

CITY OF NEW PHILADELPHIA  
TUSCARAWAS COUNTY, OHIO

*SINGLE AUDIT*

FOR THE YEAR ENDED DECEMBER 31, 2023



Rea & associates

[www.reacpa.com](http://www.reacpa.com)



OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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Members of Council and Management  
City of New Philadelphia  
150 East High Avenue, Suite 19  
New Philadelphia, Ohio 44663

We have reviewed the *Independent Auditor's Report* of the City of New Philadelphia, Tuscarawas County, prepared by Rea & Associates, Inc., for the audit period January 1, 2023 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber  
Auditor of State  
Columbus, Ohio

August 05, 2024

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**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Table of Contents*  
*December 31, 2023*

	<i>Page</i>
Independent Auditor’s Report .....	1
Management’s Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	15
Statement of Activities .....	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund .....	22
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Safety Forces Operation Fund .....	23
Statement of Fund Net Position – Proprietary Funds .....	24
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds .....	25
Statement of Cash Flows – Proprietary Funds .....	26
Statement of Fiduciary Net Position – Fiduciary Funds .....	27
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	28
Notes to the Basic Financial Statements .....	29

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**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Table of Contents (Continued)*  
*December 31, 2023*

	<i>Page</i>
<b>Required Supplementary Information:</b>	
Schedule of the City’s Proportionate Share of the Net Pension Liability .....	80
Schedule of the City’s Contributions - Pension .....	82
Schedule of the City’s Proportionate Share of the Net OPEB Liability/ Asset .....	84
Schedule of the City’s Contributions - OPEB.....	86
Notes to the Required Supplementary Information.....	88
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	90
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance.....	92
Schedule of Expenditures of Federal Awards.....	95
Notes to the Schedule of Expenditures of Federal Awards.....	96
Schedule of Findings and Questioned Costs.....	97
Corrective Action Plan .....	101
Summary Schedule of Prior Audit Findings.....	102

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and Safety Forces Operation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

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



***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

***Required Supplementary Information***

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

***Supplementary Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
New Philadelphia, Ohio  
June 25, 2024

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**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2023*

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The discussion and analysis of the City of New Philadelphia's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2023. 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 2023 are as follows:

- In total, net position decreased \$498,668. Net position of governmental activities decreased \$1,380,396 and the net position of business-type activities increased \$881,728.
- Total capital assets increased \$583,878 during 2023. Capital assets of governmental activities decreased \$171,828 and capital assets of business-type activities increased \$755,706.

***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's operations, as they prefer.

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2023 and how they affected the operations of the City as a whole.

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

*Statement of Net Position and the Statement of Activities*

The *Statement of Net Position 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 the City of New Philadelphia, the general fund is the most significant governmental fund. Business-type funds consist of the water, sewer and sanitation funds.

A question typically asked about the City's finances "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets and deferred outflows of resources and liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting method 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.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2023*

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These two statements report the City's *net position* and *changes in net position*. This change in net position 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, and other factors.

In the Statement of Net Position 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, public health, community and economic development, 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, sewer and sanitation funds are reported as business 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 and safety forces operation 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 future services. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

***Fiduciary Funds*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2023*

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

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2023 compared to 2022:

**Table 1**  
**Net Position**

	Governmental Activities			Business-Type Activities		
	2023	2022	Change	2023	2022	Change
<b>Assets</b>						
Current & Other Assets	\$ 11,672,645	\$ 12,223,165	\$ (550,520)	\$ 7,941,716	\$ 8,404,701	\$ (462,985)
Net Pension/OPEB Asset	-	806,399	(806,399)	-	434,216	(434,216)
Capital Assets	38,595,867	38,767,695	(171,828)	17,957,519	17,201,813	755,706
<i>Total Assets</i>	50,268,512	51,797,259	(1,528,747)	25,899,235	26,040,730	(141,495)
<b>Deferred Outflows of Resources</b>						
Pension & OPEB	9,996,487	6,152,865	3,843,622	2,093,346	638,472	1,454,874
<i>Total Deferred Outflows of Resources</i>	9,996,487	6,152,865	3,843,622	2,093,346	638,472	1,454,874
<b>Liabilities</b>						
Current & Other Liabilities	767,521	1,725,056	(957,535)	411,559	521,077	(109,518)
Long-Term Liabilities:						
Due Within One Year	878,837	919,487	(40,650)	207,750	780,816	(573,066)
Due In More Than One Year:						
Net Pension Liability	23,401,233	12,643,684	10,757,549	4,397,649	1,260,689	3,136,960
Net OPEB Liability	1,327,966	1,807,518	(479,552)	89,987	-	89,987
Other Amounts	7,700,627	7,924,295	(223,668)	926,445	1,018,173	(91,728)
<i>Total Liabilities</i>	34,076,184	25,020,040	9,056,144	6,033,390	3,580,755	2,452,635
<b>Deferred Inflows of Resources</b>						
Property Taxes	1,894,553	1,631,433	263,120	-	-	-
Leases	222,199	230,941	(8,742)	-	-	-
Pension & OPEB	2,097,136	7,712,387	(5,615,251)	62,542	2,083,526	(2,020,984)
<i>Total Deferred Inflows of Resources</i>	4,213,888	9,574,761	(5,360,873)	62,542	2,083,526	(2,020,984)
Net Investment in Capital Assets	31,872,085	31,459,510	412,575	17,107,865	15,307,421	1,800,444
Restricted	5,877,345	5,864,037	13,308	-	-	-
Unrestricted	(15,774,503)	(13,968,224)	(1,806,279)	4,788,784	5,707,500	(918,716)
<i>Total Net Position</i>	\$ 21,974,927	\$ 23,355,323	\$ (1,380,396)	\$ 21,896,649	\$ 21,014,921	\$ 881,728

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2023 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior year, the City adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revised accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting net OPEB asset and deferred outflows related to pension and OPEB.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2023*

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

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

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

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

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

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

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2023*

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

Capital assets include land, buildings and building improvements, improvements other than buildings, machinery and equipment, furniture and fixtures, vehicles, infrastructure, water lines, sewer lines, intangibles, and construction in progress. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is a deficit balance.

For both governmental and business-type activities, the fluctuations in pension and OPEB accruals were primarily caused by market conditions of investments. Both retirement systems experienced a net loss from investing activity during the most current measurement period while in the prior measurement period, investing activity resulted in a gain. This was the most significant contributing factor to the increase in unfunded liability for both retirement plans and caused the OPERS' net OPEB asset to revert back to a net OPEB liability. These fluctuations are passed through to the City relative to their proportionate share of contributions of all members, which remained relatively constant from prior year for both retirement plans. For additional details on GASB 68 and 75, see aforementioned discussion.

***Governmental Activities***

Capital assets not being depreciated/amortized decreased primarily due to decreased construction in progress as various projects were completed throughout the year.

The City also saw a decrease in current and other liabilities. This decrease was primarily due to decreased unearned revenue as the City spent proceeds from the American Rescue Plan Act (ARPA) grant in addition to decreased contracts payable for completed projects, which was offset slightly by an increase in claims payable.

Long-term liabilities, not related to pension and OPEB, decreased due to scheduled debt payments and no new loans during 2023.

***Business-Type Activities***

The City saw a decrease in current and other liabilities and in long-term liabilities, not related to pension and OPEB. The decrease in current and other liabilities was primarily the result of decreased contracts payable for completed projects offset by an increase in accounts payable resulting from a large repair project. The decrease in long-term liabilities is primarily due to scheduled debt payments and no new loans during 2023.



**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2023*

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2023 and 2022.

**Table 2**  
**Changes in Net Position**

	Governmental Activities			Business-Type Activities		
	2023	2022	Change	2023	2022	Change
<b>Revenues</b>						
<i>Program Revenues</i>						
Charges for Services	\$ 2,620,334	\$ 2,402,777	\$ 217,557	\$ 8,100,048	\$ 7,879,583	\$ 220,465
Operating Grants	2,349,536	1,917,313	432,223	13,349	16,410	(3,061)
Capital Grants	681,078	1,425,923	(744,845)	29,135	272,204	(243,069)
<i>Total Program Revenues</i>	<u>5,650,948</u>	<u>5,746,013</u>	<u>(95,065)</u>	<u>8,142,532</u>	<u>8,168,197</u>	<u>(25,665)</u>
<b>General Revenues</b>						
Property Taxes	1,818,415	1,675,094	143,321	-	-	-
Income Taxes	10,631,517	9,806,323	825,194	-	-	-
Other Local Taxes	366,463	305,645	60,818	-	-	-
Grants & Entitlements	1,361,258	873,897	487,361	-	-	-
ARPA	921,706	223,297	698,409	-	-	-
Other	702,575	(52,938)	755,513	67,968	10,413	57,555
<i>Total General Revenues</i>	<u>15,801,934</u>	<u>12,831,318</u>	<u>2,970,616</u>	<u>67,968</u>	<u>10,413</u>	<u>57,555</u>
<i>Total Revenues</i>	<u>21,452,882</u>	<u>18,577,331</u>	<u>2,875,551</u>	<u>8,210,500</u>	<u>8,178,610</u>	<u>31,890</u>
<b>Program Expenses</b>						
General Government	5,653,389	4,112,783	1,540,606	-	-	-
Security of Persons and Property	10,770,209	8,607,235	2,162,974	-	-	-
Public Health	1,119,553	639,198	480,355	-	-	-
Leisure Time Activities	1,409,831	1,227,293	182,538	-	-	-
Community and Economic Development	322,364	302,250	20,114	-	-	-
Transportation	2,998,556	3,006,614	(8,058)	-	-	-
Interest and Fiscal Charges	242,621	188,329	54,292	-	-	-
Enterprise Operations						
Water	-	-	-	3,137,590	2,565,258	572,332
Sewer	-	-	-	2,708,266	2,155,804	552,462
Sanitation	-	-	-	1,799,671	1,418,686	380,985
<i>Total Expenses</i>	<u>22,516,523</u>	<u>18,083,702</u>	<u>4,432,821</u>	<u>7,645,527</u>	<u>6,139,748</u>	<u>1,505,779</u>
<i>Increase (Decrease) in Net Position</i>	<u>(1,063,641)</u>	<u>493,629</u>	<u>(1,557,270)</u>	<u>564,973</u>	<u>2,038,862</u>	<u>(1,473,889)</u>
Transfers	(316,755)	(105,766)	(210,989)	316,755	105,766	210,989
<i>Change in Net Position</i>	<u>(1,380,396)</u>	<u>387,863</u>	<u>(1,768,259)</u>	<u>881,728</u>	<u>2,144,628</u>	<u>(1,262,900)</u>
<i>Net Position Beginning of Year</i>	<u>23,355,323</u>	<u>22,967,460</u>	<u>387,863</u>	<u>21,014,921</u>	<u>18,870,293</u>	<u>2,144,628</u>
<i>Net Position End of Year</i>	<u>\$ 21,974,927</u>	<u>\$ 23,355,323</u>	<u>\$ (1,380,396)</u>	<u>\$ 21,896,649</u>	<u>\$ 21,014,921</u>	<u>\$ 881,728</u>

The City's overall net position decreased from the prior year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

**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.

General revenues include grants and entitlements, such as local government funds. Governmental activities are funded with the combination of property tax, income tax and intergovernmental revenues. The City monitors its sources of revenues very closely for fluctuations.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2023*

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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 1.5 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.

The City saw an increase in total governmental activities revenue in 2023. This was primarily due to increases in operating grants and offset by decreased capital grants. Operating grants increased as a result of increased CHIP grant revenue throughout the year. Capital grants decreased primarily as a result of decreased Ohio Department of Transportation grants received for airport upgrade projects completed throughout the year. ARPA revenues increased as revenue was recognized as expenditures were incurred. Other revenues increased as a result of fair value adjustments in the City's investments.

Total program expenses increased during 2023. These significant increases are primarily the result of fluctuations related to net pension/OPEB liabilities previously discussed.

### **Business-Type Activities**

Business-type activities include water, sewer and sanitation operations. The revenues are generated primarily from charges for services. Capital grants decreased primarily due to reduced Ohio Public Works Commission (OPWC) grants ongoing or completed projects. The total expenses for the utilities increased primarily due to fluctuations related to pension/OPEB accruals previously discussed.

### ***The City's Funds***

#### ***Governmental Funds***

As noted earlier, the City's governmental funds are accounted for using the modified accrual method of accounting. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of the fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

The general fund is the chief operating fund of the City. The fund balance of the general fund increased slightly during the current fiscal year primarily due to primarily to increases in income taxes, intergovernmental revenues, and increased investment income offset by increased expenditures for security of persons and property.

The safety forces operation fund, a major fund, decreased in fund balance due normal operations.

#### ***Proprietary Funds***

The City's proprietary funds provide the same type of information found in the government-wide financial statements for the business-type activities, but in more detail.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2023*

The following table provides a summary of the City's net position by major proprietary fund for 2023 compared to 2022:

	Net Position		
	12/31/2023	12/31/2022	Change
Water	\$ 10,524,064	\$ 10,238,036	\$ 286,028
Sewer	10,485,175	9,646,773	838,402
Sanitation	1,018,388	1,130,112	(111,724)

Total change in net position for these funds was primarily due to fluctuations in net pension liability, net OPEB liability, and net OPEB asset as operations remained fairly consistent from year to year.

***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 2023, the City amended its general fund budget. 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.

***Original Budget Compared to Final Budget*** During the year, the City increased original estimated revenues with the most significant increase for property taxes and intergovernmental revenues. The City also amended original budgeted appropriations. The most significant changes were to increase security of persons and property expenditures and to decrease public health expenditures.

***Final Budget Compared to Actual Results*** There were no significant variances between final budgeted revenues and actual revenues. However, overall revenues were lower than expected. The most significant variances between estimated appropriations and actual expenditures were the result of conservative spending for all program expenditures.

There were no significant variances to discuss within other financing sources and uses.

***Capital Assets and Debt Administration***

**Capital Assets**

The City's investment in capital assets for its governmental activities decreased in comparison with prior year-end as depreciation/amortization expense exceeded amounts capitalized for several completed projects.

The City's investment in capital assets for its business-type activities increased in comparison with prior year-end as the City completed projects including the Franklin Square storm sewer and Parklane waterline replacement.

See Note 8 for additional information about the capital assets of the City.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2023*

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**Debt**

The City's governmental activities and business-type total debt decreased as a result of current year principal payments.

See Note 13 for detailed information on the City's outstanding debt.

***Economic Factors***

In 2023, the City saw the budgetary effects of inflationary costs for materials, supplies and equipment. At the same time, the City also had over \$10,000,000 in income tax collections. This is the first time that the City has exceeded \$10 million in income tax revenues, a good indicator that local workforces are strong.

A traffic study was completed to determine the best way to redesign the Interstate 77/US 250 and SR 39 interchange. The study was necessary to improve traffic flow and reduce congestion in the area around the interchange.

The New Philadelphia/Dover area was recognized for its economic development efforts by Site Selection magazine's top 100 micropolitan communities. This is an honor that smaller and less well-known communities are delighted to receive.

Another new hotel was built, and new businesses came to the City in 2023. The businesses included manufacturing and retail operations.

A steering committee was established to help guide the revitalization of the downtown area and devise new ways to promote New Philadelphia. The City is always striving for ways to "get the word out" about our welcoming and vibrant city.

The City will be using their portion of Ohio's opioid settlement to help pay for a second School Resource Officer for the City schools. Our School Resource Officers' presence in our local schools has been a win-win situation for both the City and the school system. These officers have created a very positive relationship between our entire police department and our youngest citizens.

Our fire department continues to update needed equipment. They purchased a \$1.8 million ladder truck, which is being financed by a local community bank. This new truck replaced a 20-year-old truck that was frequently out of service.

We continue to receive grants from the Federal Aviation Administration and ODOT to upgrade and improve Harry Clever Field Airport, located on the east side of New Philadelphia. The current projects at the airport include upgrading the lighting system and runway. The City is to receive more than \$2,000,000 in grants in 2024 for the relocation of one of its airport runways.

The City is optimistic about 2024. We anticipate our local businesses having full employment and another successful year. Our City operations are continuing at a normal level with City revenues achieving continued normal growth.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2023*

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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 Heather Denham, Auditor of City of New Philadelphia, 150 East High Ave., Suite 19, New Philadelphia, Ohio, 44663 or [hdenham@newphilaoh.com](mailto:hdenham@newphilaoh.com).

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Net Position*  
*December 31, 2023*

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	New Philadelphia City Health District
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 5,021,762	\$ 6,226,480	\$ 11,248,242	\$ 25,697
Accounts Receivable	478,617	998,710	1,477,327	-
Intergovernmental Receivable	1,221,769	2,712	1,224,481	23,685
Property Taxes Receivable	1,935,420	-	1,935,420	-
Income Taxes Receivable	2,081,422	-	2,081,422	-
Leases Receivable	232,846	-	232,846	-
Internal Balances	130,978	(130,978)	-	-
Materials and Supplies Inventory	569,831	844,792	1,414,623	-
Capital Assets Not Being Depreciated/Amortized	1,669,113	68,392	1,737,505	-
Capital Assets Being Depreciated/Amortized, net	36,926,754	17,889,127	54,815,881	-
<i>Total Assets</i>	<u>50,268,512</u>	<u>25,899,235</u>	<u>76,167,747</u>	<u>49,382</u>
<b>Deferred Outflows of Resources</b>				
Pension	8,547,578	1,825,747	10,373,325	-
OPEB	1,448,909	267,599	1,716,508	-
<i>Total Deferred Outflows of Resources</i>	<u>9,996,487</u>	<u>2,093,346</u>	<u>12,089,833</u>	<u>-</u>
<b>Liabilities</b>				
Accounts Payable	145,317	360,992	506,309	10,788
Accrued Wages and Benefits	176,366	43,800	220,166	-
Contracts Payable	3,598	-	3,598	-
Intergovernmental Payable	120,559	6,767	127,326	-
Claims Payable	321,681	-	321,681	-
Long-Term Liabilities:				
Due Within One Year	878,837	207,750	1,086,587	-
Due In More Than One Year:				
Net Pension Liability	23,401,233	4,397,649	27,798,882	-
Net OPEB Liability	1,327,966	89,987	1,417,953	-
Other Amounts Due in More Than One Year	7,700,627	926,445	8,627,072	-
<i>Total Liabilities</i>	<u>34,076,184</u>	<u>6,033,390</u>	<u>40,109,574</u>	<u>10,788</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes Levied for the Next Year	1,894,553	-	1,894,553	-
Leases	222,199	-	222,199	-
Pension	777,274	28,628	805,902	-
OPEB	1,319,862	33,914	1,353,776	-
<i>Total Deferred Inflows of Resources</i>	<u>4,213,888</u>	<u>62,542</u>	<u>4,276,430</u>	<u>-</u>
<b>Net Position</b>				
Net Investment in Capital Assets	31,872,085	17,107,865	48,979,950	-
Restricted for:				
Capital Outlay	1,249,859	-	1,249,859	-
Debt Service	359,129	-	359,129	-
Streets	1,729,833	-	1,729,833	-
Court Operations	1,236,672	-	1,236,672	-
Community Development	120,093	-	120,093	-
Other Purposes	1,181,759	-	1,181,759	-
Unrestricted (Deficit)	(15,774,503)	4,788,784	(10,985,719)	38,594
<i>Total Net Position</i>	<u>\$ 21,974,927</u>	<u>\$ 21,896,649</u>	<u>\$ 43,871,576</u>	<u>\$ 38,594</u>

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2023

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	\$ 5,653,389	\$ 1,411,157	\$ 588,929	\$ 42,710
Security of Persons and Property	10,770,209	963,357	74,081	153,260
Public Health	1,119,553	100,672	30,037	-
Leisure Time Activities	1,409,831	112,748	-	27,743
Community and Economic Development	322,364	-	339,776	202,356
Transportation	2,998,556	32,400	1,316,713	255,009
Interest and Fiscal Charges	242,621	-	-	-
<i>Total Governmental Activities</i>	<u>22,516,523</u>	<u>2,620,334</u>	<u>2,349,536</u>	<u>681,078</u>
<b>Business-Type Activities</b>				
Water	3,137,590	3,287,339	-	29,135
Sewer	2,708,266	3,183,037	-	-
Sanitation	1,799,671	1,629,672	13,349	-
<i>Total Business-Type Activities</i>	<u>7,645,527</u>	<u>8,100,048</u>	<u>13,349</u>	<u>29,135</u>
<b>Component Unit</b>				
New Philadelphia Health District	714,340	164,780	191,389	-
<i>Total</i>	<u>\$ 30,876,390</u>	<u>\$ 10,885,162</u>	<u>\$ 2,554,274</u>	<u>\$ 710,213</u>

**General Revenues**

Property Taxes Levied for:  
General Purposes  
Debt Service  
Police and Fire  
Income Taxes Levied for:  
General Purposes  
Police and Fire  
Health Services  
Street Maintenance and Repair  
Capital Projects  
Other Purposes  
Other Local Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Grants and Entitlements not Restricted to Specific Programs - ARPA  
Investment Earnings  
Miscellaneous  
*Total General Revenues*

Transfers

*Total General Revenues and Transfers*

*Change in Net Position*

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	New Philadelphia City Health District
\$ (3,610,593)	\$ -	\$ (3,610,593)	\$ -
(9,579,511)	-	(9,579,511)	-
(988,844)	-	(988,844)	-
(1,269,340)	-	(1,269,340)	-
219,768	-	219,768	-
(1,394,434)	-	(1,394,434)	-
(242,621)	-	(242,621)	-
<u>(16,865,575)</u>	<u>-</u>	<u>(16,865,575)</u>	<u>-</u>
-	178,884	178,884	-
-	474,771	474,771	-
-	(156,650)	(156,650)	-
-	497,005	497,005	-
-	-	-	(358,171)
<u>(16,865,575)</u>	<u>497,005</u>	<u>(16,368,570)</u>	<u>(358,171)</u>
1,273,534	-	1,273,534	-
305,721	-	305,721	-
239,160	-	239,160	-
4,674,011	-	4,674,011	-
4,232,114	-	4,232,114	-
419,066	-	419,066	-
719,317	-	719,317	-
315,754	-	315,754	-
271,255	-	271,255	-
366,463	-	366,463	-
1,361,258	-	1,361,258	66,338
921,706	-	921,706	-
362,544	-	362,544	-
340,031	67,968	407,999	34,547
<u>15,801,934</u>	<u>67,968</u>	<u>15,869,902</u>	<u>100,885</u>
(316,755)	316,755	-	-
<u>15,485,179</u>	<u>384,723</u>	<u>15,869,902</u>	<u>100,885</u>
(1,380,396)	881,728	(498,668)	(257,286)
<u>23,355,323</u>	<u>21,014,921</u>	<u>44,370,244</u>	<u>295,880</u>
<u>\$ 21,974,927</u>	<u>\$ 21,896,649</u>	<u>\$ 43,871,576</u>	<u>\$ 38,594</u>



**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2023*

	General	Safety Forces Operation	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 607,779	\$ 88,953	\$ 4,325,030	\$ 5,021,762
Accounts Receivable	128,368	-	350,249	478,617
Intergovernmental Receivable	345,398	-	876,371	1,221,769
Property Taxes Receivable	1,411,381	-	524,039	1,935,420
Income Taxes Receivable	855,082	686,869	539,471	2,081,422
Leases Receivable	-	-	232,846	232,846
Interfund Receivable	12,223	-	-	12,223
Due from Other Funds	293,101	-	-	293,101
Materials and Supplies Inventory	134,879	-	434,952	569,831
<i>Total Assets</i>	<u>\$ 3,788,211</u>	<u>\$ 775,822</u>	<u>\$ 7,282,958</u>	<u>\$ 11,846,991</u>
<b>Liabilities</b>				
Accounts Payable	\$ 78,670	\$ 2,937	\$ 63,710	\$ 145,317
Accrued Wages	105,135	47,753	23,478	176,366
Contracts Payable	-	-	3,598	3,598
Intergovernmental Payable	22,408	91,940	6,211	120,559
Interfund Payable	-	-	12,223	12,223
<i>Total Liabilities</i>	<u>206,213</u>	<u>142,630</u>	<u>109,220</u>	<u>458,063</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes Levied for the Next Year	1,382,463	-	512,090	1,894,553
Unavailable Revenue	744,211	316,899	961,005	2,022,115
Leases	-	-	222,199	222,199
<i>Total Deferred Inflows of Resources</i>	<u>2,126,674</u>	<u>316,899</u>	<u>1,695,294</u>	<u>4,138,867</u>
<b>Fund Balances</b>				
Nonspendable	163,104	-	434,952	598,056
Restricted	-	316,293	4,907,121	5,223,414
Committed	292,432	-	136,371	428,803
Assigned	944,410	-	-	944,410
Unassigned	55,378	-	-	55,378
<i>Total Fund Balance</i>	<u>1,455,324</u>	<u>316,293</u>	<u>5,478,444</u>	<u>7,250,061</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 3,788,211</u>	<u>\$ 775,822</u>	<u>\$ 7,282,958</u>	<u>\$ 11,846,991</u>

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*December 31, 2023*

<b>Total Governmental Fund Balances</b>		\$ 7,250,061
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		38,595,867
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	\$ 40,867	
Income Tax	960,301	
Intergovernmental	762,272	
Charges for Services	<u>258,675</u>	2,022,115
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets, liabilities, deferred outflows/inflows of resources of the internal service fund are included in governmental activities in the statement of net position.		(483,804)
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension	8,547,578	
Deferred Outflows - OPEB	1,448,909	
Net Pension Liability	(23,401,233)	
Net OPEB Liability	(1,327,966)	
Deferred Inflows - Pension	(777,274)	
Deferred Inflows - OPEB	<u>(1,319,862)</u>	(16,829,848)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(3,840,000)	
ODOT Loans	(367,222)	
Unamortized Bond Premium	(98,549)	
Financed Purchase	(2,431,512)	
Leases	(81,450)	
Compensated Absences	<u>(1,760,731)</u>	(8,579,464)
<i>Net Position of Governmental Activities</i>		<u>\$ 21,974,927</u>

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Governmental Funds*  
*For the Year Ended December 31, 2023*

	General	Safety Forces Operation	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$ 1,267,324	\$ -	\$ 542,328	\$ 1,809,652
Income Taxes	4,617,094	3,478,932	2,394,443	10,490,469
Other Local Taxes	269,966	-	96,497	366,463
Charges for Services	228,187	-	866,769	1,094,956
Licenses and Permits	235,271	-	-	235,271
Fines and Forfeitures	258,927	-	714,499	973,426
Intergovernmental	1,337,020	-	3,570,010	4,907,030
Investment Income	362,328	-	46,648	408,976
Rent	69,123	-	31,554	100,677
Contributions and Donations	164,068	8,669	50,000	222,737
Lease	-	-	8,742	8,742
Miscellaneous	155,597	9,601	125,865	291,063
<i>Total Revenues</i>	<u>8,964,905</u>	<u>3,497,202</u>	<u>8,447,355</u>	<u>20,909,462</u>
<b>Expenditures</b>				
Current:				
General Government	3,555,994	-	1,471,057	5,027,051
Security of Persons and Property	3,559,476	3,392,142	1,686,177	8,637,795
Public Health	608,817	-	419,351	1,028,168
Leisure Time Activities	962,667	-	-	962,667
Community and Economic Development	-	-	360,745	360,745
Transportation	61,453	-	1,893,499	1,954,952
Capital Outlay	112,833	102,711	2,039,384	2,254,928
Debt Service:				
Principal Retirement	-	41,415	272,343	313,758
Interest and Fiscal Charges	-	1,256	247,162	248,418
<i>Total Expenditures</i>	<u>8,861,240</u>	<u>3,537,524</u>	<u>8,389,718</u>	<u>20,788,482</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>103,665</u>	<u>(40,322)</u>	<u>57,637</u>	<u>120,980</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	8,710	-	925	9,635
Insurance Recoveries	-	-	39,333	39,333
Transfers In	-	-	20,000	20,000
Transfers Out	(20,000)	-	-	(20,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(11,290)</u>	<u>-</u>	<u>60,258</u>	<u>48,968</u>
<i>Net Change in Fund Balances</i>	92,375	(40,322)	117,895	169,948
<i>Fund Balances Beginning of Year</i>	<u>1,362,949</u>	<u>356,615</u>	<u>5,360,549</u>	<u>7,080,113</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,455,324</u>	<u>\$ 316,293</u>	<u>\$ 5,478,444</u>	<u>\$ 7,250,061</u>

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2023*

<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$ 169,948
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 1,768,489	
Current Year Depreciation/Amortization	<u>(1,903,254)</u>	(134,765)
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.		(37,063)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	8,763	
Income Tax	141,048	
Intergovernmental	109,420	
Charges for Services	<u>207,262</u>	466,493
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	170,000	
ODOT Loan	19,133	
Financed Purchases	83,210	
Lease	<u>41,415</u>	313,758
Amortization of bond premium on bonds are not reported in the fund but are allocated as an expense over the life of the debt in the statement of activities.		5,797
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,611,686	
OPEB	<u>23,590</u>	1,635,276
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(3,373,908)	
OPEB	<u>113,109</u>	(3,260,799)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(483,804)
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.		
Compensated Absences		<u>(55,237)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$ (1,380,396)</u></u>

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Revenues, Expenditures and Changes in*  
*Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 1,155,000	\$ 1,268,000	\$ 1,267,324	\$ (676)
Income Taxes	4,050,000	4,132,000	4,086,495	(45,505)
Other Local Taxes	195,000	255,000	262,251	7,251
Charges for Services	215,000	230,000	213,604	(16,396)
Licenses and Permits	382,000	382,000	308,452	(73,548)
Fines and Forfeitures	315,000	315,000	256,713	(58,287)
Intergovernmental	739,000	840,000	855,919	15,919
Investment Income	110,000	190,000	189,511	(489)
Rent	31,000	36,000	19,386	(16,614)
Contributions and Donations	5,000	30,000	28,672	(1,328)
Miscellaneous	3,000	87,000	137,428	50,428
<i>Total Revenues</i>	<u>7,200,000</u>	<u>7,765,000</u>	<u>7,625,755</u>	<u>(139,245)</u>
<b>Expenditures</b>				
Current:				
General Government	3,448,658	3,389,169	3,085,178	303,991
Security of Persons and Property	3,386,826	3,643,126	3,537,299	105,827
Public Health	436,029	190,779	154,262	36,517
Leisure Time Activities	1,165,213	1,124,352	977,141	147,211
Transportation	72,130	72,130	63,648	8,482
Capital Outlay	88,989	88,989	88,079	910
<i>Total Expenditures</i>	<u>8,597,845</u>	<u>8,508,545</u>	<u>7,905,607</u>	<u>602,938</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,397,845)</u>	<u>(743,545)</u>	<u>(279,852)</u>	<u>463,693</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	-	-	8,710	8,710
Transfers Out	(20,000)	(20,000)	(20,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(20,000)</u>	<u>(20,000)</u>	<u>(11,290)</u>	<u>8,710</u>
<i>Net Change in Fund Balance</i>	(1,417,845)	(763,545)	(291,142)	472,403
<i>Fund Balance Beginning of Year</i>	623,142	623,142	623,142	-
Prior Year Encumbrances Appropriated	130,440	130,440	130,440	-
<i>Fund Balance End of Year</i>	<u>\$ (664,263)</u>	<u>\$ (9,963)</u>	<u>\$ 462,440</u>	<u>\$ 472,403</u>

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non-GAAP Basis) and Actual  
Safety Forces Operation Fund  
For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Income Taxes	\$ 3,400,000	\$ 3,550,000	\$ 3,443,536	\$ (106,464)
Contributions and Donations	-	-	8,669	8,669
Miscellaneous	-	-	9,601	9,601
<i>Total Revenues</i>	3,400,000	3,550,000	3,461,806	(88,194)
<b>Expenditures</b>				
Current:				
Security of Persons and Property	3,809,318	3,566,118	3,443,297	122,821
Capital Outlay	167,550	107,000	102,711	4,289
Debt Service:				
Principal Retirement	41,415	41,415	41,415	-
Interest and Fiscal Charges	1,256	1,256	1,256	-
<i>Total Expenditures</i>	4,019,539	3,715,789	3,588,679	127,110
<i>Net Change in Fund Balance</i>	(619,539)	(165,789)	(126,873)	38,916
<i>Fund Balance Beginning of Year</i>	187,962	187,962	187,962	-
Prior Year Encumbrances Appropriated	15,774	15,774	15,774	-
<i>Fund Balance End of Year</i>	\$ (415,803)	\$ 37,947	\$ 76,863	\$ 38,916

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2023*

	Enterprise Funds				Governmental Activities
	Water	Sewer	Sanitation	Total	Internal Service Fund
<b>Assets</b>					
<i>Current Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	\$ 2,336,134	\$ 2,784,071	\$ 1,106,275	\$ 6,226,480	\$ -
Accounts Receivable	495,551	503,159	-	998,710	-
Intergovernmental Receivable	-	-	2,712	2,712	-
Materials and Supplies Inventory	831,275	12,476	1,041	844,792	-
<i>Total Current Assets</i>	<u>3,662,960</u>	<u>3,299,706</u>	<u>1,110,028</u>	<u>8,072,694</u>	<u>-</u>
<i>Non-Current Assets:</i>					
Non-Depreciable Capital Assets	23,345	35,054	9,993	68,392	-
Depreciable Capital Assets, Net	8,111,049	9,045,735	732,343	17,889,127	-
<i>Total Non-Current Assets</i>	<u>8,134,394</u>	<u>9,080,789</u>	<u>742,336</u>	<u>17,957,519</u>	<u>-</u>
<i>Total Assets</i>	<u>11,797,354</u>	<u>12,380,495</u>	<u>1,852,364</u>	<u>26,030,213</u>	<u>-</u>
<b>Deferred Outflows of Resources</b>					
Pension	693,939	545,241	586,567	1,825,747	-
OPEB	104,093	81,786	81,720	267,599	-
<i>Total Deferred Outflows of Resources</i>	<u>798,032</u>	<u>627,027</u>	<u>668,287</u>	<u>2,093,346</u>	<u>-</u>
<b>Liabilities</b>					
<i>Current Liabilities:</i>					
Accounts Payable	88,169	242,414	30,409	360,992	-
Accrued Wages and Benefits	16,666	14,118	13,016	43,800	-
Intergovernmental Payable	2,575	2,181	2,011	6,767	-
Due to Other Funds	-	-	-	-	293,101
Claims Payable	-	-	-	-	321,681
Compensated Absences Payable	68,769	37,014	25,039	130,822	-
OPWC Loans Payable	5,166	30,168	-	35,334	-
OWDA Loans Payable	-	41,594	-	41,594	-
<i>Total Current Liabilities</i>	<u>181,345</u>	<u>367,489</u>	<u>70,475</u>	<u>619,309</u>	<u>614,782</u>
<i>Long-Term Liabilities:</i>					
Compensated Absences Payable - Net of Current Portion	76,298	57,520	19,901	153,719	-
OPWC Loans Payable - Net of Current Portion	56,206	290,978	-	347,184	-
OWDA Loans Payable - Net of Current Portion	-	425,542	-	425,542	-
Net Pension Liability	1,710,197	1,343,726	1,343,726	4,397,649	-
Net OPEB Liability	34,995	27,496	27,496	89,987	-
<i>Total Long-Term Liabilities</i>	<u>1,877,696</u>	<u>2,145,262</u>	<u>1,391,123</u>	<u>5,414,081</u>	<u>-</u>
<i>Total Liabilities</i>	<u>2,059,041</u>	<u>2,512,751</u>	<u>1,461,598</u>	<u>6,033,390</u>	<u>614,782</u>
<b>Deferred Inflows of Resources</b>					
Pension	739	528	27,361	28,628	-
OPEB	11,542	9,068	13,304	33,914	-
<i>Total Deferred Inflows of Resources</i>	<u>12,281</u>	<u>9,596</u>	<u>40,665</u>	<u>62,542</u>	<u>-</u>
<b>Net Position</b>					
Net Investment in Capital Assets	8,073,022	8,292,507	742,336	17,107,865	-
Unrestricted	2,451,042	2,192,668	276,052	4,919,762	(614,782)
<i>Total Net Position</i>	<u>\$ 10,524,064</u>	<u>\$ 10,485,175</u>	<u>\$ 1,018,388</u>	<u>\$ 22,027,627</u>	<u>\$ (614,782)</u>

Some amounts reported for business-type activities in the statement of net position are different because internal service fund assets and liabilities are included with business-type activities.

Net Position of Business-Type Activities

(130,978)  
\$ 21,896,649

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Revenues, Expenses and Changes in Fund Net Position*  
*Proprietary Funds*  
*For the Year Ended December 31, 2023*

	Enterprise Funds				Governmental Activities
	Water	Sewer	Sanitation	Total	Internal Service Fund
<b>Operating Revenues</b>					
Charges for Services	\$ 3,287,339	\$ 3,183,037	\$ 1,629,672	\$ 8,100,048	\$ 2,119,156
Other	53,210	6,849	7,909	67,968	16,823
<i>Total Operating Revenues</i>	<u>3,340,549</u>	<u>3,189,886</u>	<u>1,637,581</u>	<u>8,168,016</u>	<u>2,135,979</u>
<b>Operating Expenses</b>					
Salaries	859,712	724,592	722,139	2,306,443	-
Fringe Benefits	527,672	404,002	378,478	1,310,152	-
Contractual Services	623,730	800,005	485,434	1,909,169	527,036
Materials and Supplies	662,890	125,352	79,536	867,778	-
Claims	-	-	-	-	2,223,941
Depreciation	409,652	584,034	97,067	1,090,753	-
<i>Total Operating Expenses</i>	<u>3,083,656</u>	<u>2,637,985</u>	<u>1,762,654</u>	<u>7,484,295</u>	<u>2,750,977</u>
<i>Operating Income (Loss)</i>	<u>256,893</u>	<u>551,901</u>	<u>(125,073)</u>	<u>683,721</u>	<u>(614,998)</u>
<b>Non-Operating Revenues (Expenses)</b>					
Intergovernmental	-	-	13,349	13,349	-
Interest	-	-	-	-	216
Loss on Sale/Transfer of Capital Assets	-	(11,274)	-	(11,274)	-
Interest	-	(18,980)	-	(18,980)	-
<i>Total Non-Operating Revenues (Expenses)</i>	<u>-</u>	<u>(30,254)</u>	<u>13,349</u>	<u>(16,905)</u>	<u>216</u>
<i>Income (Loss) Before Capital Contributions</i>	<u>256,893</u>	<u>521,647</u>	<u>(111,724)</u>	<u>666,816</u>	<u>(614,782)</u>
Capital Contributions	29,135	316,755	-	345,890	-
<i>Change in Net Position</i>	<u>286,028</u>	<u>838,402</u>	<u>(111,724)</u>	<u>1,012,706</u>	<u>(614,782)</u>
<i>Net Position Beginning of Year</i>	<u>10,238,036</u>	<u>9,646,773</u>	<u>1,130,112</u>		<u>-</u>
<i>Net Position End of Year</i>	<u>\$ 10,524,064</u>	<u>\$ 10,485,175</u>	<u>\$ 1,018,388</u>		<u>\$ (614,782)</u>

Some amounts reported for business-type activities in the statement of net position are different because internal service fund assets and liabilities are included with business-type activities.

Change in Net Position of Business-Type Activities

(130,978)  
\$ 881,728

See accompanying notes to the basic financial statements.



**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2023

	Enterprise Funds				Governmental Activities
	Water	Sewer	Sanitation	Total	Internal Service Fund
<b>Cash Flows from Operating Activities</b>					
Cash Received from Customers	\$ 3,254,949	\$ 3,157,294	\$ 1,629,672	\$ 8,041,915	\$ 2,119,156
Cash Received from Other Operating Receipts	53,210	6,849	7,909	67,968	16,823
Cash Payments to Suppliers for Goods and Services	(769,840)	(128,982)	(76,688)	(975,510)	-
Cash Payments to Employees for Services and Benefits	(1,317,554)	(1,067,470)	(1,070,251)	(3,455,275)	-
Cash Payments for Contractual Services	(597,511)	(562,760)	(483,129)	(1,643,400)	(527,036)
Cash Payments for Claims	-	-	-	-	(1,902,260)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>623,254</u>	<u>1,404,931</u>	<u>7,513</u>	<u>2,035,698</u>	<u>(293,317)</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Intergovernmental Revenue	-	-	14,049	14,049	-
Advances In	-	-	-	-	293,101
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>-</u>	<u>-</u>	<u>14,049</u>	<u>14,049</u>	<u>293,101</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Intergovernmental Revenue	211,459	-	-	211,459	-
Acquisition of Capital Assets	(774,247)	(920,928)	(215,643)	(1,910,818)	-
Principal Payments on Debt	(11,783)	(663,114)	-	(674,897)	-
Interest Payments on Debt	-	(18,980)	-	(18,980)	-
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(574,571)</u>	<u>(1,603,022)</u>	<u>(215,643)</u>	<u>(2,393,236)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>					
Interest	-	-	-	-	216
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>48,683</u>	<u>(198,091)</u>	<u>(194,081)</u>	<u>(343,489)</u>	<u>-</u>
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>2,287,451</u>	<u>2,982,162</u>	<u>1,300,356</u>	<u>6,569,969</u>	<u>-</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 2,336,134</u>	<u>\$ 2,784,071</u>	<u>\$ 1,106,275</u>	<u>\$ 6,226,480</u>	<u>\$ -</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>					
Operating Income (Loss)	\$ 256,893	\$ 551,901	\$ (125,073)	\$ 683,721	\$ (614,998)
Adjustments:					
Depreciation	409,652	584,034	97,067	1,090,753	-
(Increase) Decrease in Assets and Deferred Outflows:					
Accounts Receivable	(32,390)	(25,743)	-	(58,133)	-
Materials and Supplies Inventory	(132,043)	(7,061)	2,731	(136,373)	-
Net OPEB Asset	173,686	136,468	124,062	434,216	-
Deferred Outflows - Pension/OPEB	(553,285)	(434,680)	(466,909)	(1,454,874)	-
Increase (Decrease) in Liabilities and Deferred Inflows:					
Accounts Payable	51,312	240,676	2,422	294,410	-
Accrued Wages	(5,269)	1,678	2,406	(1,185)	-
Intergovernmental Payable	(13,740)	(9,020)	(10,143)	(32,903)	-
Claims Payable	-	-	-	-	321,681
Compensated Absences Payable	5,571	3,050	1,482	10,103	-
Deferred Inflows - Pension/OPEB	(778,049)	(611,378)	(631,557)	(2,020,984)	-
Net Pension Liability	1,205,921	947,510	983,529	3,136,960	-
Net OPEB Liability	34,995	27,496	27,496	89,987	-
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u>\$ 623,254</u>	<u>\$ 1,404,931</u>	<u>\$ 7,513</u>	<u>\$ 2,035,698</u>	<u>\$ (293,317)</u>

**Noncash Capital Financing Activities:**

The City purchased \$369,840 of capital assets on account in the water fund in 2022.

The City transferred \$316,755 of construction in progress activity from governmental activities to the sewer fund in 2023.

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*December 31, 2023*

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	<u>Custodial</u>
<b>Assets</b>	
Cash and Cash Equivalents in Segregated Accounts	\$ 109,703
Accounts Receivable	1,469
	<hr/>
<i>Total Assets</i>	<u>111,172</u>
<b>Liabilities</b>	
Intergovernmental Payable	111,172
	<hr/>
<i>Total Liabilities</i>	<u>111,172</u>
<b>Net Position</b>	
<i>Total Net Position</i>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Funds*  
*For the Year Ended December 31, 2023*

	Custodial
<b>Additions</b>	
Fines & Forfeitures for Other Governments	\$ 777,239
<i>Total Additions</i>	777,239
 <b>Deductions</b>	
Fines & Forfeitures Distributions to Other Governments	777,239
<i>Total Deductions</i>	777,239
 <i>Change in Net Position</i>	 -
 <i>Net Position Beginning of Year</i>	 -
 <i>Net Position End of Year</i>	 \$ -

See accompanying notes to the basic financial statements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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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, Law Director, and Municipal Court Judge 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*, as amended by GASB 61 and 80.

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. Based on the application of these criteria, the City does have one component unit.

The following component unit and organizations are described due to their relationship to the City:

***Component Unit***

**New Philadelphia City Health District**

The New Philadelphia City Health District (the District) is a legally separate organization. Among its various duties, the District provides for the prompt diagnosis and control of communicable diseases. The District may also inspect business where food is manufactured, handled, stored, or offered for sale. The District is operated by a board with all members being appointed by the City. The rates charged by the District are subject to the approval of City Council. In addition, the City provides funding to the District, thus the City can impose will on the District, and the District imposes a financial burden to the City. Therefore, the District is considered a discretely presented component unit of the City of New Philadelphia. During 2023, the City paid \$491,151 in expenses on behalf of the District. This is reported as Public Health on the *Statement of Revenues, Expenditures and Changes in Fund Balance*. Separately issued financial statements can be obtained from the New Philadelphia City Health District at 150 East High Avenue, New Philadelphia, Ohio, 44663.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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***Jointly Governed Organizations***

**Community Improvement Corporation of Tuscarawas County**

The City is associated with the Community Improvement Corporation of Tuscarawas County (“Corporation”) as a Jointly Governed Organization. The Corporation is operated by Tuscarawas County, New Philadelphia, Dover, Uhrichsville, Dennison, Strasburg, Sugarcreek and Gnadenhutten. It is controlled by 30 trustees consisting of the three County Commissioners, the mayor of each participating city or village and eighteen self-elected trustees. The board exercises total control over the operation of the Corporation including budgeting, appropriating, contracting and designating management. Each participant’s degree of control is limited to its representation on the board.

**Tuscarawas County Drug Enforcement Task Force**

The City entered into a mutual aid agreement with the Tuscarawas County Drug Enforcement Task Force, which is coordinated by the Tuscarawas County Sheriff’s Office.

**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.

**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.

The City also participates the Jefferson Health Plan, a risk sharing, claims servicing and insurance purchasing pool. Additional information concerning the Jefferson Health Plan is presented in Note 12.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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***Related Organization***

**Tuscora Park Foundation**

The Tuscora Park Foundation (Foundation) is a related organization that was created by citizens of the community as a 501(c)(3). The Foundation is governed by nine members on the Board of Trustees who are appointed by the Board of Directors. The mayor and parks and recreation superintendent of the City of New Philadelphia serve as City representatives on the board. Additionally, the City Park and Recreation Board appoint three members. The Foundation was established to assist the City by raising, acquiring, and accepting funds for present and future needs in order to develop a network of resources to maintain, restore, and build community parks within the City and surrounding areas. The board has total control over budgeting, personnel, and financial matters. The City is not able to impose its will on the Foundation and no financial benefit and/or burden relationship exists. The City has an agreement with the Foundation to contribute the local share of the project costs for the Southside Improvement Project.

**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 most significant of the City's accounting policies are described below.

***Basis of Presentation***

The City's basic financial statements consist of government-wide statements, including a statement of net position 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 position 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 position 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.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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***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.

***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 and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

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

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

The other governmental funds of the City account for grants and other resources to which the City is bound to observe constraints imposed upon the use of the resources.

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

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

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

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

***Sanitation Fund*** – The sanitation fund accounts for the provision of sanitation service to the residents and commercial users within the City.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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***Internal Service Fund*** – Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City’s internal service fund accounts for the City’s self-insurance program providing medical, surgical and dental insurance to its employees. The City participates in the Jefferson Health Plan, as described in Note 12.

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

***Measurement Focus***

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

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

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

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

***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 inflows and outflows of resources, and in the presentation of expenses versus expenditures.



**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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**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 5.) 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, leases, and rent.

**Deferred Outflows/Inflows of Resources** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position. The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB, leases, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Deferred inflows of resources for leases relate to future periods are not recognized as revenue until the period in which they relate. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue may include delinquent property taxes, income taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11).

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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***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.

***Pooled Cash and Investments***

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 with an original maturity of three months or less at the time they are purchased by City and investments of the City's cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported at fair value with the exception of nonparticipating certificates of deposit and repurchase agreements, which are reported at cost.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund (including unrealized gains/losses on investments) during 2023 amounted to \$362,328, where \$342,161 was assigned from other 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.

***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 held for consumption.

***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 position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets (except for intangible right to use assets, which are discussed later) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition 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.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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 <u>Estimated Lives</u>	Business-Type Activities <u>Estimated Lives</u>
Buildings and Building Improvements	20-50 Years	20-50 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	40-50 Years	40-50 Years

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

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

***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.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements; and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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***Pensions/Other Postemployment Benefits (OPEB)***

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

***Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At December 31, 2023, there was no net position restricted by enabling legislation.

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

***Fund Balance***

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

*Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by policies of City Council or a City official delegated by that authority by resolution or by State Statute. State statute authorizes the City Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

### ***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, sewer and sanitation 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.

### ***Contributions of Capital***

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

### ***Interfund Activity***

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

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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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.

***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.

***Budgetary Data***

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

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

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

***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.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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***Implementation of New Accounting Principles***

For the year ended December 31, 2023, the City has implemented GASB Statement No. 93, paragraphs 13 and 14, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and certain provisions of GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 93, paragraphs 13 and 14, provide an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The implementation of GASB Statement No. 93 paragraphs 13 and 14, did not have an effect on the financial statements of the City.

GASB Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements as well as provides uniform guidance on accounting and financial reporting for transactions that meet the definitions. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the City.

GASB Statement No. 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement also enhances the relevance and reliability of the financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and discloses essential information about the arrangement. The note disclosures also allow the users to understand the scale and important aspects of the SBITA activities and evaluate the obligations and assets resulting from the SBITAs. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the City.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of the City.

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

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

The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund and major special revenue funds 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:

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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 restricted, committed or assigned fund balance (GAAP).
4. Some funds are included in the general fund, (GAAP basis), but have separate legally adopted budgets (budget basis).

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

**Net Change in Fund Balance**

	General	Safety Forces Operation
GAAP Basis	\$ 92,375	\$ (40,322)
Net Adjustment for Revenue Accruals	(665,909)	(35,396)
Net Adjustment for Expenditure Accruals	482,054	(41,692)
Funds Budgeted Elsewhere **	(42,010)	-
Adjustment for Encumbrances	(157,652)	(9,463)
Budget Basis	\$ (291,142)	\$ (126,873)

\*\* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes unclaimed monies, income tax administration and collection, municipal court computer, airport capital improvement funds, and profit sharing lots.

**NOTE 4 - 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 able to be withdrawn 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.



**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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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.

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

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 (STAR Ohio).
7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred and eighty days and two hundred and seventy days, respectively, from the purchase date in any amount not to exceed 40 percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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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.

The City has segregated bank accounts for monies held separately from the City's pooled accounts. These depository accounts are presented on the financial statements as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City's treasury.

**Cash on Hand** - At December 31, 2023 the City had \$300 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Cash Equivalents."

**Deposits** - At year-end, \$4,930,524 of the City's bank balance was uninsured but collateralized. Although the securities were held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

1. Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
2. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Cash with Fiscal Agents**

The City participates in the Jefferson Health Plan for employee benefits. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium. The amount held at fiscal year-end for the employee benefit self-insurance fund was a deficit of \$293,101. This deficit balance was covered by amounts due from the general fund (See Note 14.)

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

**Investments**

As of December 31, 2023, the City had the following investments and maturities:

S&P Global Ratings	Investment Type	Measurement Value	Investment Maturities			Percent of Total
			12 Months or Less	12 to 36 Months	More Than 36 Months	
	Net Asset Value (NAV):					
AAAm	Federal Agricultural Mortgage Corp	112,896	112,896	-	-	1.71%
AAAm	First American Government Obligation	42,267	42,267	-	-	0.64%
	Fair Value:					
AA+	Federal Home Loan Mortgage Corp MTN	233,703	-	233,703	-	3.54%
AA+	Federal Agricultural Mortgage Corp MTN	150,014	-	-	150,014	2.27%
AA+	Federal Home Loan Banks	539,980	-	397,968	142,012	8.18%
Aaa	Federal Farm Credit Bank	1,446,698	-	664,593	782,105	21.92%
AA+	US Treasury Note	2,640,792	553,449	1,207,713	879,630	40.01%
N/A	Negotiable Certificates of Deposit	1,434,433	1,067,665	-	366,768	21.73%
	Total Investments	<u>\$ 6,600,783</u>	<u>\$ 1,776,277</u>	<u>\$ 2,503,977</u>	<u>\$ 2,320,529</u>	<u>100.00%</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the City's recurring fair value measurements as of December 31, 2023. The City's fair value investments are Level 2 since valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data.

The City has a formal investment policy. The objective of the policy shall be the preservation of capital and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. All investments are in an internal investment pool.

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

**Credit Risk:** S&P Global Ratings are included in the table above for each investment.

**Concentration of Credit Risk** The table above includes the percentage to total of each investment type held by the City at December 31, 2023.

**NOTE 5 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2023 for real and public utility property taxes represents collections of the 2022 taxes.

2023 real property taxes were levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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.

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. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2023, was \$3.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2023 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 435,813,510
Public Utilities - Personal	<u>20,103,390</u>
Total Assessed Value	<u>\$ 455,916,900</u>

The County Treasurer collects property taxes on behalf of all taxing districts within the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2023, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2023 operations is offset to deferred inflows of resources – property taxes levied for the next year. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

**NOTE 6 - 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. Effective July 1, 2005, the electors approved the one-half (1/2) percent to be used for safety forces operations. The remaining one percent provides for general municipal operations. The street lighting special revenue fund and income tax administration fund receive an allocation from the income tax that is established annually by Council. For 2023, the balance was allocated 66 percent to the general fund, 11 percent to the street maintenance and repair special revenue fund, 11 percent to the police and fire pension special revenue fund, 5 percent to the master capital fund, and 7 percent to the cemetery special revenue fund.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2023 consisted of taxes, interfund, accounts (billed and unbilled user charged services), leases, and intergovernmental arising from grants, entitlements and shared revenues. No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

The City is reporting leases receivable of \$232,846 in the governmental funds. This amount represents the discounted future lease payments. This discount is being amortized using the interest method. The TowerCo LLC Land lease commenced in fiscal year 2018 with an initial term of 10 years. The lessee has the option to extend the lease for four additional 5 year terms. Payments are made monthly. Lease and interest revenue during the calendar year were \$8,742 and 7,031, respectively.

A summary of future payments to be received is as follows:

Fiscal Year	Governmental Activities	
	Principal	Interest
2024	\$ 3,575	\$ 6,937
2025	3,897	6,826
2026	4,233	6,704
2027	4,584	6,572
2028	4,949	6,430
2029-2033	30,800	29,603
2034-2038	42,542	24,147
2039-2043	56,887	16,743
2044-2048	74,328	6,966
2049-2052	7,051	53
Total	\$ 232,846	\$ 110,981

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

**NOTE 8 - CAPITAL ASSETS**

A summary of changes in capital assets during 2023 follows:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated/Amortized:</i>				
Land	\$ 1,621,119	\$ -	\$ -	\$ 1,621,119
Construction in Progress	2,266,549	1,037,000	(3,255,555)	47,994
<i>Total Capital Assets Not Being Depreciated/Amortized</i>	3,887,668	1,037,000	(3,255,555)	1,669,113
<i>Capital Assets, Being Depreciated/Amortized:</i>				
Buildings and Building Improvements	13,340,440	111,525	-	13,451,965
Improvements Other than Buildings	12,136,077	1,579,405	-	13,715,482
Machinery and Equipment	6,056,586	170,780	(56,400)	6,170,966
Furniture and Fixtures	110,091	-	-	110,091
Vehicles	6,933,854	2,125,334	(10,843)	9,048,345
Intangible Right-to-Use - Vehicles	208,005	-	-	208,005
Infrastructure	35,936,988	-	-	35,936,988
<i>Total Capital Assets, Being Depreciated/Amortized</i>	74,722,041	3,987,044	(67,243)	78,641,842
<i>Less Accumulated Depreciation/Amortization:</i>				
Buildings and Building Improvements	(5,911,624)	(284,870)	-	(6,196,494)
Improvements Other than Buildings	(4,258,268)	(306,722)	-	(4,564,990)
Machinery and Equipment	(4,437,316)	(185,504)	19,879	(4,602,941)
Furniture and Fixtures	(104,511)	(10)	-	(104,521)
Vehicles	(4,251,245)	(407,144)	10,301	(4,648,088)
Intangible Right-to-Use - Vehicles	(46,108)	(39,521)	-	(85,629)
Infrastructure	(20,832,942)	(679,483)	-	(21,512,425)
<i>Total Accumulated Depreciation/Amortization</i>	(39,842,014)	(1,903,254) *	30,180	(41,715,088)
<i>Total Capital Assets Being Depreciated/Amortized, Net</i>	34,880,027	2,083,790	(37,063)	36,926,754
<i>Total Governmental Activities Capital Assets, Net</i>	\$ 38,767,695	\$ 3,120,790	\$ (3,292,618)	\$ 38,595,867

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

General Government	\$ 252,166
Security of Persons and Property	466,547
Leisure Time Services	314,585
Transportation	836,082
Public Health	22,353
Community and Economic Development	11,521
<b>Total</b>	<b>\$ 1,903,254</b>

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
<b>Business-Type Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 68,392	\$ -	\$ -	\$ 68,392
Construction in progress	832,586	826,069	(1,658,655)	-
<i>Total Capital Assets Not Being Depreciated</i>	<u>900,978</u>	<u>826,069</u>	<u>(1,658,655)</u>	<u>68,392</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Building Improvements	9,853,371	-	-	9,853,371
Improvements Other than Buildings	6,903,852	-	-	6,903,852
Machinery and Equipment	5,602,340	-	-	5,602,340
Furniture and Fixtures	20,554	-	-	20,554
Vehicles	3,162,754	711,111	(225,483)	3,648,382
Sewer Lines	7,222,284	1,039,793	-	8,262,077
Water Lines	16,030,858	939,415	-	16,970,273
<i>Total Capital Assets, Being Depreciated</i>	<u>48,796,013</u>	<u>2,690,319</u>	<u>(225,483)</u>	<u>51,260,849</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Building Improvements	(7,121,694)	(187,115)	-	(7,308,809)
Improvements Other than Buildings	(4,169,370)	(196,233)	-	(4,365,603)
Machinery and Equipment	(4,612,576)	(110,393)	-	(4,722,969)
Furniture and Fixtures	(19,526)	-	-	(19,526)
Vehicles	(2,257,256)	(195,276)	214,209	(2,238,323)
Sewer Lines	(3,859,329)	(116,636)	-	(3,975,965)
Water Lines	(10,455,427)	(285,100)	-	(10,740,527)
<i>Total Accumulated Depreciation</i>	<u>(32,495,178)</u>	<u>(1,090,753)</u>	<u>214,209</u>	<u>(33,371,722)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>16,300,835</u>	<u>1,599,566</u>	<u>(11,274)</u>	<u>17,889,127</u>
<i>Total Business-Type Activities Capital Assets, Net</i>	<u>\$ 17,201,813</u>	<u>\$ 2,425,635</u>	<u>\$ (1,669,929)</u>	<u>\$ 17,957,519</u>

**NOTE 9 - 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 2023, the City contracted with several companies for various types of insurance.

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.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Net OPEB Liability (Asset)***

Pensions and OPEB are a component of exchange transactions – between an employer and its employees — of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

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

The remainder of this note includes the pension disclosures. See Note 11 for the OPEB disclosures.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select



**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan. Substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
<b>2023 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2023 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$923,166 for 2023. Of this amount, \$21,787 is reported as an intergovernmental payable.

***Plan Description – Ohio Police & Fire Pension Fund (OP&F)***

Plan Description – Full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension 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 and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member’s average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, statutory survivors and annuity beneficiaries. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
<b>2023 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2023 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,020,859 for 2023. Of this amount, \$100,131 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.041353%	0.1640503%	
Prior Measurement Period	0.041400%	0.1649065%	
Change in Proportion	<u>-0.000047%</u>	<u>-0.0008562%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 12,215,694	\$ 15,583,188	\$ 27,798,882
Pension Expense	\$ 1,909,502	\$ 2,118,787	\$ 4,028,289

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Net Difference between Projected and Actual			
Earnings on Pension Plan Investments	\$ 3,481,856	\$ 2,268,722	\$ 5,750,578
Differences between Expected and			
Actual Experience	405,753	233,737	639,490
Changes of Assumptions	129,050	1,405,547	1,534,597
Changes in Proportionate Share and			
Differences in Contributions	87,442	417,193	504,635
City Contributions Subsequent			
to the Measurement Date	923,166	1,020,859	1,944,025
Total Deferred Outflows of Resources	<u>\$ 5,027,267</u>	<u>\$ 5,346,058</u>	<u>\$ 10,373,325</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and			
Actual Experience	\$ -	\$ 355,030	\$ 355,030
Changes of Assumptions	-	303,868	303,868
Changes in Proportionate Share and			
Differences in Contributions	75,511	71,493	147,004
Total Deferred Inflows of Resources	<u>\$ 75,511</u>	<u>\$ 730,391</u>	<u>\$ 805,902</u>

\$1,944,025 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2024	\$ 486,265	\$ 472,766	\$ 959,031
2025	811,790	879,136	1,690,926
2026	1,024,878	949,148	1,974,026
2027	1,705,657	1,334,680	3,040,337
2028	-	(40,922)	(40,922)
Total	<u>\$ 4,028,590</u>	<u>\$ 3,594,808</u>	<u>\$ 7,623,398</u>

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

***Actuarial Assumptions – OPERS***

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	<u>OPERS Traditional Plan</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00 percent, simple
Post-January 7, 2013 Retirees	3.00 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.90 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.10 percent for 2022.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board’s investment consultant. For each major class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2022, these best estimates are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	22.00%	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u>100.00%</u>	

**Discount Rate** The discount rate used to measure the total pension liability for the current year was 6.9 percent. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's Proportionate Share of the Net Pension Liability	\$ 18,298,703	\$ 12,215,694	\$ 7,155,723

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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***Actuarial Assumptions – OP&F***

OP&F’s total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2022, are presented below.

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.50 percent
Cost of Living Adjustments	2.20 percent simple per year

For 2022, the mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted to 96.20 percent for males and 98.70 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.80 %
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
Total	125.00 %	

Note: Assumptions are geometric.

\* levered 2.5x



**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

OP&F’s Board of Trustees has incorporated the risk parity concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return of 7.50 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 20,557,232	\$ 15,583,188	\$ 11,448,265

**NOTE 11 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability***

See Note 10 for a description of the net OPEB liability.

***Ohio Public Employees Retirement System (OPERS)***

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care. Medicare-enrolled retirees may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

**Medicare Retirees** Medicare-eligible with a minimum of 20 years of qualifying service credit

**Non-Medicare Retirees** Non-Medicare retirees qualify based on the following age-and-service criteria:

**Group A** 30 years of qualifying service credit at any age;

**Group B** 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

**Group C** 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The Ohio Revised Code permits but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City had no contractually required contribution for 2023.

***Ohio Police & Fire Pension Fund (OP&F)***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$23,590 for 2023. Of this amount, \$2,327 is reported as an intergovernmental payable.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

***Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability:			
Current Measurement Period	0.039644%	0.1640503%	
Prior Measurement Period	0.039609%	0.1649065%	
Change in Proportion	<u>0.000035%</u>	<u>-0.0008562%</u>	
Proportionate Share of the Net			
OPEB Liability	\$ 249,963	\$ 1,167,990	\$ 1,417,953
OPEB Expense	\$ (391,758)	\$ 141,912	\$ (249,846)

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Net Difference between Projected and Actual			
Earnings on OPEB Plan Investments	\$ 496,439	\$ 100,182	\$ 596,621
Differences between Expected and			
Actual Experience	-	69,699	69,699
Changes of Assumptions	244,144	582,064	826,208
Changes in Proportionate Share and			
Differences in Contributions	7,414	192,976	200,390
City Contributions Subsequent			
to the Measurement Date	-	23,590	23,590
Total Deferred Outflows of Resources	<u>\$ 747,997</u>	<u>\$ 968,511</u>	<u>\$ 1,716,508</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and			
Actual Experience	\$ 62,351	\$ 230,302	\$ 292,653
Changes of Assumptions	20,089	955,323	975,412
Changes in Proportionate Share and			
Differences in Contributions	4,476	81,235	85,711
Total Deferred Inflows of Resources	<u>\$ 86,916</u>	<u>\$ 1,266,860</u>	<u>\$ 1,353,776</u>

\$23,590 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction/addition of the net OPEB liability in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

Year Ending December 31:	OPERS	OP&F	Total
2024	\$ 84,894	\$ 29,540	\$ 114,434
2025	181,560	26,600	208,160
2026	154,806	(41,864)	112,942
2027	239,821	(17,619)	222,202
2028	-	(89,284)	(89,284)
Thereafter	-	(229,312)	(229,312)
Total	<u>\$ 661,081</u>	<u>\$ (321,939)</u>	<u>\$ 339,142</u>

***Actuarial Assumptions – OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Wage Inflation	2.75 percent	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent	2.75 to 10.75 percent
	including wage inflation	including wage inflation
Single Discount Rate	5.22 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	4.05 percent	1.84 percent
Health Care Cost Trend Rate	5.50 percent, initial	5.50 percent, initial
	3.50 percent, ultimate in 2036	3.50 percent, ultimate in 2034
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6 percent for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00%	2.56%
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other Investments	<u>6.00</u>	1.84
Total	<u>100.00%</u>	

**Discount Rate** A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

***Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** The following table presents the City’s proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what the City’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 850,760	\$ 249,963	\$ (245,793)

***Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 234,296	\$ 249,963	\$ 267,597

***Actuarial Assumptions – OP&F***

OP&F’s total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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



**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2022, with Actuarial Liabilities Rolled Forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50 Percent
Projected Salary Increases	3.75 Percent to 10.50 Percent
Payroll Growth	3.25 Percent
Blended Discount Rate:	
Current Measurement Date	4.27 Percent
Prior Measurement Date	2.84 Percent
Cost of Living Adjustments	2.20 Percent Simple per Year
Projected Depletion Year of OPEB Assets	2036

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	18.60 %	4.80 %
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
Total	125.00 %	

Note: Assumptions are geometric.

\* levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

**Discount Rate** For 2022, the total OPEB liability was calculated using the discount rate of 4.27 percent. For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5 percent. Based on those assumptions, OP&F’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, for 2022, the long-term assumed rate of return on investments of 7.50 percent was applied to periods before December 31, 2035, and the Municipal Bond Index Rate of 3.65 percent was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27 percent. For 2021, a municipal bond rate of 2.05 percent at December 31, 2021, was blended with the long-term rate of 7.5 which resulted in a blended discount rate of 2.84. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.27 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent), or one percentage point higher (5.27 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 1,438,271	\$ 1,167,990	\$ 939,805

**NOTE 12 - OTHER EMPLOYEE BENEFITS**

***Additional Insurance***

The City contracts with Vision Service Plan for vision insurance for all full-time employees and AFSCME Care Plan for full-time AFSCME union employees. The City pays \$2 for single eye care, \$5 for family eye care and \$26 for dental insurance premiums. Employees have an HSA health care plan. The City pays \$737 for single care and \$1,672 for family care.

Medical, surgical and dental insurance is offered to all employees through a self-insurance internal service fund. The City is a member of the Jefferson Health Plan, a public entity risk management, insurance, and claims servicing pool, consisting of cities and other public entities across the state, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the City’s behalf. The claims liability of \$321,681 reported in the internal service fund at December 31, 2023, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Change in fund’s claims liability for 2023 is as follows:

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2023	\$ -	\$ 2,223,941	\$ 1,902,260	\$ 321,681

***Compensated Absences***

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Employees earn two to five weeks of vacation per year, depending upon length of service. Vacation accumulation is limited to one year for all employees except for members of the police and fire unions who can accumulate unlimited vacation. All accumulated unused vacation time is paid upon termination of employment with the exclusion of non-bargaining employees.

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 13.85 hours for every 104 hours of service for firefighters. Sick leave accumulation is limited based on years of service and is paid upon retirement.

**NOTE 13 - LONG-TERM OBLIGATIONS**

Debt Issue	Year of Issuance	Interest Rate	Original Issue Amount	Date of Maturity
<b>Governmental Activities</b>				
Fire Station Construction Serial & Term Bonds	2016	1.0-4.0	\$ 5,000,000	December 1, 2040
Ohio Department of Transportation Loan	2018	3.00	504,000	November 15, 2038
Community First National Bank	2021	3.08	700,000	September 1, 2031
First Federal Community Bank	2022	4.00	1,868,144	December 1, 2042
<b>Business-Type Activities</b>				
Ohio Public Works Commission (OPWC) Loans:				
Waste Water Treatment Plant Improvements	2003	0.00	\$ 350,000	January 1, 2024
Clearwell	2004	0.00	100,000	July 1, 2025
Bluebell Pump Station	2008	0.00	60,591	January 1, 2024
Water Treatment Plant Backwash	2016	0.00	387,969	July 1, 2039
Waste Water Treatment Plant Upgrade	2017	0.00	11,317	January 1, 2048
Wabash Avenue Improvement	2020	0.00	49,564	January 1, 2041
Ohio Water Development Authority (OWDA) Loans:				
Sewer Plant Expansion and Upgrade	2001	0.02	8,238,264	July 1, 2023
Bass Lake Project	2002	0.00	1,645,800	July 1, 2023
Waste Water Treatment Plant Improvements	2003	3.53	870,558	July 1, 2023
Sewer Loan	2005	4.25	211,630	July 1, 2030
5 Points Storm Sewer	2013	3.29	634,069	January 1, 2034

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

Changes in the long-term obligations of the City during 2023 were as follows:

	Amount Outstanding 12/31/2022	Additions	(Reductions)	Amount Outstanding 12/31/2023	Amounts Due in One Year
<b>Governmental Activities:</b>					
<b>General Obligation Bonds:</b>					
2016 Fire Station Construction Bonds					
Serial and Term Bonds	\$ 4,010,000	\$ -	\$ (170,000)	\$ 3,840,000	\$ 175,000
Unamortized Premium	104,346	-	(5,797)	98,549	-
<b>Total General Obligation Bonds</b>	<b>4,114,346</b>	<b>-</b>	<b>(175,797)</b>	<b>3,938,549</b>	<b>175,000</b>
<b>Direct Borrowings:</b>					
ODOT-12-bay Hanger	386,355	-	(19,133)	367,222	19,712
Financed Purchases	2,514,722	-	(83,210)	2,431,512	91,696
<b>Total Direct Borrowings</b>	<b>2,901,077</b>	<b>-</b>	<b>(102,343)</b>	<b>2,798,734</b>	<b>111,408</b>
<b>Other Long-Term Obligations</b>					
Net Pension Liability	12,643,684	10,757,549	-	23,401,233	-
Net OPEB Liability	1,807,518	-	(479,552)	1,327,966	-
Compensated Absences	1,705,494	660,966	(605,729)	1,760,731	551,014
Leases	122,865	-	(41,415)	81,450	41,415
<b>Total Other Long-Term Obligations</b>	<b>16,279,561</b>	<b>11,418,515</b>	<b>(1,126,696)</b>	<b>26,571,380</b>	<b>592,429</b>
<b>Total Governmental Activities</b>	<b>\$ 23,294,984</b>	<b>\$ 11,418,515</b>	<b>\$ (1,404,836)</b>	<b>\$ 33,308,663</b>	<b>\$ 878,837</b>
<b>Business-Type Activities:</b>					
<b>Direct Borrowings:</b>					
OPWC Loans	\$ 455,707	\$ -	\$ (73,189)	\$ 382,518	\$ 35,334
OWDA Loans	1,068,844	-	(601,708)	467,136	41,594
<b>Total Direct Borrowings</b>	<b>1,524,551</b>	<b>-</b>	<b>(674,897)</b>	<b>849,654</b>	<b>76,928</b>
<b>Other Long-Term Obligations:</b>					
Net Pension Liability	1,260,689	3,136,960	-	4,397,649	-
Net OPEB Liability	-	89,987	-	89,987	-
Compensated Absences	274,438	140,418	(130,315)	284,541	130,822
Capital Leases	-	-	-	-	-
<b>Total Other Long-Term Obligations</b>	<b>1,535,127</b>	<b>3,367,365</b>	<b>(130,315)</b>	<b>4,772,177</b>	<b>130,822</b>
<b>Total Business-Type Activities</b>	<b>\$ 3,059,678</b>	<b>\$ 3,367,365</b>	<b>\$ (805,212)</b>	<b>\$ 5,621,831</b>	<b>\$ 207,750</b>

The governmental activities general obligations bonds are being repaid from the bond retirement and fire station bond retirement funds. The hanger ODOT loan is being repaid from the hangar construction debt fund. Governmental activities leases and financed purchases are being repaid from the safety forces and fire equipment, respectively. Compensated absences liabilities are paid from the fund which pays the employees' salary. For governmental activities, this is primarily the general, safety forces operations, income tax, street maintenance and repair, and cemetery funds.

The business-type activities OPWC and OWDA loans are being repaid from the water and sewer funds. The water, sewer and sanitation funds pay compensated absences liabilities for the business-type activities.

There are no repayment schedules for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund and water, sewer, and sanitation funds. For additional information related to the net pension liability and net OPEB liability see Notes 10 and 11.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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***Governmental Activities:***

***General Obligation Bonds***

In March 2016, the City issued general obligation bonds in the amount of \$5,000,000 for the construction of a fire station. The bonds were issued with a premium of \$144,925 at an interest rate ranging from one to four percent and mature on December 1, 2040. The bond issue consists of serial and term bonds. The bonds maturing on or after December 1, 2023 are subject to prior redemption, by and at the sole option of the City, either in whole or in part (as selected by the City), and in integral multiples of \$5,000 on any date on or after December 1, 2022, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

Term bonds maturing in 2026, 2028, 2030, 2033, 2036, 2038, and 2040 are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date, in December.

General obligation bonds are backed by full faith and credit of the City.

***Direct Borrowings***

On November 27, 2018, the City received a loan from ODOT. The proceeds of this loan were used for the construction of a 12-bay hanger at the airport. Semiannual principal and interest payments of \$15,291 will begin on May 1, 2021 and will mature on November 15, 2038. Payments will be made from the hanger construction debt fund. In the event of default, as defined by the debt agreement, ODOT may declare all amounts payable by the City due. ODOT also holds the right to inspect, examine and copy the books, records, accounts and financial data of the City.

In 2021, the City entered into a purchase agreement for a fire truck in the amount of \$700,000. The purchase carries an interest rate of 3.13 percent and a maturity date of September 1, 2031. The purchase will be paid from the fire capital equipment fund. In the event of default, as defined by the purchase agreement, the Lender may declare all remaining payments immediately due. If payments are not made, the Lender may retake possession of the ambulance and hold the City liable for all costs incurred by the Lender as a result of collection activities.

In 2022, the City entered into a purchase agreement for a fire truck in the amount of \$1,868,144. The purchase carries an interest rate of 4 percent and a maturity date of December 1, 2042. The purchase will be paid from the fire capital equipment fund. In the event of default, as defined by the purchase agreement, the Lender may declare all remaining payments immediately due. If payments are not made, the Lender may retake possession of the ambulance and hold the City liable for all costs incurred by the Lender as a result of collection activities.

***Lease Agreement***

In 2021, the City entered into a lease agreement for five vehicles for the police department. The agreement carries a 7.48 percent interest rate and matures on December 31, 2025. This lease will be paid by the safety forces operation fund.

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

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

	General		ODOT Loans		Financed Purchases		Lease	
	Obligation Bonds		Principal	Interest	Principal	Interest	Principal	Interest
	Principal	Interest						
2024	\$ 175,000	\$ 133,975	\$ 19,712	\$ 10,870	\$ 91,696	\$ 91,128	\$ 41,415	\$ 6,422
2025	175,000	129,663	20,307	10,274	94,791	88,033	40,035	6,210
2026	180,000	119,525	20,922	9,660	97,993	84,831	-	-
2027	190,000	113,975	21,553	9,028	101,305	81,519	-	-
2028	195,000	108,201	22,205	8,377	104,730	78,094	-	-
2029-2033	1,065,000	396,689	121,507	31,401	567,482	330,987	-	-
2034-2038	1,280,000	213,238	141,016	11,893	623,651	226,349	-	-
2039-2042	580,000	19,744	-	-	749,864	70,289	-	-
	<u>\$ 3,840,000</u>	<u>\$ 1,235,010</u>	<u>\$ 367,222</u>	<u>\$ 91,503</u>	<u>\$ 2,431,512</u>	<u>\$ 1,051,230</u>	<u>\$ 81,450</u>	<u>\$ 12,632</u>

***Business-Type Activities:***

***Direct Borrowings***

The City has pledged future water revenue and sewer revenue, net of specified operating expenses to repay \$849,654 of Ohio Public Works Commission (OPWC) loans and Ohio Water Development Authority (OWDA) loans. Proceeds from the loans provided financing for the construction of various water and sewer lines throughout the City. The loans are payable solely from water and sewer customer net revenues and are payable through 2048. Annual principal and interest payments on the loans are expected to require approximately 42 percent of net revenues. The total principal and interest remaining to be paid on the loans is \$935,957. Principal and interest paid for the current year and total net revenues were \$693,877 and \$1,640,250.

In the event of default, as defined each OPWC loan agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or require the City treasurer to pay the amounts due from funds appropriated to the City's water/sewer fund. The lender will also be entitled to collect any cost incurred in the event of default.

In the event of default, as defined each OWDA loan agreement, the lender may declare the full amount of the unpaid Project Participation Principal amount immediately due and payable and require the City to pay any fines or penalties incurred with interest.

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**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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

Year Ending	OPWC		OWDA Loans		Total	
	Loans Principal	Principal	Interest	Principal	Interest	
2024	\$ 35,334	\$ 41,594	\$ 15,600	\$ 76,928	\$ 15,600	
2025	27,255	43,075	14,146	70,330	14,146	
2026	24,753	44,609	12,638	69,362	12,638	
2027	22,253	46,199	11,076	68,452	11,076	
2028	22,253	47,849	9,458	70,102	9,458	
2029-2033	111,269	222,379	23,032	333,648	23,032	
2034-2038	111,268	21,431	353	132,699	353	
2039-2043	26,244	-	-	26,244	-	
2044-2048	1,889	-	-	1,889	-	
Total	<u>\$ 382,518</u>	<u>\$ 467,136</u>	<u>\$ 86,303</u>	<u>\$ 849,654</u>	<u>\$ 86,303</u>	

**NOTE 14 - INTERFUND ACTIVITY**

***Interfund Transfers***

Interfund transfers were made from the general fund to transfer the City’s share of sidewalk replacements to the sidewalk improvement fund in the amount of \$20,000. Governmental activities transferred construction in progress in the amount of \$316,755 to business-type activities.

***Interfund Balances***

During 2023, the general fund advanced \$12,223 and \$293,101 to the FEMA Grant fund and the Internal Service fund, respectively. The primary purpose of the interfund balances is to cover the costs in specific fund(s) where revenues were not received by December 31, 2023. The outstanding advances are expected to be repaid once the anticipated revenues are received.

**NOTE 15 - CONTINGENCIES**

***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 require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. 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, 2023.

***Litigation***

The City is not party to any claims or lawsuits that would, in the City’s opinion, have a material effect on the basic financial statements.



**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

**NOTE 16 - SIGNIFICANT COMMITMENTS**

***Contractual Commitments***

As of December 31, 2023, the City had contractual commitments for the following projects:

	Contractual Commitment	Expended	Balance 12/31/2023
CDBG College NW & 11th St NW	\$ 36,700	\$ 17,700	\$ 19,000
Al Maloney Restroom Phase I & II	157,875	25,857	132,018
Franklin Square Phase II	157,398	-	157,398
Totals	\$ 351,973	\$ 43,557	\$ 308,416

***Settlement Monies***

Ohio has reached settlement agreements with various distributors of opioids, which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$30,037 are reflected as intergovernmental revenue in the OneOhio Opioid fund.

During 2023, Ohio reached a settlement agreement with Monsanto. As a participating subdivision, the City received a settlement payment of \$17,414 during 2023. This amount is reflected as miscellaneous revenue in the general fund

***Other Commitments***

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

Fund	Amount
General	\$ 115,318
Safety Forces Operation	7,792
Other Governmental Funds	243,645
Totals	\$ 366,755

Contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note. Reasons for this may include timing of when contracts are encumbered and contracts paid from enterprise funds, which are not required to disclose encumbrance commitments.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

**NOTE 17 - FUND BALANCE**

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General Fund	Safety Forces Operation	Other Governmental	Total
Nonspendable for:				
Inventory	\$ 134,879	\$ -	\$ 434,952	\$ 569,831
Unclaimed Monies	28,225	-	-	28,225
Total Nonspendable	<u>163,104</u>	<u>-</u>	<u>434,952</u>	<u>598,056</u>
Restricted for:				
Public Safety and Law Enforcement	-	316,293	318,805	635,098
Street Maintenance	-	-	966,321	966,321
Cemetery	-	-	549,285	549,285
Debt Service	-	-	447,607	447,607
Municipal Court	-	-	1,262,448	1,262,448
Community Development	-	-	120,093	120,093
Capital Outlay	-	-	1,191,581	1,191,581
Other	-	-	50,981	50,981
Total Restricted	<u>-</u>	<u>316,293</u>	<u>4,907,121</u>	<u>5,223,414</u>
Committed for:				
Fire and Ambulance	-	-	124,513	124,513
Debt Service	-	-	1,475	1,475
Municipal Court	292,432	-	-	292,432
Other Purposes	-	-	10,383	10,383
Total Committed	<u>292,432</u>	<u>-</u>	<u>136,371</u>	<u>428,803</u>
Assigned:				
General Government	45,646	-	-	45,646
Security of Persons and Property	24,174	-	-	24,174
Transportation	2,841	-	-	2,841
Public Health	2,206	-	-	2,206
Leisure Time Activities	10,764	-	-	10,764
Capital Outlay	18,832	-	-	18,832
Airport Capital Improvement	58,821	-	-	58,821
Income Tax	855	-	-	855
Subsequent Year Appropriations	780,271	-	-	780,271
Total Assigned	<u>944,410</u>	<u>-</u>	<u>-</u>	<u>944,410</u>
Unassigned	<u>55,378</u>	<u>-</u>	<u>-</u>	<u>55,378</u>
Total Fund Balance	<u>\$ 1,455,324</u>	<u>\$ 316,293</u>	<u>\$ 5,478,444</u>	<u>\$ 7,250,061</u>

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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**NOTE 18 - ASSET RETIREMENT OBLIGATIONS**

Ohio Revised Code (ORC) Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval, including the retirement or abandonment of certain sewer-related assets. Through this permitting process, the City would be responsible to address any public safety issues associated with retiring or abandoning these sewer-related assets. In accordance with ORC Section 6111.44, and applicable accounting standards, the City believes an asset retirement obligation (ARO) to be present, however, there is significant uncertainty as to what public safety issues would need to be addressed. Based on this uncertainty, the ARO amount is not reasonably estimable at this time and therefore an ARO is not recognized in the City's financial statements.

**NOTE 19 - NEW PHILADELPHIA CITY HEALTH DISTRICT**

The constitution and laws of the State of Ohio establish the rights and privileges of the New Philadelphia City Health District, Tuscarawas County (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The Mayor appoints the Board. The District's services include communicable disease investigations, immunization clinics, mosquito and smoking control programs, inspections, and public health nursing services, and the District issues health-related licenses and permits. The District is operating by a board with all members appointed by the City Mayor. The City provides funding to the District, thus the City can impose will on the District, and the District imposes a financial burden to the City. Therefore, the District is considered a discretely presented component unit of the City of New Philadelphia.

***Summary of Significant Accounting Policies***

The financial statements of the District 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 most significant of the District's accounting policies are described below.

***Basis of Presentation: Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the District as a whole. The statement of net position presents the financial condition of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's activities. 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 District, 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 District.

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

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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***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.

***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. Nonexchange transactions, in which the District receives value without directly giving equal value in return, includes grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

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

***Pooled Cash and Investments*** The City of New Philadelphia Treasurer is custodian for the District's deposits. The City's deposit and investment pool holds the District's assets, valued at the Treasurer's reported carrying amount.

***Accrued Liabilities and Long-Term Obligations*** All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

***Net Position*** Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

***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.

***Receivables***

Receivables at December 31, 2023 consisted solely of intergovernmental receivables arising from grants.

***Risk Management***

***Commercial Insurance*** The District has obtained commercial insurance for vehicles.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2023*

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**Risk Pool Membership** The District is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers general liability and casualty; public official's liability; cyber; law enforcement liability; automobile liability; vehicles; property; and equipment breakdown.

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31 (most current information available):

	<u>2022</u>
Cash and investments	\$ 42,310,794
Actuarial liabilities	\$ 15,724,479

**Contingencies**

**Grants** Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow; however, based on prior experience, management believes any refunds would be immaterial.

**Litigation** Management is not aware of any pending litigation.

*Required Supplementary Information*

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Last Ten Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>				
City's Proportion of the Net Pension Liability	0.0413530%	0.0414000%	0.0409240%	0.0388230%
City's Proportionate Share of the Net Pension Liability	\$ 12,215,694	\$ 3,601,968	\$ 6,059,953	\$ 7,673,629
City's Covered Payroll	\$ 6,410,171	\$ 6,008,393	\$ 5,763,929	\$ 5,462,343
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.57%	59.95%	105.14%	140.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%
<b><i>Ohio Police and Fire Pension Fund (OPF)</i></b>				
City's Proportion of the Net Pension Liability	0.1640503%	0.1649070%	0.1567589%	0.1571912%
City's Proportionate Share of the Net Pension Liability	\$ 15,583,188	\$ 10,302,405	\$ 10,686,395	\$ 10,589,272
City's Covered Payroll	\$ 4,290,783	\$ 4,078,907	\$ 3,923,232	\$ 3,585,069
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	363.18%	252.58%	272.39%	295.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%	69.89%

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	0.0395410%	0.0409956%	0.0385608%	0.0393160%	0.0399860%	0.0399860%
\$	10,829,478	\$ 6,431,422	\$ 8,756,492	\$ 6,810,027	\$ 4,822,758	\$ 4,713,828
\$	5,340,679	\$ 5,670,757	\$ 4,989,825	\$ 4,863,000	\$ 4,903,692	\$ 3,982,946
	202.77%	113.41%	175.49%	140.04%	98.35%	118.35%
	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
	0.1558740%	0.1606510%	0.1483620%	0.1492050%	0.1453451%	0.1453451%
\$	12,723,437	\$ 9,859,863	\$ 9,397,131	\$ 9,598,462	\$ 7,529,482	\$ 7,078,762
\$	3,471,004	\$ 3,445,910	\$ 3,138,985	\$ 2,968,896	\$ 2,894,854	\$ 2,140,640
	366.56%	286.13%	299.37%	323.30%	260.10%	330.68%
	63.07%	70.91%	68.36%	66.77%	72.20%	73.00%

See accompanying notes to the required supplementary information.



**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Contributions - Pension*  
*Last Ten Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>				
Contractually Required Contribution	\$ 923,166	\$ 897,424	\$ 841,175	\$ 806,950
Contributions in Relation to the Contractually Required Contribution	<u>(923,166)</u>	<u>(897,424)</u>	<u>(841,175)</u>	<u>(806,950)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 6,594,043	\$ 6,410,171	\$ 6,008,393	\$ 5,763,929
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<b><i>Ohio Police and Fire Pension Fund (OPF)</i></b>				
Contractually Required Contribution	\$ 1,020,859	\$ 925,964	\$ 882,430	\$ 847,383
Contributions in Relation to the Contractually Required Contribution	<u>(1,020,859)</u>	<u>(925,964)</u>	<u>(882,430)</u>	<u>(847,383)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 4,718,091	\$ 4,290,783	\$ 4,078,907	\$ 3,923,232
Contributions as a Percentage of Covered Payroll	21.64%	21.58%	21.63%	21.60%

See accompanying notes to the required supplementary information.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 764,728	\$ 747,695	\$ 737,198	\$ 598,779	\$ 583,560	\$ 588,443
<u>(764,728)</u>	<u>(747,695)</u>	<u>(737,198)</u>	<u>(598,779)</u>	<u>(583,560)</u>	<u>(588,443)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,462,343	\$ 5,340,679	\$ 5,670,757	\$ 4,989,825	\$ 4,863,000	\$ 4,903,692
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%
\$ 775,630	\$ 747,659	\$ 742,971	\$ 675,455	\$ 639,089	\$ 608,260
<u>(775,630)</u>	<u>(747,659)</u>	<u>(742,971)</u>	<u>(675,455)</u>	<u>(639,089)</u>	<u>(608,260)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,585,069	\$ 3,471,004	\$ 3,445,910	\$ 3,138,985	\$ 2,968,896	\$ 2,894,854
21.64%	21.54%	21.56%	21.52%	21.53%	21.01%

See accompanying notes to the required supplementary information.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)*  
*Last Seven Years (1)*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>				
City's Proportion of the Net OPEB Liability (Asset)	0.0396440%	0.0396090%	0.0391050%	0.0375150%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 249,963	\$ (1,240,615)	\$ (696,687)	\$ 5,181,796
City's Covered Payroll	\$ 6,410,171	\$ 6,008,393	\$ 5,763,929	\$ 5,462,343
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	3.90%	-20.65%	-12.09%	94.86%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%
<b><i>Ohio Police and Fire Pension Fund (OPF)</i></b>				
City's Proportion of the Net OPEB Liability	0.1640503%	0.1649065%	0.1567589%	0.1571912%
City's Proportionate Share of the Net OPEB Liability	\$ 1,167,990	\$ 1,807,518	\$ 1,660,886	\$ 1,552,697
City's Covered Payroll	\$ 4,290,783	\$ 4,078,907	\$ 3,923,232	\$ 3,585,069
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	27.22%	44.31%	42.33%	43.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.59%	46.86%	45.42%	47.08%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

	<u>2019</u>		<u>2018</u>		<u>2017</u>
	0.0384500%		0.0400351%		0.0380020%
\$	5,012,972	\$	4,347,514	\$	3,838,331
\$	5,340,679	\$	5,670,757	\$	4,989,825
	93.86%		76.67%		76.92%
	46.33%		54.14%		54.04%
	0.1558740%		0.1606510%		0.1483620%
\$	1,419,472	\$	9,102,238	\$	7,042,410
\$	3,471,004	\$	3,445,910	\$	3,138,985
	40.90%		264.15%		224.35%
	46.57%		14.13%		15.96%

See accompanying notes to the required supplementary information.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Contributions - OPEB*  
*Last Ten Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (1)	\$ 6,594,043	\$ 6,410,171	\$ 6,008,393	\$ 5,763,929
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
<b><i>Ohio Police and Fire Pension Fund (OPF)</i></b>				
Contractually Required Contribution	\$ 23,590	\$ 21,454	\$ 20,395	\$ 19,616
Contributions in Relation to the Contractually Required Contribution	<u>(23,590)</u>	<u>(21,454)</u>	<u>(20,395)</u>	<u>(19,616)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 4,718,091	\$ 4,290,783	\$ 4,078,907	\$ 3,923,232
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%

(n/a) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(1) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

See accompanying notes to the required supplementary information.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ -	\$ -	\$ 54,176	\$ 99,797	n/a	n/a
<u>-</u>	<u>-</u>	<u>(54,176)</u>	<u>(99,797)</u>	<u>n/a</u>	<u>n/a</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>n/a</u>	<u>n/a</u>
\$ 5,462,343	\$ 5,340,679	\$ 5,670,757	\$ 4,989,825	n/a	n/a
0.00%	0.00%	0.96%	2.00%	n/a	n/a
\$ 17,925	\$ 17,355	\$ 17,230	\$ 15,695	\$ 14,844	\$ 174,031
<u>(17,925)</u>	<u>(17,355)</u>	<u>(17,230)</u>	<u>(15,695)</u>	<u>(14,844)</u>	<u>(174,031)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,585,069	\$ 3,471,004	\$ 3,445,910	\$ 3,138,985	\$ 2,968,896	\$ 2,894,854
0.50%	0.50%	0.50%	0.50%	0.50%	6.00%

See accompanying notes to the required supplementary information.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2023*

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**NOTE 1 - NET PENSION LIABILITY**

***Changes in Assumptions – OPERS***

Amounts reported beginning in 2022 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented below:

	<u>2022</u>	<u>2019</u>	<u>2018 and 2017</u>	<u>2016 and prior</u>
Wage Inflation	2.75%	3.25%	2.75%	2.75%
Future Salary Increases, including wage inflation	2.75% to 10.75%	3.25% to 10.75%	3.25% to 10.75%	4.25% to 10.05%
COLA or Ad Hoc COLA:				
Pre-January 7, 2013 Retirees	3.00%, simple	3.00%, simple	3.00%, simple	3.00%, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.90%	7.20%	7.50%	8.00%
Actuarial Cost Method	Individual	Individual	Individual	Individual
	Entry Age	Entry Age	Entry Age	Entry Age

The assumptions related to COLA or Ad Hoc COLA for Post-January 7, 2013, retirees are as follows:

2022	3.00%, simple through 2022, then 2.05%, simple
2021	0.50%, simple through 2021, then 2.15%, simple
2020	1.40%, simple through 2020, then 2.15%, simple
2017 - 2019	3.00%, simple through 2018, then 2.15%, simple
2016 and prior	3.00%, simple through 2018, then 2.80%, simple 5.50% to 5.00%

***Changes in Benefit Terms – OPERS***

There were no significant changes in benefit terms.

***Changes in Assumptions – OP&F***

For 2022, the single discount rate changed from 8.00 percent to 7.50 percent.

For 2018, the single discount rate changed from 8.25 percent to 8.00 percent.

***Changes in Benefit Terms – OP&F***

There were no significant changes in benefit terms.

**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2023*

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**NOTE 2 - NET OPEB LIABILITY (ASSET)**

***Changes in Assumptions - OPERS***

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

<u>Assumption</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Wage Inflation	2.75%	2.75%	3.25%	3.25%	3.25%	3.25%
Discount Rate	5.22%	6.00%	6.00%	3.16%	3.96%	3.85%
Municipal Bond Rate	4.05%	1.84%	2.00%	2.75%	3.71%	3.31%
Health Care Cost Trend Rate	5.50%	5.50%	8.50%	10.50%	10.00%	7.50%

For calendar year 2019, the investment rate of return decreased from 6.50 percent to 6.00 percent.

***Changes in Benefit Terms – OPERS***

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

***Changes in Assumptions – OP&F***

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

<u>Assumption</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Blended Discount Rate	4.27%	2.84%	2.96%	3.56%	4.66%	3.24%
Municipal Bond Rate	3.65%	2.05%	2.12%	2.75%	4.13%	3.16%

***Changes in Benefit Terms – OP&F***

Beginning January 1, 2019 OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Members of Council  
City of New Philadelphia  
Tuscarawas County, Ohio  
150 East High Avenue  
New Philadelphia, Ohio 44663

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2024.

**Report on Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *Schedule of Findings and Questioned Costs*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying *Schedule of Findings and Questioned Costs* as items 2023-001 and 2023-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* as item 2023-003 to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying *Schedule of Findings and Questioned Costs* as item 2023-001.

### **City's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying Corrective Action Plan. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

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



Rea & Associates, Inc.  
New Philadelphia, Ohio  
June 25, 2024

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

To the Members of Council  
City of New Philadelphia  
Tuscarawas County, Ohio  
150 East High Avenue  
New Philadelphia, Ohio 44663

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of New Philadelphia's, Tuscarawas County, Ohio (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
New Philadelphia, Ohio  
June 25, 2024

**CITY OF NEW PHILADELPHIA**  
Tuscarawas County, Ohio

*Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2023*

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass Through Entity/Grant Identifying Number</b>	<b>Total Federal Disbursements</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Passed through Ohio Department of Development</i>				
Community Development Block Grant	14.228	A-F-21-2CU-1	34,810	-
Community Development Block Grant	14.228	A-C-21-2CU-1	51,554	-
Total Community Development Block Grant			86,364	-
HOME Investment Partnerships Program	14.239	A-C-21-2CU-2	301,261	-
Total HOME Investment Partnerships Program			301,261	-
Total U.S. Department of Housing and Urban Development			387,625	-
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<i>Direct Award:</i>				
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2019-FF-01790	246,322	-
Total U.S. Department of Homeland Security			246,322	-
<b>U.S. DEPARTMENT OF THE TREASURY</b>				
<i>Direct Award:</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	915,918	-
Total U.S. Department of the Treasury			915,918	-
<b>U.S. DEPARTMENT OF THE TRANSPORTATION</b>				
<i>Direct Award:</i>				
Airport Improvement Program	20.106	3-39-0060-018-2021	2,225	-
Airport Improvement Program	20.106	3-39-0060-020-2022	107,325	-
Airport Improvement Program	20.106	3-39-0060-021-2023	2,500	-
Total Airport Improvement Program			112,050	-
<i>Passed through Ohio Department of Transportation:</i>				
Highway Planning and Construction				
TUS NP Shared Use Path Phase 1	20.205	PID 115257	213,222	-
Total Highway Planning and Construction			213,222	-
Total U.S. Department of Transportation			325,272	-
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<i>Passed through Ohio Attorney General</i>				
Crime Victim Assistance	16.575	2023-VOCA-135113975	20,973	-
Crime Victim Assistance	16.575	2024-VOCA-135508706	6,991	-
Total Crime Victim Assistance			27,964	-
Total U.S. Department of Justice			27,964	-
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,903,101</b>	<b>\$ -</b>

The accompanying notes are an integral part of this Schedule.

**CITY OF NEW PHILADELPHIA  
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(B)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of New Philadelphia's (the "City's") under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**CITY OF NEW PHILADELPHIA  
TUSCARAWAS COUNTY, OHIO**  
*Schedule of Findings & Questioned Costs*  
*2 CFR Section 200.515*  
*December 31, 2023*

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

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	None Reported
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): COVID-19: Coronavirus State and Local Fiscal Recovery Funds	ALN 21.027
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

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

**FINDING NUMBER 2023-001**

**Material Non-Compliance and Material Weakness**

**Criteria:** Ohio Revised Code Section 9.833(C)(2) provides that each political subdivision shall reserve funds necessary for an individual or joint self-insurance program in a special fund that may be established pursuant to an ordinance or resolution of the political subdivision and not subject to Ohio Revised Code Section 5705.12 of the Revised Code. The political subdivision may allocate the costs of insurance or any self-insurance program, or both, among the funds or accounts established under this division on the basis of relative exposure and loss experience.



**CITY OF NEW PHILADELPHIA  
TUSCARAWAS COUNTY, OHIO**  
*Schedule of Findings & Questioned Costs*  
*2 CFR Section 200.515*  
*December 31, 2023*  
*(Continued)*

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2023-001 (Continued)**

**Material Non-Compliance and Material Weakness (Continued)**

Additionally, Ohio Revised Code Section 9.833(C)(6) provides that an individual self-insurance program may allocate the costs of funding the program among the funds or accounts established under this division to the political subdivision that established the program.

**Condition:** In 2023 the City became self-insured for its employees medical and prescription insurance program. The City did not create a special fund to account for the self-insurance program in accordance with Ohio Revised Code Section 9.833(C).

**Effect:** The noncompliance noted above resulted in material misstatements within the financial statements. The financial statements presented for audit did not report the self-insurance program's assets, liabilities or ending net position. It was determined by management that the activity should be reported in an internal service fund. Adjustments were made to the financial statements to report the internal service fund activity in accordance with Generally Accepted Accounting Principles (GAAP). In addition to the internal service fund presentation, the following misstatements were corrected;

**Governmental Activities**

- Cash and cash equivalents decreased by \$293,101
- Internal balances increased by \$130,978
- Claims liabilities increased by \$321,681
- Unrestricted net position decreased by \$483,404
- Governmental activities expenses increased by \$484,020
- Governmental revenues increased by \$216

**Business Type Activities**

- Internal balances decreased by \$130,978
- Unrestricted net position decreased by \$130,978
- Water expenses increased by \$53,934
- Sewer expenses increased by \$40,027
- Sanitation expenses increased by \$37,017

**Recommendation:** In order to be in compliance with Ohio Revised Code Section 9.833 and present financial statements in accordance with GAAP we recommend the City record all self-insurance activities in an internal service fund.

**Officials' Response:** See Corrective Action Plan.

**CITY OF NEW PHILADELPHIA  
TUSCARAWAS COUNTY, OHIO**  
*Schedule of Findings & Questioned Costs  
2 CFR Section 200.515  
December 31, 2023  
(Continued)*

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2023-002**

**Material Weakness – Bank Reconciliations**

**Criteria:** Sound accounting practices require that when designing the public office’s system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records. The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The City Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and City Council is responsible for reviewing the reconciliations and related support.

**Condition:** Monthly bank to book reconciliations were not prepared or reviewed in a timely manner for each month of 2023. The City contracted with an accounting firm to prepare their monthly bank to book reconciliations, however the reconciliations were not performed on a timely basis.

**Effect:** Failure to reconcile monthly increases the possibility that the City will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

**Recommendation:** The City should prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances, on a timely basis. Variances should be investigated, documented and corrected. In addition, the City Council should review the monthly cash reconciliations including the related support (such as reconciling items) and monthly financial reports and document the reviews.

**Officials’ Response:** See Corrective Action Plan.

**FINDING NUMBER 2023-003**

**Significant Deficiency – Materials and Supplies Inventory**

**Criteria:** Management is responsible for developing a process for accurately reporting materials and supplies inventory at fiscal year-end and ensuring all employees are aware of and are following the process. The process should include performing a physical count of inventory items as close to year-end as possible and maintaining supporting documentation for per unit prices. An approved inventory policy should also be in place detailing the procedures to be used in the performance of physical inventory counts and valuation.

**CITY OF NEW PHILADELPHIA  
TUSCARAWAS COUNTY, OHIO**  
*Schedule of Findings & Questioned Costs*  
*2 CFR Section 200.515*  
*December 31, 2023*  
*(Continued)*

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2023-003 (Continued)**

**Significant Deficiency – Materials and Supplies Inventory (Continued)**

**Condition:** During our testing of the City’s consumable inventory prices in the Water Department, we noted the prices per unit are not in agreement with current price documentation. The City Departments do not have clear inventory policies that detail when counts should be performed, who is responsible for performing the counts, what inventory types are included, what methods are being used to ensure proper cutoff and what is to be considered outdated or obsolete inventory that should be removed.

**Effect:** This resulted in consumable inventory for the Water Department being improperly stated on the financial statements. An audit adjustment was recorded to increase materials and supplies inventory and decrease materials and supplies expenses by \$162,230.

**Recommendation:** The City should ensure inventory procedures are conducted in a way that facilitates accurate financial statement reporting and implement a formal policy outlining how often inventory is to be counted, who should perform the inventory count, what type of inventory should be included and what is considered outdated or obsolete inventory. The policy should also establish the requirements to maintain supporting documentation for per unit prices.

**Officials’ Response:** See Corrective Action Plan.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None Noted.



# City of New Philadelphia

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**City of New Philadelphia**  
**Tuscarawas County, Ohio**  
*Corrective Action Plan*  
*2 CFR Section 200.511(c)*  
*For the Fiscal Year Ended December 31, 2023*

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
<b>2023-001</b>	City Council will authorize a special fund to be used for the self-insurance program. Moving forward, use of the designated self-insurance fund will help ensure accurate financial reporting.	12/31/2024	Heather Denham, City Auditor
<b>2023-002</b>	The City is currently in the process of implementing procedures to ensure monthly bank reconciliations are prepared in a timely manner. The City has already implemented several procedures that will make the reconciliation process less cumbersome such as reconciliations of subsidiary ledgers to the City's financial system and recording NSF checks on a monthly basis.	12/31/2024	Heather Denham, City Auditor
<b>2023-003</b>	The City will review its procedures over inventory counts and valuations to ensure inventory items are properly accounted for in accordance with GAAP.	12/31/2024	Heather Denham, City Auditor



# City of New Philadelphia

Heather Denham, Auditor

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**City of New Philadelphia**

**Tuscarawas County, Ohio**

*Summary Schedule of Prior Audit Findings*

*December 31, 2023*

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
<b>2022-001</b>	Material Weakness – Bank Reconciliation	Not Corrected	Due to the timing of the prior audit, the City did not have time to implement procedures in 2023.
<b>2022-002</b>	Material Weakness – Financial Reporting	Partially Corrected	Procedures were implemented to account for on-behalf grant activities. Issue was downgraded to management letter comment.

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# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF NEW PHILADELPHIA**

**TUSCARAWAS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 8/15/2024**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)