COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

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	\$ 72,023	\$ 72,023
Community Development Block Grants	A-F-05-154-1	14.228	2,500	2,500
<i>Total Community Development Block Grants</i>			74,523	74,523
HOME Investment Partnerships Program	A-C-04-154-2	14.239	94,027	125,527
HOME Investment Partnerships Program	A-C-06-154-1	14.239	13,345	11,500
HOME Investment Partnerships Program	A-C-06-154-2	14.239	10,000	
<i>Total HOME Investment Partnerships Program</i>			117,372	137,027
<b>Total U.S. Department of Housing and Urban Development</b>			<b>191,895</b>	<b>211,550</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<i>Direct:</i>				
FY2005 Bulletproof Vest Partnership Program	03014371	16.607	947	947
<b>U.S. DEPARTMENT OF FEDERAL AVIATION ADMINISTRATION</b>				
<i>Direct:</i>				
Airport Improvement Program	3-39-0060-0403	20.106	6,219	7,964
Airport Improvement Program	3-39-0060-0504	20.106	15,890	16,356
Airport Improvement Program	3-39-0060-0605	20.106	170,751	152,425
<i>Total Airport Improvement Program</i>			192,860	176,745
<b>U.S. DEPARTMENT OF COMMERCE</b>				
<i>Direct:</i>				
Public Works and Economic Development Cluster	06-01-04893	11.300	625,086	822,678
<b>TOTAL</b>			<b>\$ 1,010,788</b>	<b>\$ 1,211,920</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, 2006**

**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 – REVOLVING LOAN PROGRAM**

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons, and to rehabilitate homes. The U.S. Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. The initial loan of this money is recorded as an expenditure on the accompanying Schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as expenditures on the Schedule.

These loans are collateralized by mortgages on the property and by promissory notes. In addition, all revolving loan funds are secured by personal guarantees, to the greatest extent possible. At December 31, 2006, there were no loans outstanding.



# 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, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 13, 2007. 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 opinions 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 July 13, 2007.

### **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 did note certain noncompliance or other matters that we reported to the City's management in a separate letter dated July 13, 2007.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

July 13, 2007



# 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 program for the year ended December 31, 2006. The summary of auditor's results section of the accompanying Schedule of Findings identifies the City's major federal program. 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 complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2006.

#### 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.

City of New Philadelphia  
Tuscarawas County  
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

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 entity's ability to administer a federal program such that there is more than a remote likelihood that the entity'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

July 13, 2007

**CITY OF NEW PHILADELPHIA  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2006**

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

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

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

None.

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

None.







**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  
SEPTEMBER 4, 2007**