

# **CITY OF DEER PARK**



## **Basic Financial Statements**

**December 31, 2013**





# Dave Yost • Auditor of State

City Council  
City of Deer Park  
7777 Blue Ash Road  
Deer Park, Ohio 45236

We have reviewed the *Independent Auditor's Report* of the City of Deer Park, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2013 through December 31, 2013. 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 Deer Park is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 10, 2014

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Council and City Manager  
City of Deer Park, Ohio

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Deer Park (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note 17 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–10 and 42–44 be presented to supplement the basic financial statements. Such information, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

*Plattensburg & Associates, Inc.*

Plattensburg & Associates, Inc.

Cincinnati, Ohio

April 30, 2014

City of Deer Park  
Hamilton County, Ohio  
Management's Discussion and Analysis  
(Unaudited)  
For the Year Ended December 31, 2013

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Deer Park's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2013.

**FINANCIAL HIGHLIGHTS**

- The City's total net position increased \$314,023. Net position of governmental activities increased \$312,221, net position of business-type activities increased by \$1,802.
- The General Fund reported a net change in fund balance of \$131,228.
- Business-type operations reflected operating income of \$1,802.

**USING THIS ANNUAL FINANCIAL REPORT**

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City of Deer Park's (the "City") financial situation as a whole and also give a detailed view of the City's fiscal condition.

The Statement of Net Position and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Major fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as the amount of funds available 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.

**REPORTING THE CITY AS A WHOLE**

*Government-Wide Financial Statements-  
Statement of Net Position and the Statement of Activities*

The analysis of the City as a whole begins with the Statement of Net Position and the Statement of Activities.

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and the change in net position. This change in net position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, nonfinancial information such as changes in the City's tax base, the condition of the City's capital assets and the reputation of the public schools will also need to be evaluated.

City of Deer Park  
Hamilton County, Ohio  
Management's Discussion and Analysis  
(Unaudited)  
For the Year Ended December 31, 2013

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In the Statement of Net Position and the Statement of Activities, the City presents both governmental activities and business-type activities and divides the activities between the two.

- Government Activities - Most of the City's services are reported here including police, street maintenance, parks and recreation, and general and administrative. Income taxes, property taxes, intergovernmental revenue, charges for services, and interest finance most of these activities.
- Business-Type Activities - These services include waste collection and disposal. Service fees for these operations are charged based upon the amount of usage or a usage fee. The intent is that the fees charged recoup operational costs.

## REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

### *Fund Financial Statements*

Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and other funds may be established by the City, with approval of the Council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City's major fund includes the General Fund.

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

**Proprietary Funds:** When the City charges citizens for the service it provides, with the intent of recapturing operating costs, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.



City of Deer Park  
Hamilton County, Ohio  
Management's Discussion and Analysis  
(Unaudited)  
For the Year Ended December 31, 2013

**Fiduciary Funds:** The City is the fiscal agent for one agency fund. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

*Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the Statement of Net Position, Statement of Activities, and fund financial statements.

**THE CITY AS A WHOLE**

As stated previously, the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2013 compared to 2012.

TABLE 1 - NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	Restated 2012	2013	2012	2013	Restated 2012
<b>Assets</b>						
Current and Other Assets	\$ 3,712,951	\$ 3,966,428	\$ (407)	\$ (6,055)	\$ 3,712,544	\$ 3,960,373
Capital Assets, Net	4,268,884	4,279,453	1,401	4,223	4,270,285	4,283,676
Total Assets	<u>7,981,835</u>	<u>8,245,881</u>	<u>994</u>	<u>(1,832)</u>	<u>7,982,829</u>	<u>8,244,049</u>
Deferred Outflows of Resources	<u>174,101</u>	<u>184,982</u>	<u>-</u>	<u>-</u>	<u>174,101</u>	<u>184,982</u>
<b>Liabilities</b>						
Current and Other Liabilities	231,631	728,427	27,425	26,401	259,056	754,828
Long-Term Liabilities	2,751,180	2,848,932	-	-	2,751,180	2,848,932
Total Liabilities	<u>2,982,811</u>	<u>3,577,359</u>	<u>27,425</u>	<u>26,401</u>	<u>3,010,236</u>	<u>3,603,760</u>
Deferred Inflows of Resources	<u>895,400</u>	<u>888,000</u>	<u>-</u>	<u>-</u>	<u>895,400</u>	<u>888,000</u>
<b>Net Position</b>						
Net Investment in Capital						
Assets	2,233,866	2,196,252	1,401	4,223	2,235,267	2,200,475
Restricted	432,204	429,277	-	-	432,204	429,277
Unrestricted	1,611,655	1,339,975	(27,832)	(32,456)	1,583,823	1,307,519
Total Net Position	<u>\$ 4,277,725</u>	<u>\$ 3,965,504</u>	<u>\$ (26,431)</u>	<u>\$ (28,233)</u>	<u>\$ 4,251,294</u>	<u>\$ 3,937,271</u>

Total net position, of the City as a whole, increased \$314,023. Net position of the City's governmental activities increased \$312,221, while the net position of the City's business-type activities increased \$1,802 from 2012. The City had an unrestricted net position balance of \$1,611,655 for the governmental activities that may be used to meet the government's ongoing obligations to citizens and creditors. Current and other assets increased mainly due to an increase in property and income taxes receivable as well as intergovernmental receivables due to the City.

City of Deer Park  
Hamilton County, Ohio  
Management's Discussion and Analysis  
*(Unaudited)*  
For the Year Ended December 31, 2013

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**Governmental Activities**

Property taxes and the 1.5% income tax are the largest sources of revenue for the City. Revenues generated by these taxes represent approximately 79% of the City's governmental activities general revenues. The balance of general revenues is mostly comprised of other intergovernmental revenue sources such as Ohio's estate tax distribution, the State of Ohio's Local Government Fund distribution and other taxes collected by the State and distributed to the City.

The change in net position for 2013 and 2012 is outlined in Table 2.

City of Deer Park  
Hamilton County, Ohio  
Management's Discussion and Analysis  
(Unaudited)  
For the Year Ended December 31, 2013

TABLE 2 - CHANGES IN NET POSITION

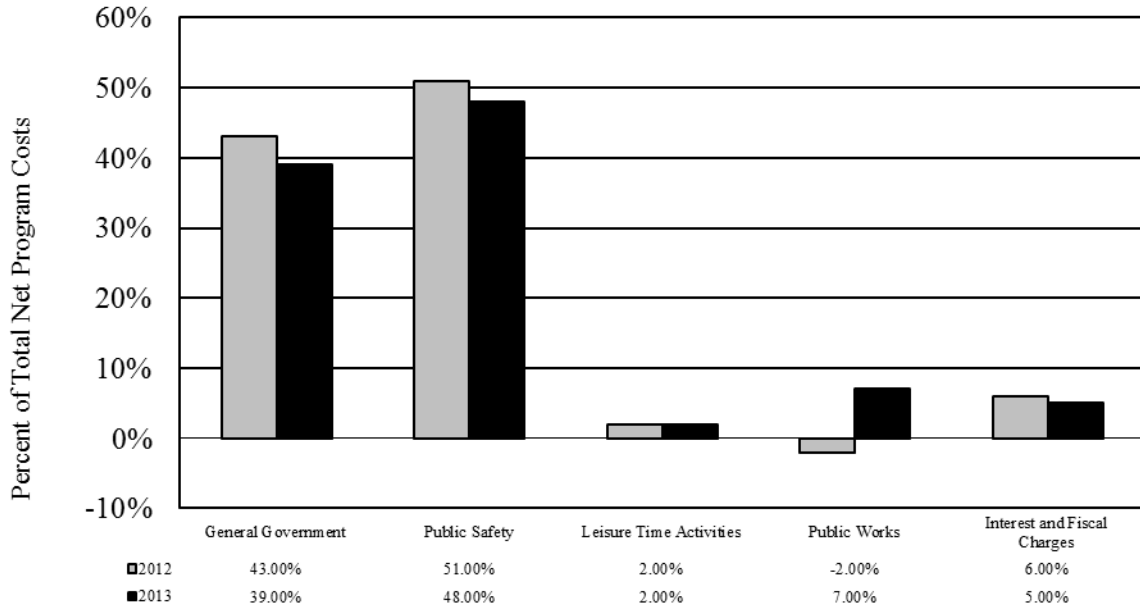
	Governmental Activities		Business-Type Activities		Total	
	2013	Restated 2012	2013	2012	2013	Restated 2012
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 157,229	\$ 172,298	\$ 350,924	\$ 342,205	\$ 508,153	\$ 514,503
Operating Grants and Contributions	26,847	15,381	-	-	26,847	15,381
Capital Grants and Contributions	125,170	526,449	-	-	125,170	526,449
<b>Total Program Revenues</b>	<b>309,246</b>	<b>714,128</b>	<b>350,924</b>	<b>342,205</b>	<b>660,170</b>	<b>1,056,333</b>
<b>General Revenues</b>						
Income Taxes	1,186,830	1,111,918	-	-	1,186,830	1,111,918
Property Taxes	923,710	949,327	-	-	923,710	949,327
Unrestricted Contributions	552,828	525,673	-	-	552,828	525,673
Investment Earnings	2,100	3,358	-	-	2,100	3,358
<b>Total General Revenues</b>	<b>2,665,468</b>	<b>2,590,276</b>	<b>-</b>	<b>-</b>	<b>2,665,468</b>	<b>2,590,276</b>
<b>Total Revenues</b>	<b>2,974,714</b>	<b>3,304,404</b>	<b>350,924</b>	<b>342,205</b>	<b>3,325,638</b>	<b>3,646,609</b>
<b>Program Expenses</b>						
General Government	1,014,469	1,091,827	-	-	1,014,469	1,091,827
Public Safety	1,181,685	1,137,518	-	-	1,181,685	1,137,518
Public Works	285,496	483,839	-	-	285,496	483,839
Leisure Time Activities	64,759	62,913	-	-	64,759	62,913
Community Development	4,114	4,055	-	-	4,114	4,055
Interest and Fiscal Charges	111,970	130,010	-	-	111,970	130,010
Waste Collection and Disposal	-	-	349,122	342,449	349,122	342,449
<b>Total Expenses</b>	<b>2,662,493</b>	<b>2,910,162</b>	<b>349,122</b>	<b>342,449</b>	<b>3,011,615</b>	<b>3,252,611</b>
Increase in Net Position	312,221	394,242	1,802	(244)	314,023	393,998
Net Position Beginning of Year	3,965,504	3,571,262	(28,233)	(27,989)	3,937,271	3,543,273
Net Position End of Year	<u>\$ 4,277,725</u>	<u>\$ 3,965,504</u>	<u>\$ (26,431)</u>	<u>\$ (28,233)</u>	<u>\$ 4,251,294</u>	<u>\$ 3,937,271</u>

When looking at the sources of income to support operations, it should be noted that charges for services are only 5% of revenue, while 71% of revenue is derived from income and property taxes. The City substantially relies on these taxes to fund the services it provides to businesses and citizens.

City of Deer Park  
Hamilton County, Ohio  
Management's Discussion and Analysis  
(Unaudited)  
For the Year Ended December 31, 2013

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Net program cost for 2013 and 2012 by percentage of total net program expenses, as presented on the statement of activities, were as follows:



**Business-Type Activities**

The City's business-type activity includes waste collection and disposal. This program had operating revenues of \$350,924 and operating expenses of \$349,122 for 2013. Business activities receive no support from tax revenues. The business activities net position at the end of the year was (\$26,431), which increased \$1,802 from 2013. The City had one business-type (enterprise) fund that was a major fund: the Waste Collection and Disposal fund.

**THE CITY'S FUNDS**

Information about the City's major governmental funds begins with the Balance Sheet – Governmental Funds and Statement of Revenues Expenditures and Changes in Fund Balances – Governmental Funds. These funds are reported using the modified accrual basis of accounting.

All governmental funds had operating revenues of \$2,991,583 and expenditures of \$2,737,202.

Total fund balance increased for 2013 compared to 2012 by \$254,381.

The City has one major governmental fund. Assets of the major fund comprised 88% of governmental fund total assets.

City of Deer Park  
Hamilton County, Ohio  
Management's Discussion and Analysis  
(Unaudited)  
For the Year Ended December 31, 2013

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*Budgetary Activity and Actual Results*

The City adopts annual appropriated budgets for its funds. The schedule comparing the City's original and final budget and actual results is included in the Required Supplementary Information for the General Fund.

During 2013, there were no major revisions to the General fund budget. Actual revenues were slightly over the final budget and actual expenditures plus encumbrances were 6% under final budget amounts.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets*

TABLE 3 - Net Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 286,445	\$ 286,445	\$ -	\$ -	\$ 286,445	\$ 286,445
Buildings and Improvements	1,993,867	2,058,815	-	-	1,993,867	2,058,815
Equipment	213,300	230,225	1,401	4,223	214,701	234,448
Infrastructure	1,761,220	1,337,039	-	-	1,761,220	1,337,039
Construction in process	14,052	366,929	-	-	14,052	366,929
Total Net Capital Assets	\$ 4,268,884	\$ 4,279,453	\$ 1,401	\$ 4,223	\$ 4,270,285	\$ 4,283,676

Additional information regarding capital assets can be found in the Notes to the Basic Financial Statements.

City of Deer Park  
Hamilton County, Ohio  
Management's Discussion and Analysis  
(Unaudited)  
For the Year Ended December 31, 2013

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*Debt*

At December 31, 2013, the City had \$2,098,098 in un-voted general obligation bonds.

Table 4 - Outstanding Debt at Year End

	2013	2012
Governmental Activities		
Current Interest Bonds		
Municipal Building	\$ 1,965,000	\$ 2,000,000
Capital Appreciation Bonds		
Municipal Building	133,098	150,000
Total Debt	\$ 2,098,098	\$ 2,150,000

Additional information regarding debt can be found in the Notes to the Basic Financial Statements.

**FINANCIAL POSITION**

The City continues to seek ways to improve the quality and quantity of services we provide to our residents. Furthermore, we are committed to providing our residents with full disclosure of the financial position of the City.

While we are currently in stable financial condition, we are not immune to the tough economic conditions that are facing our economy as a whole. We are carefully watching the activity in the General and Waste Collection Funds and will take actions necessary to keep our funds, and City as a whole, on stable financial ground.

**CONTACTING THE CITY'S FINANCE DEPARTMENT**

This financial report is designed to provide our residents, taxpayers, creditors and investors 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 the City of Deer Park, 7777 Blue Ash Road, Deer Park, Ohio 45236.

City of Deer Park  
Hamilton County, Ohio  
Statement of Net Position  
December 31, 2013

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 1,782,308	\$ 86,265	\$ 1,868,573
Receivables (net of allowance for doubtful accounts)			
Taxes-Real & Personal Property	936,200	-	936,200
Special Assessments	2,400	-	2,400
Taxes-Income	548,700	-	548,700
Accounts	15,879	23,655	39,534
Intergovernmental	317,137	-	317,137
Internal Balances	110,327	(110,327)	-
Nondepreciable Capital Assets	300,497	-	300,497
Depreciable Capital Assets, Net	3,968,387	1,401	3,969,788
<b>Total Assets</b>	<b>7,981,835</b>	<b>994</b>	<b>7,982,829</b>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	174,101	-	174,101
<b>Total Deferred Outflows of Resources</b>	<b>174,101</b>	<b>-</b>	<b>174,101</b>
<b>Liabilities</b>			
Accounts Payable	25,561	26,066	51,627
Accrued Wages and Benefits	87,160	1,359	88,519
Accrued Interest Payable	41,831	-	41,831
Other Accrued Liabilities	77,079	-	77,079
Long-Term Liabilities Due Within 1 year	244,625	-	244,625
Long-Term Liabilities Due Over 1 year	2,506,555	-	2,506,555
<b>Total Liabilities</b>	<b>2,982,811</b>	<b>27,425</b>	<b>3,010,236</b>
<b>Deferred Inflows of Resources</b>			
Property Taxes Levied for Next Year	893,000	-	893,000
Special Assessments Levied for Next Year	2,400	-	2,400
<b>Total Deferred Inflows of Resources</b>	<b>895,400</b>	<b>-</b>	<b>895,400</b>
<b>Net Position</b>			
Net Investment in Capital Assets	2,233,866	1,401	2,235,267
Restricted for			
Public Safety	45,883	-	45,883
Roads	288,242	-	288,242
Culture and Recreation	98,079	-	98,079
Unrestricted	1,611,655	(27,832)	1,583,823
<b>Total Net Position</b>	<b>\$ 4,277,725</b>	<b>\$ (26,431)</b>	<b>\$ 4,251,294</b>

See accompanying notes to the basic financial statements

City of Deer Park  
Hamilton County, Ohio  
Statement of Activities  
For the Year Ended December 31, 2013

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Reporting Entity Total
<b>Governmental Activities:</b>							
General Government	\$ 1,014,469	\$ 108,552	\$ -	\$ -	\$ (905,917)	\$ -	\$ (905,917)
Public Safety	1,181,685	46,489	-	-	(1,135,196)	-	(1,135,196)
Leisure Time Activities	64,759	-	26,847	-	(37,912)	-	(37,912)
Community Development	4,114	-	-	-	(4,114)	-	(4,114)
Public Works	285,496	2,188	-	125,170	(158,138)	-	(158,138)
Interest and Fiscal Charges	111,970	-	-	-	(111,970)	-	(111,970)
<b>Total Governmental Activities</b>	<b>2,662,493</b>	<b>157,229</b>	<b>26,847</b>	<b>125,170</b>	<b>(2,353,247)</b>	<b>-</b>	<b>(2,353,247)</b>
<b>Business Type Activities:</b>							
Waste Collection and Disposal	349,122	350,924	-	-	-	1,802	1,802
<b>Totals</b>	<b>\$ 3,011,615</b>	<b>\$ 508,153</b>	<b>\$ 26,847</b>	<b>\$ 125,170</b>	<b>\$ (2,353,247)</b>	<b>\$ 1,802</b>	<b>\$ (2,351,445)</b>
<b>General Revenues</b>							
Income Taxes					\$ 1,186,830	\$ -	\$ 1,186,830
Property Taxes Levied for:							
General Purposes					900,102	-	900,102
Public Safety					23,608	-	23,608
Unrestricted Contributions					552,828	-	552,828
Investment Earnings					2,100	-	2,100
<b>Total General Revenues</b>					<b>2,665,468</b>	<b>-</b>	<b>2,665,468</b>
<b>Change in Net Position</b>					<b>312,221</b>	<b>1,802</b>	<b>314,023</b>
<b>Net Position Beginning of Year, Restated</b>					<b>3,965,504</b>	<b>(28,233)</b>	<b>3,937,271</b>
<b>Net Position End of Year</b>					<b>\$ 4,277,725</b>	<b>\$ (26,431)</b>	<b>\$ 4,251,294</b>

See accompanying notes to the basic financial statements



City of Deer Park  
Hamilton County, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2013

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 1,472,238	\$ 310,070	\$ 1,782,308
<b>Receivables:</b>			
Taxes - Property	912,200	24,000	936,200
Taxes - Income	548,700	-	548,700
Special Assessments	2,400	-	2,400
Accounts	15,379	500	15,879
Intergovernmental	185,077	132,060	317,137
Due from other fund	110,327	-	110,327
<b>Total Assets</b>	<u>\$ 3,246,321</u>	<u>\$ 466,630</u>	<u>\$ 3,712,951</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 20,591	\$ 4,970	\$ 25,561
Accrued Wages and Benefits	77,831	9,329	87,160
Other Accrued Liabilities	77,079	-	77,079
<b>Total Liabilities</b>	<u>175,501</u>	<u>14,299</u>	<u>189,800</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes Levied for Next Year	870,000	23,000	893,000
Unavailable Property Taxes	42,200	1,000	43,200
Special Assessments Levied for Next Year	2,400	-	2,400
Unavailable Income Taxes	421,200	-	421,200
Unavailable Intergovernmental Revenue	104,022	88,524	192,546
<b>Total Deferred Inflows of Resources</b>	<u>1,439,822</u>	<u>112,524</u>	<u>1,552,346</u>
<b>Fund Balances</b>			
<b>Restricted:</b>			
Public Safety	-	43,433	43,433
Roads	-	201,168	201,168
Recycling	-	4,304	4,304
Recreation	-	93,775	93,775
<b>Assigned:</b>			
General Government	119,228	-	119,228
Unassigned	1,511,770	(2,873)	1,508,897
<b>Total Fund Balances</b>	<u>1,630,998</u>	<u>339,807</u>	<u>1,970,805</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 3,246,321</u>	<u>\$ 466,630</u>	<u>\$ 3,712,951</u>

See accompanying notes to the basic financial statements

City of Deer Park  
Hamilton County, Ohio  
Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
December 31, 2013

Total Governmental Fund Balances \$ 1,970,805

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	286,445	
Construction in Progress	162,785	
Other Capital Assets	5,184,333	
Accumulated depreciation	<u>(1,364,679)</u>	
		4,268,884

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows in the funds.

Income Taxes	421,200	
Delinquent Property Taxes	43,200	
Intergovernmental and Other Revenues	<u>192,546</u>	
		656,946

In the statement of net position interest payable is accrued when incurred whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.

Accrued Interest Payable	(41,831)	
Accreted Interest	<u>(101,506)</u>	
		(143,337)

Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as liabilities in the governmental funds.

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Due to Other Governments	(76,802)	
Long-Term Note Payable	(111,021)	
Bonds	(2,098,098)	
Compensated Absences	(142,134)	
Premium on Bonds	<u>(221,619)</u>	
		(2,649,674)

Deferred losses on debt refundings are expensed in the fund level financial statements but are accrued and amortized over the life of the bonds in the government-wide financial statements.

174,101

Net Position of Governmental Activities \$ 4,277,725

City of Deer Park  
Hamilton County, Ohio  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 2,057,323	\$ 24,020	\$ 2,081,343
Charges for Services	77,672	2,510	80,182
Contributions and Donations	-	31	31
Fines, Licenses & Permits	71,794	5,253	77,047
Investment Earnings	2,059	41	2,100
Intergovernmental	262,694	461,370	724,064
Other Revenues	-	26,816	26,816
<b>Total Revenues</b>	<b>2,471,542</b>	<b>520,041</b>	<b>2,991,583</b>
<b>Expenditures</b>			
Current:			
General Government	931,499	-	931,499
Public Safety	1,141,064	10,421	1,151,485
Leisure Time Activities	43,144	19,082	62,226
Community Development	-	4,114	4,114
Transportation and Street Repair	19,333	205,082	224,415
Capital Outlay	1,987	158,189	160,176
Debt Service			
Principal Retirement	7,162	51,902	59,064
Interest and Fiscal Charges	-	144,223	144,223
<b>Total Expenditures</b>	<b>2,144,189</b>	<b>593,013</b>	<b>2,737,202</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	327,353	(72,972)	254,381
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	260,183	260,183
Transfers Out	(196,125)	(64,058)	(260,183)
<b>Total Other Financing Sources (Uses)</b>	<b>(196,125)</b>	<b>196,125</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>131,228</b>	<b>123,153</b>	<b>254,381</b>
Fund Balances at Beginning of Year	1,499,770	216,654	1,716,424
<b>Fund Balances at End of Year</b>	<b>\$ 1,630,998</b>	<b>\$ 339,807</b>	<b>\$ 1,970,805</b>

See accompanying notes to the basic financial statements

City of Deer Park  
Hamilton 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, 2013

Net Change in Fund Balances - Total Governmental Funds		\$ 254,381
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in the governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		
	(10,569)	(10,569)
Because some revenues will not be collected for several months after the City's year-end, they are not considered "available" revenues and are reported as deferred inflows in the governmental funds.		
Income Taxes	37,700	
Delinquent Property Taxes	(8,503)	
Intergovernmental and Other Revenues	<u>(46,066)</u>	
		(16,869)
Governmental funds report premiums, discounts, and bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the statement of activities.		
Amortization of Deferred Loss on Refunding	(10,881)	
Amortization of Bond Premiums	<u>14,493</u>	
		3,612
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Payments on Obligation to Other Governments	7,679	
Payments on OPWC Note Payable	7,162	
Bond Principal Retirement	<u>51,902</u>	
		66,743
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.		
		28,641
Compensated Absences 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.		
		<u>(13,718)</u>
Change in Net Position of Governmental Activities		<u>\$ 312,221</u>

See accompanying notes to the basic financial statements

City of Deer Park  
Hamilton County, Ohio  
Statement of Net Position - Proprietary Fund  
December 31, 2013

	Waste Collection and Disposal
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 86,265
Receivables:	
Accounts	23,655
Total Current Assets	109,920
Depreciable Capital Assets, Net	1,401
Total Assets	111,321
Liabilities	
Accounts Payable	26,066
Accrued Wages and Benefits	1,359
Due to Other Fund	110,327
Total Liabilities	137,752
Net Position	
Net Investment in Capital Assets	1,401
Unrestricted	(27,832)
Total Net Position	\$ (26,431)

See accompanying notes to the basic financial statements

City of Deer Park  
Hamilton County, Ohio  
Statement of Revenues,  
Expenses and Changes in Fund Net Position - Proprietary Fund  
For the Year Ended December 31, 2013

	Waste Collection and Disposal
Operating Revenues	
Charges for Services	\$ 350,924
Total Operating Revenues	350,924
Operating Expenses	
Contractual Services	346,300
Depreciation	2,822
Total Operating Expenses	349,122
Change in Net Position	1,802
Net Position Beginning of Year	(28,233)
Net Position End of Year	\$ (26,431)

See accompanying notes to the basic financial statements

City of Deer Park  
Hamilton County, Ohio  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended December 31, 2013

	Waste Collection and Disposal
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 345,139
Payments to Employees	(30,719)
Payments to Suppliers	(314,557)
Net Cash Provided by Operating Activities	(137)
Cash and Cash Equivalents Beginning of Year	86,402
Cash and Cash Equivalents End of Year	\$ 86,265
Reconciliation of Operating Income to Net Cash	
Used by Operating Activities	
Operating Income	\$ 1,802
Adjustments to Reconcile Operating Income to Net Cash	
Used by Operating Activities:	
Depreciation Expense	2,822
Increase in Accounts Receivable	(5,785)
Increase in Accrued Liabilities	1,024
Net Cash Provided by Operating Activities	\$ (137)

See accompanying notes to the basic financial statements

City of Deer Park  
Hamilton County, Ohio  
Statement of Fiduciary Net Position - Fiduciary Fund  
December 31, 2013

	<u>Agency</u>
Assets	
Equity Pooled in Cash and Cash Equivalents	<u>\$          3,488</u>
Total Assets	<u><u>\$          3,488</u></u>
Liabilities	
Due to Other Governments	<u>\$          3,488</u>
Total Liabilities	<u><u>\$          3,488</u></u>

See accompanying notes to the basic financial statements



City of Deer Park  
Hamilton County, Ohio  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2013

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**Note 1 - Description of the City and Reporting Entity**

The City of Deer Park, Ohio (the “City”) was incorporated in 1912, and became a city in 1952. The City is a home-rule municipal corporation created under the laws of the State of Ohio. The City operates under a Council-Manager form of government.

***Reporting Entity***

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City, this includes; public services, public safety, recreation and development. The City operates under a seven member council and has direct responsibility for these activities.

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 authorizes the issuance of debt or the levying of taxes, or determines the budget. There are no component units included as part of this report.

The City participates in a jointly governed organization which is defined as a joint venture. A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain: (a) an ongoing financial interest or (b) an ongoing responsibility.

**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 principles. The most significant of the City’s accounting policies are described below.

***A. Basis of Presentation***

The City’s basic financial statements consist of government-wide statements, including a statement of net 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 the fiduciary fund. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The effect of inter-fund activity has been removed from

City of Deer Park  
Hamilton County, Ohio  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2013

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these statements; however, any effects from inter-fund services provided and used are not eliminated in the process of consolidation.

The statement of net position presents the financial condition of the governmental activities 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. 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 or grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

### ***Fund Financial Statements***

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental 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.

### ***B. Fund Accounting***

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

### ***Governmental Funds***

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

#### ***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.

City of Deer Park  
Hamilton County, Ohio  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2013

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***Proprietary Funds***

Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City does not have an Internal service fund.

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 following is the City's major enterprise fund:

***Waste Collection and Disposal Fund***

This fund accounts for the collection and disposal of waste to the residents and commercial users located within the City.

***Fiduciary Funds***

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: agency funds, pension trust funds, investment trust funds and private-purpose trust funds. The City has one Agency fund - a Mayor's Court Agency fund (to account for amounts held on behalf of other governments and bonds deposited with the court pending final disposition of various causes). Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Trust funds are used to account for assets held 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 currently has no trust funds.

***C. Measurement Focus***

***Government-Wide Financial Statements***

The government-wide financial statements are prepared using the *economic resources measurement focus*. All assets and all liabilities (and deferred outflows and inflows of resources) associated with the operation of the City are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

***Fund Financial Statements***

All governmental funds are accounted for using a flow of *current financial resources measurement focus*. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet (as well as deferred outflows and inflows of resources). 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.

City of Deer Park  
Hamilton County, Ohio  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2013

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***D. Basis of Accounting***

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

***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 year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 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 a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

***Deferred Inflows***

The City reports deferred inflows on its fund level balance sheet and entity wide statement of net position. Deferred inflows are items that were previously reported as deferred revenues and certain items that were previously recorded as assets and liabilities. Deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Certain intergovernmental receivables, uncollected assessments, miscellaneous receivables, property taxes and income taxes not meeting the availability criteria have been deferred and will be realized in a subsequent period in the governmental funds.

***Deferred Inflows***

A deferred outflow is a consumption of net position in a future period. The City reports as deferred outflows the loss on defeasance from debt refundings.

City of Deer Park  
Hamilton County, Ohio  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2013

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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.

***E. Equity in Pooled Cash, Cash Equivalents and Investments***

To improve cash management, cash received by the City is pooled. Monies for all 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, Cash Equivalents and Investments" on the statement of net position and the governmental fund balance sheet.

Interest is distributed according to Ohio statutes. Interest revenue credited to the general fund during 2013 amounted to \$2,059.

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

***G. Capital Assets***

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars. The City's infrastructure consists of curbs, sidewalks, storm sewers and streets. The City is not required to report infrastructure before December 31, 2003 since it is considered a Phase 3 Government. 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.

Capital assets utilized by the proprietary fund are reported both in the business-type column of the government-wide statement of net position and in the respective proprietary fund.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure are estimated based on the City's historical records of necessary improvements and replacement.

City of Deer Park  
Hamilton County, Ohio  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2013

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	40 years
Infrastructure	20 to 35 years
Machinery and Equipment	5 to 20 years

***H. Compensated Absences***

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for 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.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year end taking into consideration any limits specified in the City's termination policy. The City records a liability for all accumulated unused vacation time when earned for all employees.

For governmental funds, the current portion of unpaid compensated absences is the amount normally due for payment during the current year.

The entire compensated absence liability is reported on the government-wide statement of net position.

***I. Long-Term Obligations***

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the fund financial statements regardless of whether they will be liquidated with current resources. However, compensated absences, capital leases and general obligation bonds that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally due for payment during the current year. The entire balance is reported as a liability on the statement of net position.

***J. Classification of Fund Balance***

In accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," the City's fund balance is divided into five classifications based primarily on the extent to which the City must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

City of Deer Park  
Hamilton County, Ohio  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2013

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Nonspendable - The City classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted - Fund balance is *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.

Committed - The City's Council can *commit* amounts via formal action (resolution). The City must adhere to these commitments unless the City's Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the City's Council or by State Statute.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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.

#### ***K. Net Position***

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, plus capital-related deferred outflows of resources, less the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

#### ***L. Interfund Activity***

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Transfers In" by the recipient fund and "Transfers Out" by the disbursing fund on the fund financial statements. These transfers are consolidated on the government-wide statements.

City of Deer Park  
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Notes To The Basic Financial Statements  
For The Year Ended December 31, 2013

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- Long-term interfund loans are classified as “advances to/from other funds” and are equally offset by a nonspendable fund balance account which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental activities columns of the statement of net position.

Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City.

***M. Estimates***

The preparation of the 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.

**Note 3 - Deposits and Investments**

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

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

Inactive deposits are public deposits that the City has identified as not required for use within the current two year period of designation of depositories. Inactive deposits may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- 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;
- 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;
- 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;



City of Deer Park  
Hamilton County, Ohio  
Notes To The Basic Financial Statements  
For The Year Ended December 31, 2013

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- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets 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;
- The State Treasury Asset Reserve of Ohio (STAR Ohio); and
- Certain banker’s acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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 it will be held to maturity. Investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The carrying amount of the City’s cash and investments totaled \$1,872,061 at December 31, 2013 as summarized below:

Deposits With Financial Institutions	\$ 1,707,642
STAROhio	<u>164,419</u>
Total Cash and Investments	<u><u>\$ 1,872,061</u></u>

***Deposits***

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,189,589 of the City’s bank balance of \$1,783,248 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

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***Investments***

As of December 31, 2013, the City had \$164,419 invested in STAROhio. STAROhio investments mature in 12 months or less.

*Interest Rate Risk:* The City does not have an investment policy other than State statute. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that investment must be purchased with the expectation that it will be held to maturity.

*Credit Risk:* The City's investment in STAROhio was rated AAA by Standard & Poor's and Moody's Investor Services. State statute only addresses credit risk by limiting the investments that may be purchased to those offered by specifically identified issuers.

*Concentration of Credit Risk:* The City places no limit on the amount it may be invested in any one issuer. Of the City's total investments, 100% is in STAROhio.

**Note 4 - Receivables**

Receivables at December 31, 2013 consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, accounts receivable and an interfund receivable.

No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the City. Real property taxes collected in 2013 were levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. Public utility property taxes collected in 2013 became a lien December 31, 2011 and were levied after October 1, 2012.

The assessed values of real and personal property upon which 2013 property tax receipts were based are as follows:

Real Property – Residential & Agricultural	\$82,253,550
Real Property – Commercial, Industrial & Other	15,288,240
Public Utility (Personal Property)	<u>5,519,600</u>
Total Valuation	<u><u>\$103,061,390</u></u>

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Real property taxes are payable annually or semi-annually. If paid annually, the 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.

The County Treasurer collects property taxes on behalf of all taxing Districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represents real and public utility taxes and outstanding delinquencies which are measurable as of December 31, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, they were not levied to finance 2013 operations. The receivable is therefore offset by deferred inflows of resources.

**Note 5 – Income Taxes**

The City levies a 1.5% income tax on wages, salaries, commissions and other compensation in addition to net profits of business activity. The tax applies to all income earned within the City plus income earned by residents who earned income outside the City.

Employers within the City withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly based on an annual declaration and file an annual tax return.

**Note 6 - 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. The City carries commercial general liability insurance against risks and all other risks of loss, including workers' compensation and employee health and accident insurance. More information about the City's partially self-insured health program is detailed in Note 16.

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Notes To The Basic Financial Statements  
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**Note 7 - Capital Assets**

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance 1/1/2013	Additions	Deductions	Balance 12/31/2013
<b>Governmental Activities</b>				
Capital Assets, not being depreciated:				
Land	\$ 286,445	\$ -	\$ -	\$ 286,445
Construction in Progress	366,929	14,052	366,929	14,052
	<u>653,374</u>	<u>14,052</u>	<u>366,929</u>	<u>300,497</u>
Capital Assets, being depreciated:				
Buildings and Improvements	2,684,278	-	-	2,684,278
Machinery and Equipment	643,542	30,110	-	673,652
Infrastructure	1,492,581	482,555	-	1,975,136
	<u>4,820,401</u>	<u>512,665</u>	<u>-</u>	<u>5,333,066</u>
<b>Total Assets at Historical Cost</b>	<u>5,473,775</u>	<u>526,717</u>	<u>366,929</u>	<u>5,633,563</u>
Less Accumulated Depreciation:				
Buildings and Improvements	625,463	64,948	-	690,411
Machinery and Equipment	413,317	47,035	-	460,352
Infrastructure	155,542	58,374	-	213,916
	<u>1,194,322</u>	<u>170,357</u>	<u>-</u>	<u>1,364,679</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 4,279,453</u>	<u>\$ 356,360</u>	<u>\$ 366,929</u>	<u>\$ 4,268,884</u>
<b>Business-Type Activities</b>				
Capital Assets, being depreciated:				
Machinery and Equipment	\$ 133,071	\$ -	\$ -	\$ 133,071
<b>Total Assets at Historical Cost</b>	<u>133,071</u>	<u>-</u>	<u>-</u>	<u>133,071</u>
Less Accumulated Depreciation:				
Machinery and Equipment	128,848	2,822	-	131,670
<b>Total Accumulated Depreciation</b>	<u>128,848</u>	<u>2,822</u>	<u>-</u>	<u>131,670</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 4,223</u>	<u>\$ (2,822)</u>	<u>\$ -</u>	<u>\$ 1,401</u>
Depreciation expense was charged to governmental functions as follows:				
General Government	\$ 91,376			
Public Safety	17,366			
Leisure Time Activities	2,533			
Public Works	59,082			
	<u>\$ 170,357</u>			

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Notes To The Basic Financial Statements  
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**Note 8 - Long-Term Obligations**

A schedule of changes in bonds and other long-term obligations of the City during 2013 follows:

	Amount Outstanding 1/1/2013	Additions	Deletions	Amount Outstanding 12/31/2013	Amounts Due in One Year
Governmental Activities					
Unvoted General Obligation Bonds					
Current Interest Bonds					
Interest Varies from 2.00%					
Municipal Building	\$ 2,000,000	\$ -	\$ 35,000	\$ 1,965,000	\$ 35,000
Capital Appreciation Bonds					
Interest Varies from 3.50%					
Municipal Building	30,000	-	16,902	13,098	13,098
Interest Varies from 2.90%					
Municipal Building	120,000	-	-	120,000	-
Premium	236,112	-	14,493	221,619	-
Total Long-Term Bond - Principal	2,386,112	-	66,395	2,319,717	48,098
Accreted Interest	131,740	57,864	88,098	101,506	86,902
Accreted Interest and Total Long-Term Bonds - Principal	2,517,852	57,864	154,493	2,421,223	135,000
Other Long-Term Obligations					
Due to Other Governments	84,481	-	7,679	76,802	7,679
OPWC Note Payable	118,183	-	7,162	111,021	7,162
Compensated Absences	128,416	97,007	83,289	142,134	94,784
Total Other Long-Term Obligations	331,080	97,007	98,130	329,957	109,625
Total Governmental Activities	\$ 2,848,932	\$ 154,871	\$ 252,623	\$ 2,751,180	\$ 244,625

The intergovernmental note is to an adjoining City in conjunction with a fire hydrant replacement program. Under the agreement, The City of Deer Park must make annual payments of \$7,679 through 2023.

The note payable to the Ohio Public Works Commission is due in semi-annual installments of \$3,581. The terms of the note agreement state that it is interest free. The note is due in January 2029.

Compensated absences will be paid from the fund from which the person is paid. Historically, this is the General Fund or a Special Revenue Fund.

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Principal and interest requirements to retire the long-term debt obligations at December 31, 2013, are as follows:

Year Ending December 31	Capital Appreciation Bonds - 2004		Capital Appreciation Bonds - 2012	
	Principal	Interest	Principal	Interest
2014	\$ 13,098	\$ 86,902	\$ -	\$ -
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019-2023	-	-	120,000	330,000
2024-2028	-	-	-	-
2029	-	-	-	-
<b>Total</b>	<b>\$ 13,098</b>	<b>\$ 86,902</b>	<b>\$ 120,000</b>	<b>\$ 330,000</b>

Year Ending December 31	Bonds - 2012		Total	
	Principal	Interest	Principal	Interest
2014	\$ 35,000	\$ 55,775	\$ 48,098	\$ 142,677
2015	150,000	55,075	150,000	55,075
2016	140,000	52,075	140,000	52,075
2017	145,000	49,275	145,000	49,275
2018	150,000	46,375	150,000	46,375
2019-2023	310,000	212,225	430,000	542,225
2024-2028	845,000	118,778	845,000	118,778
2029	190,000	6,650	190,000	6,650
<b>Total</b>	<b>\$ 1,965,000</b>	<b>\$ 596,228</b>	<b>\$ 2,098,098</b>	<b>\$ 1,013,130</b>

Principal and interest requirements to retire the note payable at December 31, 2013, are as follows:

Year Ending December 31	Principal	Interest
2014	\$ 7,162	\$ -
2015	7,162	-
2016	7,162	-
2017	7,162	-
2018	7,162	-
2019-2023	35,810	-
2024-2028	35,810	-
2029	3,591	-
<b>Total</b>	<b>\$ 111,021</b>	<b>\$ -</b>

City of Deer Park  
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Notes To The Basic Financial Statements  
For The Year Ended December 31, 2013

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**Note 9 – Defeased Debt**

The City defeased bonds in 2012 by creating separate irrevocable trust funds. New debt had been issued and the proceeds were used to purchase U.S. government securities that were placed in trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's financial statements. As of December 31, 2013, the amount of defeased debt outstanding amounted to \$2,168,245.

**Note 10 - Defined Benefit Pension Plans**

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

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

OPERS provides retirement, disability, survivor, and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report, that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio, 43215-4642, or by calling (614) 222-5601 or (800)-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and employer contribution rates were consistent across all three plans. 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.

The 2013 member contribution rates were 10% for members in state and local classifications. Public safety members contributed 12%.

The 2013 employer contribution rate for state and local employers was 14.00% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2013 was 18.10%. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1% for calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1% for calendar year 2013.

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The City's required contributions to OPERS for the years ended December 31, 2013, 2012, and 2011 were \$89,890, \$88,538, and \$96,383, respectively, equal to the required contributions for each year. The full amount has been contributed for 2011, 2012 and 2013.

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

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability 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 for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

From January 1, 2013 thru July 1, 2013, plan members were required to contribute 10% of their annual covered salary. From July 2, 2013 thru December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, Employers were required to contribute 19.5% for police officers. The City's required contributions to OP&F for the years ending December 31, 2013, 2012, and 2011 were \$154,216, \$141,706, and \$153,356, respectively. The full amount has been contributed for 2011, 2012 and 2013.

**Note 11 - Postemployment Benefits**

***Ohio Public Employees Retirement System***

The Ohio Public Employees Retirement System has provided the following information pertaining to other postemployment benefits for health care costs in order to assist the City in complying with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension Benefits*.

**A. Plan Description**

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.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.



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Notes To The Basic Financial Statements  
For The Year Ended December 31, 2013

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The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report, that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio, 43215-4642, or by calling (614) 222-5601 or (800)-222-7377.

#### B. Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 18.10%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1% for calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1% for calendar year 2013.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

#### C. City Contributions

The City's actual contributions that were used to fund post-employment benefits were \$6,382, \$25,297 and \$34,592 for 2013, 2012 and 2011, respectively.

#### D. OPERS Retirement Board Implements its Health Care Preservation Plan

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

#### ***Ohio Police and Fire Pension Fund***

The Ohio Police and Fire Pension Fund has provided the following information pertaining to other postemployment benefits for health care costs in order to assist the City in complying with GASB

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Notes To The Basic Financial Statements  
For The Year Ended December 31, 2013

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Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension Benefits*.

A. Plan Description

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at [www.op-f.org](http://www.op-f.org).

B. 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% of covered payroll for police. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 4.69% of covered payroll from January 1, 2013 thru May 31, 2013 and 2.85% of covered payroll from June 1, 2013 thru December 31, 2013. 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 and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is 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.

City of Deer Park  
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Notes To The Basic Financial Statements  
For The Year Ended December 31, 2013

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C. City Contributions

The City's actual contributions that were used to pay postemployment benefits were \$28,530, \$49,030 and \$53,061 for 2013, 2012 and 2011, respectively.

**Note 12 – Interfund Activity**

***Advances:***

Advances From/Advances To balances at December 31, 2013, consist of the following individual fund receivables and payables:

Receivable Fund	Payable Fund	Amount
General Fund	Waste Collection and Disposal	\$110,327

Advances From/Advances To other funds were the result of cash flow issues in Waste Collection and Disposal Fund.

***Transfers:***

During 2013, the Municipal Motor Vehicle License Tax Special Revenue Fund transferred \$64,058 to the Dalton Avenue Capital Projects Fund to provide resources for transportation and roadway related project expenditures along Dalton Avenue. This transfer was made in accordance with the applicable sections of the Ohio Revised Code as Motor Vehicle License Taxes are intended to be used for transportation purposes.

**Note 13 – Joint Venture**

The City is a member of the Deer Park-Silverton Joint Fire District, which is a joint venture between the City of Deer Park and the City of Silverton. The joint venture was created to provide fire protection services to the residents of the two cities.

The Fire District Board of Trustees consists of eight trustees, with each City appointing four of the trustees. The City's ability to effect operations is limited to its representation on the Board.

The funding for the operation of the Fire District is provided by tax revenues from a continuing levy approved by the electorate of both cities. There is no explicit and measurable equity interest in the fire District. The City has an ongoing financial responsibility, because the continued existence of the joint venture depends on the City's contributions. The Joint Fire District is not accumulating significant financial resources or experiencing fiscal distress that may cause additional burden to the City.

**Note 14 – Contingent Liabilities**

At times, the City may be a party to legal proceedings seeking damages. The City's management is of the opinion that the ultimate disposition of the various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

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For The Year Ended December 31, 2013

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**Note 15 – Compliance and Accountability**

At year-end, the City had a deficit balance in the Waste Collection and Disposal Fund. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Note 16 – Incurred But Not Reported Claims – Health Benefits Program**

Medical coverage is offered to employees through a self-funded insurance plan. Under this program, the Risk Management Agency provides coverage for up to a maximum of \$100,000 per covered person. The plan is offered to local governments state-wide through the Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) in Steubenville, and administered by United Healthcare of Ohio.

The City participates in the program and makes payments to the Risk Management Agency based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The City’s independent advisor has actuarially determined that \$77,079 is a good and sufficient provision for incurred but not reported claims as of December 31, 2013. This amount is non-discounted and is based upon historical claims experience. The claims liability of \$77,079 reported at December 31, 2013, is based on an estimate provided by USI Insurance (independent advisor) and the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,” as amended by GASB Statement No. 30, “Risk Financing Omnibus,” which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling claims.

Changes in claims activity for the prior three fiscal years are as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2011	\$ 131,701	\$ 272,876	\$ (228,278)	\$ 176,299
2012	\$ 176,299	\$ 159,292	\$ (229,688)	\$ 105,903
2013	\$ 105,903	\$ 201,245	\$ (230,069)	\$ 77,079

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For The Year Ended December 31, 2013

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**Note 17 – Implementation of New Accounting Standard and Restatement of Opening Net Position**

For the year ended December 31, 2013, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The object of GASB Statement No. 65 is to classify certain items that were previously reported as assets and liabilities as either deferred outflows of resources or deferred inflows of resources and to recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues).

The City's adoption of GASB 65 resulted in the write-off of bond issuance costs and a reduction of beginning net position (as of January 1, 2013) of \$51,130.

## **REQUIRED SUPPLEMENTARY INFORMATION**

City of Deer Park  
Hamilton County, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Taxes	\$ 2,104,771	\$ 2,104,771	\$ 2,179,641	\$ 74,870
Charges for Services	78,661	78,661	81,459	2,798
Fees, Licenses, and Permits	31,932	31,932	33,068	1,136
Fines and Forfeitures	39,624	39,624	41,033	1,409
Intergovernmental	86,600	86,600	89,680	3,080
Interest	1,988	1,988	2,059	71
<b>Total Revenues</b>	<b>2,343,576</b>	<b>2,343,576</b>	<b>2,426,940</b>	<b>83,364</b>
<b>Expenditures</b>				
Current:				
General Government	1,129,000	1,084,400	974,175	110,225
Public Safety	1,125,600	1,155,200	1,154,860	340
Leisure Time Activities	34,300	43,700	43,642	58
Transportation and Street Repair	50,400	54,000	20,976	33,024
Capital Outlay	-	2,000	1,987	13
Debt Service:				
Principal Retirement and Interest	7,163	7,163	7,162	1
<b>Total Expenditures</b>	<b>2,346,463</b>	<b>2,346,463</b>	<b>2,202,802</b>	<b>143,661</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,887)	(2,887)	224,138	227,025
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(196,125)	(196,125)	(196,125)	-
<b>Total Other Financing Uses</b>	<b>(196,125)</b>	<b>(196,125)</b>	<b>(196,125)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(199,012)</b>	<b>(199,012)</b>	<b>28,013</b>	<b>227,025</b>
<b>Fund Balance at Beginning of Year</b>	<b>1,444,225</b>	<b>1,444,225</b>	<b>1,444,225</b>	<b>-</b>
<b>Fund Balance at End of Year</b>	<b>\$ 1,245,213</b>	<b>\$ 1,245,213</b>	<b>\$ 1,472,238</b>	<b>\$ 227,025</b>

See accompanying notes to the required supplementary information.

City of Deer Park  
Hamilton County, Ohio  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2013

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**Note 1 - Summary of Significant Accounting Policies**

***A. Budgets***

An annual appropriated budget is legally required to be prepared for all funds of the City, except for the agency fund. The Council passes appropriations for each department within each fund and for personal services within each department. The following are the procedures used by the City in establishing the budgetary data reported in the basic financial statements.

***Tax Budget*** A tax budget of estimated revenues and expenditures for all funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 15 of each year for the period January 1 to December 31 of the following year.

***Estimated Resources*** The County Budget Commission determines if the tax budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources that states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate of estimated resources can be further amended during the year if the Council agrees that an estimate needs to be either increased or decreased. The amounts reported in the budgetary statements as final reflect the amounts in the final amended official certificate of estimated resources issued during 2013.

***Appropriations*** A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year, for the period January 1 to December 31. The appropriation resolution may be supplemented during the year by action of the Council, as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriated budget that covered the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

***Lapsing of Appropriations*** At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations.

***Encumbrances*** As part of formal budgetary control purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. During the current year, the City did not record encumbrances as required by the Ohio Revised Code.



City of Deer Park  
Hamilton County, Ohio  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2013

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**Budgetary Basis of Accounting** While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for each major governmental fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

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).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary cash basis statements for the City's General Fund and major Special Revenue Funds.

	General Fund
GAAP Basis	\$ 131,228
Adjustments:	
Revenue Accruals	(44,602)
Expenditure Accruals	(58,613)
	\$ 28,013

**CITY OF DEER PARK**



**Yellow Book Report**

**December 31, 2013**

**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***

Honorable Mayor, City Council and City Manager  
City of Deer Park, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Deer Park, Ohio (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 30, 2014, wherein we noted the City adopted GASB Statement No. 65 as disclosed in Note 17.

**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) to determine the 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.

*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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
Cincinnati, Ohio  
April 30, 2014



# Dave Yost • Auditor of State

**CITY OF DEER PARK**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 24, 2014**