



Dave Yost • Auditor of State

**DEER PARK COMMUNITY CITY SCHOOL DISTRICT
HAMILTON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Deer Park Community City School District
Hamilton County
4131 Matson Avenue
Cincinnati, Ohio 45236

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Deer Park Community City School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Deer Park Community City School District, Hamilton County, Ohio, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and the *required budgetary comparison schedule for the General Fund* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2015, on our consideration of the District'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

February 17, 2015

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**Deer Park Community City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

The discussion and analysis of Deer Park Community City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- Net position of governmental activities increased \$2,934,432 which represents a 27% increase from 2013.
- General revenues accounted for \$15,995,507 in revenue or 89% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,957,473 or 11% of total revenues of \$17,952,980
- The District had \$15,018,548 in expenses related to governmental activities; \$1,957,473 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$15,995,507 were also used to provide for these programs.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2014?" The Government-wide Financial Statements answers this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial

**Deer Park Community City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the District is presented in the following manner:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major fund is presented in the Fund Financial Statements. Fund financial reports provide detailed information about the District's major fund. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District as a Whole

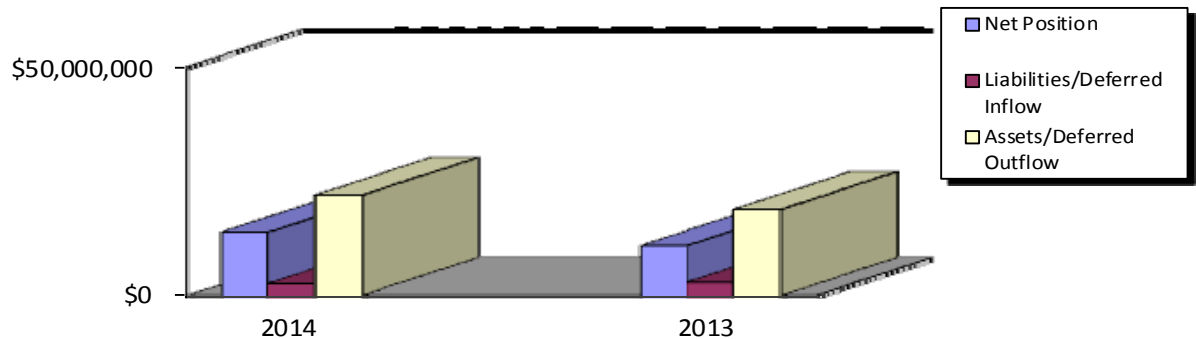
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2014 compared to 2013:

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**Deer Park Community City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

**Table 1
Net Position**

	Governmental Activities	
	2014	2013
Assets:		
Current and Other Assets	\$18,250,740	\$15,368,304
Capital Assets	3,650,674	3,450,597
Total Assets	21,901,414	18,818,901
Liabilities:		
Other Liabilities	1,414,350	1,478,293
Long-Term Liabilities	1,213,123	1,442,649
Total Liabilities	2,627,473	2,920,942
Total Deferred Inflows of Resources	5,445,126	5,003,576
Net Position:		
Net Investment in Capital Assets	3,172,142	2,790,915
Restricted	1,618,496	1,166,997
Unrestricted	9,038,177	6,936,471
Total Net Position	\$13,828,815	\$10,894,383



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets exceeded liabilities by \$13,828,815.

At year-end, capital assets represented 17% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2014, was \$3,172,142. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

**Deer Park Community City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

A portion of the District's net position, \$1,618,496 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current and other assets increased due to an increase in taxes receivable and intergovernmental receivable. Long-term liabilities decreased mainly due the District continuing to make principal payments on its long-term debt obligations.

Table 2 shows the changes in net position for fiscal years 2014 and 2013.

**Table 2
Changes in Net Position**

	Governmental Activities	
	2014	2013
Revenues:		
Program Revenues		
Charges for Services	\$464,160	\$505,454
Operating Grants, Contributions	1,493,313	1,231,430
General Revenues:		
Property Taxes	10,779,175	7,948,098
Grants and Entitlements	4,305,436	4,092,270
Other	910,896	708,607
Total Revenues	<u>17,952,980</u>	<u>14,485,859</u>
Program Expenses:		
Instruction	8,663,380	8,322,204
Support Services:		
Pupil and Instructional Staff	1,556,251	1,797,865
School Administrative, General Administration, Fiscal and Business	1,825,498	1,782,390
Operations and Maintenance	1,311,674	1,310,007
Pupil Transportation	357,260	317,031
Central	195,413	152,244
Operation of Non-Instructional Services	555,775	607,229
Extracurricular Activities	537,656	513,724
Interest and Fiscal Charges	15,641	13,641
Total Program Expenses	<u>15,018,548</u>	<u>14,816,335</u>
Change in Net Position	2,934,432	(330,476)
Beginning Net Position	<u>10,894,383</u>	<u>11,224,859</u>
Ending Net Position	<u>\$13,828,815</u>	<u>\$10,894,383</u>

The District revenues are mainly from two sources. Property taxes levied for general and capital projects purposes and grants and entitlements comprised 84% of the District's revenues for governmental activities.

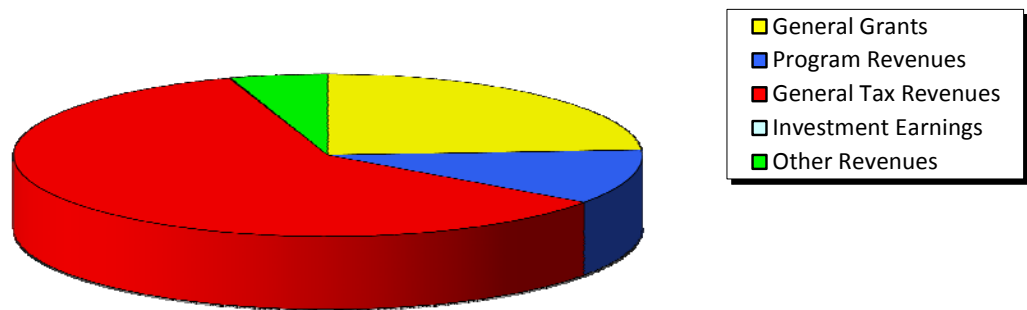
**Deer Park Community City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 60% of revenue for governmental activities for the District in fiscal year 2014.

**Governmental Activities
Revenue Sources**

		<u>Percentage</u>
General Grants	\$4,305,436	23.98%
Program Revenues	1,957,473	10.90%
General Tax Revenues	10,779,175	60.04%
Investment Earnings	12,304	0.08%
Other Revenues	<u>898,592</u>	<u>5.00%</u>
Total Revenue Sources	<u><u>\$17,952,980</u></u>	<u><u>100.00%</u></u>



Instruction comprises 58% of governmental program expenses. Support services expenses were 35% of governmental program expenses. All other expenses including interest expense were 7%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Revenue increased by 24% from 2013 to 2014. The increase was mainly due to an increase in property taxes received. Instruction expenses increased from 2013 to 2014 because of general inflationary factors.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net

**Deer Park Community City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Instruction	\$8,663,380	\$8,322,204	(\$7,597,355)	(\$7,833,453)
Support Services:				
Pupil and Instructional Staff	1,556,251	1,797,865	(1,449,788)	(1,392,612)
School Administrative, General Administration, Fiscal and Business	1,825,498	1,782,390	(1,778,486)	(1,781,590)
Operations and Maintenance	1,311,674	1,310,007	(1,289,434)	(1,281,414)
Pupil Transportation	357,260	317,031	(315,485)	(166,552)
Central	195,413	152,244	(195,413)	(152,244)
Operation of Non-Instructional Services	555,775	607,229	(3,789)	(35,095)
Extracurricular Activities	537,656	513,724	(415,684)	(422,850)
Interest and Fiscal Charges	15,641	13,641	(15,641)	(13,641)
Total Expenses	<u>\$15,018,548</u>	<u>\$14,816,335</u>	<u>(\$13,061,075)</u>	<u>(\$13,079,451)</u>

The District's Funds

The District has one major governmental fund: the General Fund. Assets of the general fund comprised \$16,088,825 (88%) of the total \$18,350,776 governmental funds' assets.

General Fund: Fund balance at June 30, 2014 was \$9,403,513, an increase in fund balance of \$2,620,176 from 2013.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2014, the District amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$14,732,434, compared to original budget estimates of \$12,957,967. Of the \$1,774,467 difference, most was due to an under estimate for taxes and intergovernmental revenue.

The District's general fund ending unobligated cash balance was \$6,089,961 at fiscal year end.

**Deer Park Community City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2014, the District had \$3,650,674 invested in land, buildings and improvements, and equipment. Table 4 shows fiscal 2014 balances compared to fiscal 2013:

**Table 4
Capital Assets at Year End
(Net of Depreciation)**

	Governmental Activities	
	2014	2013
Land	\$330,425	\$330,425
Construction in Progress	595,865	235,830
Buildings and Improvements	2,267,605	2,350,436
Equipment	456,779	533,906
Total Net Capital Assets	<u>\$3,650,674</u>	<u>\$3,450,597</u>

The increase in capital assets is due to additions being more than depreciation expense for the fiscal year.

See Note 6 to the basic financial statements for further details on the District's capital assets.

Debt

At June 30, 2014, the District had \$478,532 in bonds payable, \$38,402 due within one year. Table 5 summarizes bonds and capital leases outstanding at year end.

**Table 5
Outstanding Debt at Year End**

	Governmental Activities	
	2014	2013
2013 Energy Conservation Improvement HB 264 Bonds	\$478,532	\$516,010
Capital Lease Payable:		
Stadium Improvements	0	143,672
Total Outstanding Debt at Year End	<u>\$478,532</u>	<u>\$659,682</u>

See Note 7 to the basic financial statements for further details on the District's long-term liabilities.

**Deer Park Community City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

For the Future

The Ohio Department of Education explains the school funding model in Ohio as follows:

The funding of K-12 public schools in Ohio is a joint effort between the state and local school districts. Since the 1970s through FY 2009, with the exception of a few years, Ohio's funding formula was foundation based by means of which a per pupil amount determined by the General Assembly as the per-pupil resource for provision of a basic adequate education was multiplied by the number of pupils to determine the base funding of the school districts. From this product, the local share of the basic adequate amount or the charge off was subtracted to arrive at the state share of the base funding. Additional funding was also provided for services targeted to categories of pupils such as handicapped, vocational, gifted, and economically disadvantaged as well as some adjustments and funding guarantees. The 2010-11 biennial budget (Am. Sub. H.B. 1 of the 128th General Assembly), established a new funding formula called the Evidence-Based Model (EBM). Am. Sub. H.B. 153 of the 129th General Assembly repealed the EBM and implemented a temporary funding formula for the 2012-13 biennial budget as a new school funding formula is developed. The temporary formula was called the Bridge formula.

HB59 was enacted in June 2013 and with it came a new school funding formula. Aid through the new formula is generated through nine key areas. Opportunity Grant dollars are a base aid amount. Targeted Assistance funds provide additional aid based on the relative wealth of the local area. Categorical funding dollars are provided for Special Education, LEP, Economically Disadvantaged, Gifted, and Career Tech. In addition, funding has been added for K-3 Literacy (to help with the 3rd Grade Reading Guarantee) and Transportation. In an attempt to smooth the transition from the BRIDGE to the new formula, foundation funding to districts is subject to caps and guarantees. To prevent districts from receiving less than their foundation funding from the prior year, the state gives the district Transitional Aid (guarantee) money to fill the gap. At the same time, districts are capped at receiving no more than a 6.25% increase in their state funding for FY14. This balancing act minimizes huge spikes and drastic losses in funding in the first two years of the formula. It is unknown whether the legislature will continue using caps and guarantees after FY15, which makes it difficult for the District to be certain of future state resources. For FY14 the District is on the cap.

The District remains concerned about the instability of the national, state, and local economies as well as the political ramifications of fully implementing the new funding model.

Management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years. All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future. The passage of a new operating/permanent improvement levy in November 2013 further secured the District's financial outlook.

**Deer Park Community City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cynthia Stubenvoll, Treasurer at Deer Park Community City School District, 4131 Matson Ave, Cincinnati, Ohio 45236. Or E-mail at stubenvoll.c@deerparkcityschools.org.

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Deer Park Community City School District
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$7,606,283
Restricted Cash and Investments	50,000
Receivables (Net):	
Taxes	9,677,184
Accounts	47,793
Interest	3
Intergovernmental	841,666
Inventory	27,811
Nondepreciable Capital Assets	926,290
Depreciable Capital Assets, Net	<u>2,724,384</u>
 Total Assets	 <u>21,901,414</u>
Liabilities:	
Accounts Payable	60,868
Accrued Wages and Benefits	1,349,574
Accrued Interest Payable	3,908
Long-Term Liabilities:	
Due Within One Year	177,382
Due In More Than One Year	<u>1,035,741</u>
 Total Liabilities	 <u>2,627,473</u>
Deferred Inflows of Resources:	
Property Taxes	4,964,126
Grants and Other Taxes	<u>481,000</u>
 Total Deferred Inflows of Resources	 <u>5,445,126</u>
Net Position:	
Net Investment in Capital Assets	3,172,142
Restricted for:	
Debt Service	18,215
Capital Projects	1,136,443
Local Grants	5,613
Food Service	165,567
District Managed Student Activities	31,144
State Grants	5,344
Federal Grants	249,405
Other Purposes	6,765
Unrestricted	<u>9,038,177</u>
 Total Net Position	 <u>\$13,828,815</u>

See accompanying notes to the basic financial statements.

Deer Park Community City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$6,609,087	\$116,875	\$348,043	(\$6,144,169)
Special	1,975,438	21,691	561,739	(1,392,008)
Vocational	78,855	0	17,677	(61,178)
Support Services:				
Pupil	666,411	0	14,624	(651,787)
Instructional Staff	889,840	0	91,839	(798,001)
General Administration	109,645	0	34,859	(74,786)
School Administration	1,186,661	0	12,153	(1,174,508)
Fiscal	454,849	0	0	(454,849)
Business	74,343	0	0	(74,343)
Operations and Maintenance	1,311,674	22,240	0	(1,289,434)
Pupil Transportation	357,260	0	41,775	(315,485)
Central	195,413	0	0	(195,413)
Operation of Non-Instructional Services	555,775	181,382	370,604	(3,789)
Extracurricular Activities	537,656	121,972	0	(415,684)
Interest and Fiscal Charges	15,641	0	0	(15,641)
Totals	\$15,018,548	\$464,160	\$1,493,313	(13,061,075)

General Revenues:

Property Taxes Levied for:

General Purposes	10,166,426
Capital Projects Purposes	612,749
Grants and Entitlements, Not Restricted	4,305,436
Revenue in Lieu of Taxes	628,693
Unrestricted Contributions	110,746
Investment Earnings	12,304
Other Revenues	159,153

Total General Revenues 15,995,507

Change in Net Position 2,934,432

Net Position - Beginning of Year 10,894,383

Net Position - End of Year \$13,828,815

See accompanying notes to the basic financial statements.

Deer Park Community City School District
Balance Sheet
Governmental Funds
June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$6,403,590	\$1,202,693	\$7,606,283
Restricted Cash and Investments	50,000	0	50,000
Receivables (Net):			
Taxes	8,978,489	698,695	9,677,184
Accounts	43,010	4,783	47,793
Interest	3	0	3
Intergovernmental	513,697	327,969	841,666
Interfund	100,036	0	100,036
Inventory	0	27,811	27,811
Total Assets	16,088,825	2,261,951	18,350,776
Liabilities:			
Accounts Payable	55,794	5,074	60,868
Accrued Wages and Benefits	1,034,724	314,850	1,349,574
Compensated Absences	65,305	0	65,305
Interfund Payable	0	100,036	100,036
Total Liabilities	1,155,823	419,960	1,575,783
Deferred Inflows of Resources:			
Property Taxes	5,048,489	458,695	5,507,184
Grants and Other Taxes	481,000	202,526	683,526
Total Deferred Inflows of Resources	5,529,489	661,221	6,190,710
Fund Balances:			
Restricted	0	1,420,868	1,420,868
Committed	0	145	145
Assigned	259,297	0	259,297
Unassigned	9,144,216	(240,243)	8,903,973
Total Fund Balances	9,403,513	1,180,770	10,584,283
Total Liabilities, Deferred Inflows and Fund Balances	\$16,088,825	\$2,261,951	\$18,350,776

See accompanying notes to the basic financial statements.

Deer Park Community City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2014

Total Governmental Fund Balance \$10,584,283

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.

Capital assets used in the operation of Governmental Funds 3,650,674

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

Delinquent Property Taxes	543,058	
Intergovernmental	<u>202,526</u>	
		745,584

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.

(3,908)

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 governmental funds.

Compensated Absences (669,286)

Long-term liabilities are not due and payable in the current
 period and, therefore, are not reported in the funds.

(478,532)

Net Position of Governmental Activities

\$13,828,815

See accompanying notes to the basic financial statements.

Deer Park Community City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property and Other Taxes	\$10,168,674	\$610,639	\$10,779,313
Tuition and Fees	130,012	0	130,012
Investment Earnings	12,300	4	12,304
Intergovernmental	4,705,768	1,136,449	5,842,217
Extracurricular Activities	37,475	92,106	129,581
Charges for Services	0	176,582	176,582
Revenue in Lieu of Taxes	628,693	0	628,693
Other Revenues	176,758	27,940	204,698
Total Revenues	15,859,680	2,043,720	17,903,400
Expenditures:			
Current:			
Instruction:			
Regular	4,916,132	1,539,300	6,455,432
Special	1,753,875	211,939	1,965,814
Vocational	78,855	0	78,855
Support Services:			
Pupil	650,582	14,089	664,671
Instructional Staff	649,558	238,570	888,128
General Administration	79,161	30,484	109,645
School Administration	1,182,524	5,250	1,187,774
Fiscal	447,446	8,415	455,861
Business	69,850	0	69,850
Operations and Maintenance	1,250,393	9,099	1,259,492
Pupil Transportation	334,603	0	334,603
Central	170,797	21,411	192,208
Operation of Non-Instructional Services	47,125	499,970	547,095
Extracurricular Activities	377,259	158,585	535,844
Capital Outlay	37,099	414,105	451,204
Debt Service:			
Principal Retirement	181,150	0	181,150
Interest and Fiscal Charges	16,953	0	16,953
Total Expenditures	12,243,362	3,151,217	15,394,579
Excess of Revenues Over (Under) Expenditures	3,616,318	(1,107,497)	2,508,821
Other Financing Sources (Uses):			
Transfers In	10,960	1,083,994	1,094,954
Transfers (Out)	(1,007,102)	(87,852)	(1,094,954)
Total Other Financing Sources (Uses)	(996,142)	996,142	0
Net Change in Fund Balance	2,620,176	(111,355)	2,508,821
Fund Balance - Beginning of Year	6,783,337	1,292,125	8,075,462
Fund Balance - End of Year	<u>\$9,403,513</u>	<u>\$1,180,770</u>	<u>\$10,584,283</u>

See accompanying notes to the basic financial statements.

Deer Park Community City School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2014

Net Change in Fund Balance - Total Governmental Funds \$2,508,821

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

Governmental funds report capital asset additions as expenditures.
 However, in the statement of activities, the cost of those assets is
 allocated over their estimated useful lives as depreciation
 expense. This is the amount of the difference between capital
 asset additions and depreciation in the current period.

Capital assets used in governmental activities	461,725	
Depreciation Expense	<u>(261,648)</u>	
		200,077

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

Delinquent Property Taxes	(138)	
Intergovernmental	<u>49,718</u>	
		49,580

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net position.

181,150

In the statement of activities interest expense is accrued when incurred;
 whereas, in governmental funds an interest expenditure is reported
 when due.

1,312

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

Compensated Absences		<u>(6,508)</u>
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Change in Net Position of Governmental Activities

\$2,934,432

See accompanying notes to the basic financial statements.

Deer Park Community City School District
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2014

	Private Purpose Trust Fund	Agency
Assets:		
Equity in Pooled Cash and Investments	\$32,050	\$14,678
Total Assets	<u>32,050</u>	<u>14,678</u>
Liabilities:		
Other Liabilities	0	14,678
Total Liabilities	<u>0</u>	<u>\$14,678</u>
Net Position:		
Held in Trust	<u>32,050</u>	
Total Net Position	<u>\$32,050</u>	

See accompanying notes to the basic financial statements.

Deer Park Community City School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust Fund
Additions:	
Other	<u>\$4,243</u>
Total Additions	<u>4,243</u>
Deductions:	
Other	<u>7,743</u>
Total Deductions	<u>7,743</u>
Change in Net Position	(3,500)
Net Position - Beginning of Year	<u>35,550</u>
Net Position - End of Year	<u>\$32,050</u>

See accompanying notes to the basic financial statements.

Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

Note 1 - Description of the District

The Deer Park Community City School, Hamilton County, Ohio (the District) was chartered by the Ohio State Legislature in 1832 when state laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter or further mandated by state and /or federal agencies. This Board controls the District's instructional and support facilities staffed by 53 non-certificated personnel and 92 certificated teaching and administrative personnel to provide services to students and other community members.

The District is the 20th largest in Hamilton County in terms of enrollment with a head count of 1,356. It currently operates two elementary schools, and one junior high/high school (grades 7-12).

Reporting Entity

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, the financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

There are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable. The District's major operations include education, pupil transportation, food service, and maintenance of District facilities.

The District is associated with three organizations defined as a jointly governed organizations. These organizations, the Hamilton/Clermont Cooperative Association, the Greater Cincinnati Insurance Consortium, and Great Oaks Institute of Career Technology and Development, are presented in Note 13.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

Measurement Focus

Government-wide Financial Statements

The District'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.

Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net position. Fiduciary Funds are not included in entity-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental 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 and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, 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 District.

Fund Financial Statements

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

The private purpose trust is reported using the economic resources measurement focus.

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary. The focus of government fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the District's major governmental fund:

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

Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The student activities agency fund is used to account for assets and liabilities generated by student managed activities. The School District's only trust fund is a private purpose trust which accounts for scholarship programs for students.

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. Fiduciary funds also use the accrual basis of accounting. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, included property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, grants and interest.

Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and grants and other taxes (which includes tax incremental financing 'TIF'). Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance year 2015 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. TIF's have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Equity In Pooled Cash And Investments

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2014. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2014.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2014 amounted to \$12,300 credited to the general fund and \$4 credited to other governmental funds.

**Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014**

Inventory

Inventories are presented at cost on a first in, first out basis and are expended/expensed when used. Inventory for a School District consists of food held for resale and consumable supplies.

Capital Assets

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 District maintains a capitalization threshold of two thousand five hundred dollars (\$2,500). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated, except land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	10-50 years
Equipment	5-20 years

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement 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 District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. Compensated absences are reported in governmental funds only if they have matured.

Net Position

Net position represents the difference between assets and outflows of deferred resources, and liabilities and inflows of deferred resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the

**Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014**

acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's \$1,618,496 in restricted net position, none were restricted by enabling legislation.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column on the Statement of Net Position.

As a general rule the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

Estimates

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

Restricted Assets

Restricted assets in the general fund represent equity in pooled cash and investments set aside to establish a budget stabilization reserve.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

Assigned – resources that are intended to be used for specific purposes as approved through the District’s formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts, which had been restricted, committed or assigned for said purposes.

The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be uses.

Note 3 - Equity in Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.

Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

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

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2014, \$1,352,659 of the District's bank balance of \$1,859,238 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

**Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014**

Investments

As of June 30, 2014, the District had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
STAROhio	\$6,067,028	0.14
Total Fair Value	\$6,067,028	
Portfolio Weighted Average Maturity		0.14

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

Credit Risk – It is the District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. The District’s investments in STAROhio were rated AAAM by Standards & Poor’s.

Concentration of Credit Risk – The District’s investment policy allows investments in U.S. Agencies or Instrumentalities. The District has 100% invested in STAROhio.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District’s securities are either insured and registered in the name of the District or at least registered in the name of the District.

Note 4 - Property Taxes

Real property taxes collected in 2014 were levied in April on the assessed values as of January 1, 2012, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update ever third year.

Real property taxes are payable annually or semi-annually. In 2014, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

The County Auditor remits portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2014. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2014. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred inflows of resources for that portion not intended to finance current year

Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

operations. The amount available as an advance at June 30, 2014, was \$3,930,000 for General Fund and \$240,000 for Other Governmental Funds, and is recognized as revenue.

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

The assessed values upon which the fiscal year 2014 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$225,732,770
Public Utility Personal	<u>10,404,910</u>
Total	<u><u>\$236,137,680</u></u>

Note 5 – Receivables

Receivables at June 30, 2014, consisted of taxes, accounts, interfund, intergovernmental grants, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Note 6 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$330,425	\$0	\$0	\$330,425
Construction in Progress	235,830	360,035	0	595,865
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	28,399,197	91,395	0	28,490,592
Equipment	<u>1,477,465</u>	<u>10,295</u>	<u>0</u>	<u>1,487,760</u>
Totals at Historical Cost	<u>30,442,917</u>	<u>461,725</u>	<u>0</u>	<u>30,904,642</u>
Less Accumulated Depreciation:				
Buildings and Improvements	26,048,761	174,226	0	26,222,987
Equipment	<u>943,559</u>	<u>87,422</u>	<u>0</u>	<u>1,030,981</u>
Total Accumulated Depreciation	<u>26,992,320</u>	<u>261,648</u>	<u>0</u>	<u>27,253,968</u>
Governmental Activities Capital Assets, Net	<u><u>\$3,450,597</u></u>	<u><u>\$200,077</u></u>	<u><u>\$0</u></u>	<u><u>\$3,650,674</u></u>

**Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014**

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$157,536
Special	6,621
Support Services:	
Instructional Staff	339
School Administration	8,014
Business	4,493
Operations and Maintenance	51,787
Pupil Transportation	20,968
Central	3,205
Operation of Non-Instructional Services	6,885
Extracurricular Activities	1,800
Total Depreciation Expense	<u>\$261,648</u>

Note 7 - Long-Term Liabilities

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
Governmental Activities:					
2013 Energy Conservation Improvement HB 264 Bonds	\$516,010	\$0	\$37,478	\$478,532	\$38,402
Stadium Improvements	<u>143,672</u>	<u>0</u>	<u>143,672</u>	<u>0</u>	<u>0</u>
Total Long Term Debt	659,682	0	181,150	478,532	38,402
Compensated Absences	<u>782,967</u>	<u>161,681</u>	<u>210,057</u>	<u>734,591</u>	<u>138,980</u>
Total Governmental Activities Long-Term Liabilities	<u>\$1,442,649</u>	<u>\$161,681</u>	<u>\$391,207</u>	<u>\$1,213,123</u>	<u>\$177,382</u>

Compensated absences will be paid from the fund from which the person is paid.

Note 8 - Pension Plans

School Employees Retirement System of Ohio

Plan Description

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at www.ohsers.org under *Employers/Audit Resources*.

**Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014**

Funding Policy

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10%. The remaining 0.90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the years ended June 30, 2014, 2013, and 2012 were \$330,648, \$355,128, and \$340,896, respectively; contributions equaled the required contributions for each year.

State Teachers Retirement System of Ohio

Plan Description

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution, or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. Additional information or copies of STRS Ohio's *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio web site at www.strsoh.org.

Plan Options

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits

Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be

Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits

Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits

Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalizations, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years’ credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members’ beneficiaries.

Funding Policy

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of

Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2014, were 10% of covered payroll for members and 14% for employers. The District's contributions to STRS for the years ended June 30, 2014, 2013, and 2012 were \$783,276, \$881,364, and \$976,788, respectively; 83% has been contributed for fiscal year 2014 and 100% for fiscal years 2013 and 2012.

Note 9- Post Employment Benefits

School Employees Retirement System of Ohio

Plan Description

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 depending on their income; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation was .74%. District contributions for the years ended June 30, 2014, 2013 and 2012 were \$17,949, \$18,771, and \$18,262, respectively, which equaled the required contributions each year.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2014, the health care allocation was 0.14%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the

**Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014**

minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2014, 2013, and 2012 were \$3,306, \$4,059, and \$13,392, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained on SERS' website at www.ohsers.org under *Employers/Audit Resources*.

State Teachers Retirement System of Ohio

Plan Description

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan and a Combined Plan that is a hybrid of the Defined Benefit and the Defined Contribution Plan.

Ohio law authorized STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contributions rate, 1% of covered payroll was allocated to post-employment health care for the year ended June 30, 2014, 2013 and 2012. The 14% employer contribution rate is the maximum rate established under Ohio law. The District contributions for the years ended June 30, 2014, 2013, and 2012 were \$55,648, \$62,955, and \$69,771, 83% has been contributed for fiscal year 2014 and 100% for fiscal years 2013 and 2012.

Note 10 - Risk Management

The District is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. The District addresses these risks by maintaining a comprehensive risk management program through the purchase of various types of

**Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014**

liability, inland marine, and property insurance from private carriers. Settled claims have not exceeded commercial coverage in any of the past three years.

A summary of significant coverage follows:

Building Contents-replacement cost (\$2,500 deductible)	\$45,702,450
Inland Marine Coverage (\$500 deductible)	300,000
Boiler and Machinery (\$2,500 deductible)	45,702,450
Automobile Liability (\$500 deductible)	1,000,000
Uninsured Motorists (\$500 deductible)	1,000,000
General Liability Per Occurrence	1,000,000
 Total General Liability Aggregate Per Year	 2,000,000

Ohio Association of School Business Officials Workers' Compensation Group - The School District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. Each year, the participating school districts pay an enrollment fee to the GRP to cover the cost of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. Each participant pays its workers' compensation premium to the Bureau of Workers' Compensation based on the rate for the GRP rather than its individual rate.

Note 11 - Fund Balance Reserves for Set-Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	Capital <u>Acquisition</u>	Budget <u>Stabilization</u>
Set Aside Reserve Balance as of June 30, 2013	\$0	\$50,000
Current Year Set Aside Requirements	223,728	0
Qualified Disbursements	<u>(503,858)</u>	
Set Aside Reserve Balance as of June 30, 2014	<u>(\$280,130)</u>	<u>\$50,000</u>
 Restricted Cash as of June 30, 2014	 \$0	 \$50,000
Carried Forward as of June 30, 2014	\$0	\$0

Qualifying disbursements for capital activity during the year was \$503,858, exceeding the amount required for set-aside.

**Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014**

Note 12 - Interfund Transactions

Interfund transactions at June 30, 2014, consisted of the following transfer in and transfer out as well as interfund receivable and interfund payable:

	Transfers		Interfund	
	In	Out	Receivable	Payable
General Fund	\$10,960	\$1,007,102	\$100,036	\$0
Other Governmental Funds	1,083,994	87,852	0	100,036
Total All Funds	<u>\$1,094,954</u>	<u>\$1,094,954</u>	<u>\$100,036</u>	<u>\$100,036</u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

Note 13 - Jointly Governed Organizations

Hamilton/Clermont Cooperative Association - The School District is a participant in the Hamilton/Clermont Cooperative Association (H/CCA) which is a computer consortium. H/CCA is an association of 26 public school districts within the boundaries of Hamilton and Clermont Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of H/CCA consists of the superintendents and/or treasurers of the participating members. H/CCA is not accumulating significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Financial information can be obtained from the H/CCA, David Horine, Director, at 7615 Harrison Avenue, Cincinnati, Ohio 45231-3107.

Greater Cincinnati Insurance Consortium – For coverage related to certain benefits the District participates as a member of the Greater Cincinnati Insurance Consortium (GCIC), a shared risk pool, comprised of thirteen Hamilton County School Districts and the Hamilton County Educational Service Center. Decisions concerning the operation of the consortium are made by a Board of Directors consisting of one (1) representative selected from each participating member. Each member pays an administrative fee to the pool. Anthem Blue Cross Blue Shield provides claim review and processing.

Great Oaks Institute of Career Technology and Development - The Great Oaks Institute of Career Technology and Development is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative each of the participating school districts' elected board. Great Oaks possesses its own budgeting and taxing authority. To obtain financial information, contact Rob Giuffré, Treasurer, Great Oaks Institute of Career Technology and Development, 3254 East Kemper Road, Cincinnati, Ohio 45241.

**Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014**

Note 14 – Accountability

The following fund had a deficit fund balance at June 30, 2014:

<u>Other Governmental Funds</u>	<u>Deficit</u>
Race to the Top	\$6,673
Schoolwide Building Program	233,570

Note 15 –Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted for:			
Special Education	0	46,988	46,988
Local Grants	0	6,765	6,765
Vocational Education Enhancement	0	500	500
Vocational Education	0	1,268	1,268
School Net Professional Development	0	1,815	1,815
Ohio Reads	0	902	902
Miscellaneous State Grants	0	436	436
School to Work	0	872	872
Title I	0	1,691	1,691
Management Information System	0	15,834	15,834
Student Activity	0	31,144	31,144
Food Service	0	176,910	176,910
Auxiliary Services	0	5,613	5,613
Debt Service	0	18,215	18,215
Permanent Improvement	0	1,109,290	1,109,290
Improve Teaching Quality	0	2,625	2,625
Total Restricted	<u>0</u>	<u>1,420,868</u>	<u>1,420,868</u>
Committed to:			
Building	0	145	145
Total Committed	<u>0</u>	<u>145</u>	<u>145</u>
Assigned to:			
Public School	75,943	0	75,943
Encumbrances	183,354	0	183,354
Total Assigned	<u>259,297</u>	<u>0</u>	<u>259,297</u>
Unassigned (Deficit)	<u>9,144,216</u>	<u>(240,243)</u>	<u>8,903,973</u>
Total Fund Balance	<u>\$9,403,513</u>	<u>\$1,180,770</u>	<u>\$10,584,283</u>

**Deer Park Community City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2014**

Note 16 – Change in Accounting Principles

The District adopted the provisions of GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement Number 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the District.

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Deer Park Community City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2014

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$8,056,199	\$9,152,372	\$9,138,674	(\$13,698)
Revenue in lieu of taxes	554,224	629,635	628,693	(942)
Tuition and Fees	115,725	131,472	131,275	(197)
Investment Earnings	139	158	158	0
Intergovernmental	4,119,546	4,680,075	4,673,071	(7,004)
Extracurricular Activities	27,135	30,827	30,781	(46)
Other Revenues	129,576	147,206	146,986	(220)
Total Revenues	13,002,544	14,771,745	14,749,638	(22,107)
Expenditures:				
Current:				
Instruction:				
Regular	5,330,133	5,236,194	4,999,666	236,528
Special	1,853,154	1,820,494	1,738,259	82,235
Vocational	138,240	135,803	129,669	6,134
Support Services:				
Pupil	707,293	694,828	663,441	31,387
Instructional Staff	758,475	745,108	711,450	33,658
General Administration	99,620	97,865	93,444	4,421
School Administration	1,251,931	1,229,867	1,174,312	55,555
Fiscal	482,343	473,842	452,438	21,404
Business	81,580	80,142	76,522	3,620
Operations and Maintenance	1,613,949	1,585,505	1,513,885	71,620
Pupil Transportation	359,098	352,769	336,834	15,935
Central	202,217	198,654	189,680	8,974
Extracurricular Activities	403,807	396,690	378,771	17,919
Capital Outlay	39,551	38,854	37,099	1,755
Debt Service:				
Principal Retirement	37,478	37,478	37,478	0
Interest and Fiscal Charges	15,710	14,772	12,412	2,360
Total Expenditures	13,374,579	13,138,865	12,545,360	593,505
Excess of Revenues Over (Under) Expenditures	(372,035)	1,632,880	2,204,278	571,398
Other Financing Sources (Uses):				
Advances In	113,292	128,708	128,515	(193)
Advances (Out)	(106,648)	(104,769)	(100,036)	4,733
Transfers In	9,662	10,976	10,960	(16)
Transfers (Out)	(1,073,668)	(1,054,746)	(1,007,101)	47,645
Total Other Financing Sources (Uses)	(1,057,362)	(1,019,831)	(967,662)	52,169
Net Change in Fund Balance	(1,429,397)	613,049	1,236,616	623,567
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,853,345	4,853,345	4,853,345	0
Fund Balance End of Year	\$3,423,948	\$5,466,394	\$6,089,961	\$623,567

See accompanying notes to the required supplementary information.

Deer Park Community City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2014

Note 1 – Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2014.

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

While the District 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, disbursements and encumbrances. The Combined Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual 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 basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

Deer Park Community City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2014

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
	General
GAAP Basis	\$2,620,176
Revenue Accruals	(1,110,042)
Expenditure Accruals	(63,103)
Transfers (Out)	1
Advances In	128,515
Advances (Out)	(100,036)
Encumbrances	(238,895)
Budget Basis	\$1,236,616

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**DEER PARK COMMUNITY CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non Cash Receipts	Disbursements	Non Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
School Breakfast Program		10.553	\$52,466		\$52,466	
National School Lunch Program		10.555	225,645	\$32,416	225,645	\$31,522
Total U.S. Department of Agriculture			<u>278,111</u>	<u>32,416</u>	<u>278,111</u>	<u>31,522</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Title I		84.010	324,213		330,993	
Special Education Grants to States (IDEA Part B)		84.027	318,245		338,021	
Improving Teacher Quality State Grants		84.367	27,990		31,388	
ARRA Race to the Top Fund		84.395	34,589		46,180	
<i>Passed Through Hamilton County Educational Service Center</i>						
English Language Acquisition State Grants		84.365	4,325		4,325	
<i>Passed Through Great Oaks Institute of Technology and Career Development</i>						
Vocational Education Basic Grants to States		84.048	4,000		2,904	
Total U.S. Department of Education			<u>713,362</u>		<u>753,811</u>	
Total Federal Awards Expenditures			<u><u>\$991,473</u></u>	<u><u>\$32,416</u></u>	<u><u>\$1,031,922</u></u>	<u><u>\$31,522</u></u>

The accompanying notes are an integral part of this schedule.

**DEER PARK COMMUNITY CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Deer Park Community City School District's (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



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

Deer Park Community City School District
Hamilton County
4131 Matson Avenue
Cincinnati, Ohio 45236

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Deer Park Community City School District, Hamilton County, Ohio (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 17, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Entity's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Entity's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

February 17, 2015



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Deer Park Community City School District
Hamilton County
4131 Matson Avenue
Cincinnati, Ohio 45236

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Deer Park Community City School District, Hamilton County, Ohio, (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Deer Park Community City School District's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the Deer Park Community City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Entity's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Entity's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

February 17, 2015

**DEER PARK COMMUNITY CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I – 84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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DEER PARK COMMUNITY CITY SCHOOL DISTRICT

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
MARCH 5, 2015**