



Dave Yost • Auditor of State

**CITY OF DEER PARK
HAMILTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position - Proprietary Fund	17
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	18
Statement of Cash Flows - Proprietary Fund.....	19
Statement of Fiduciary Net Position - Fiduciary Fund.....	20
Notes to the Basic Financial Statements	21
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – General Fund	41
Notes to the Required Supplementary Information.....	42
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	45

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Deer Park
Hamilton County
7777 Blue Ash Road
Cincinnati, Ohio 45236

To the Honorable Mayor and Members of City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Deer Park, Hamilton County, Ohio (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City'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 City'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 City'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 business-type activities, each major fund, and the aggregate remaining fund information of the City of Deer Park, Hamilton County, Ohio, as of December 31, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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www.ohioauditor.gov

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* 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 City's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

July 27, 2015

City of Deer Park
Hamilton County, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Deer Park's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2014.

FINANCIAL HIGHLIGHTS

- The City's total net position decreased \$33,765. Net position of governmental activities decreased \$37,417, net position of business-type activities increased by \$3,652.
- The General Fund reported a net change in fund balance of (\$30,764).
- Business-type operations reflected operating income of \$3,652.

USING THIS ANNUAL FINANCIAL REPORT

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

The Statement of Net Position and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Major fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

REPORTING THE CITY AS A WHOLE

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

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

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

City of Deer Park
Hamilton County, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2014

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

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

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

City of Deer Park
Hamilton County, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2014

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

Notes to the Financial Statements

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

THE CITY AS A WHOLE

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

TABLE 1 - NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and Other Assets	\$ 3,650,198	\$ 3,712,951	\$ 3,506	\$ (407)	\$ 3,653,704	\$ 3,712,544
Capital Assets, Net	4,294,050	4,268,884	-	1,401	4,294,050	4,270,285
Total Assets	7,944,248	7,981,835	3,506	994	7,947,754	7,982,829
Deferred Outflows of Resources	163,220	174,101	-	-	163,220	174,101
Liabilities						
Current and Other Liabilities	330,361	231,631	26,285	27,425	356,646	259,056
Long-Term Liabilities	2,633,399	2,751,180	-	-	2,633,399	2,751,180
Total Liabilities	2,963,760	2,982,811	26,285	27,425	2,990,045	3,010,236
Deferred Inflows of Resources	903,400	895,400	-	-	903,400	895,400
Net Position						
Net Investment in Capital						
Assets	2,303,411	2,233,866	-	1,401	2,303,411	2,235,267
Restricted	358,317	432,204	-	-	358,317	432,204
Unrestricted	1,578,580	1,611,655	(22,779)	(27,832)	1,555,801	1,583,823
Total Net Position	\$ 4,240,308	\$ 4,277,725	\$ (22,779)	\$ (26,431)	\$ 4,217,529	\$ 4,251,294

Total net position, of the City as a whole, decreased \$33,765. Net position of the City's governmental activities decreased \$37,417, which is essentially near break-even, while the net position of the City's business-type activities increased \$3,652 from 2013 as charges for services exceeded the cost of providing waste collection services. The City had an unrestricted net position balance of \$1,578,580 for the governmental activities that may be used to meet the government's ongoing obligations to citizens and

City of Deer Park
Hamilton County, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2014

creditors. Current and other assets increased mainly due to an increase in property and income taxes receivable as well as intergovernmental receivables due to the City.

Governmental Activities

Property taxes and the 1.5% income tax are the largest sources of revenue for the City. Revenues generated by these taxes represent approximately 82% of the City's governmental activities general revenues. The balance of general revenues is mostly comprised of other intergovernmental revenue sources such as the State of Ohio's Local Government Fund distribution and other taxes collected by the State and distributed to the City.

The change in net position for 2014 and 2013 is outlined in Table 2.

City of Deer Park
Hamilton County, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2014

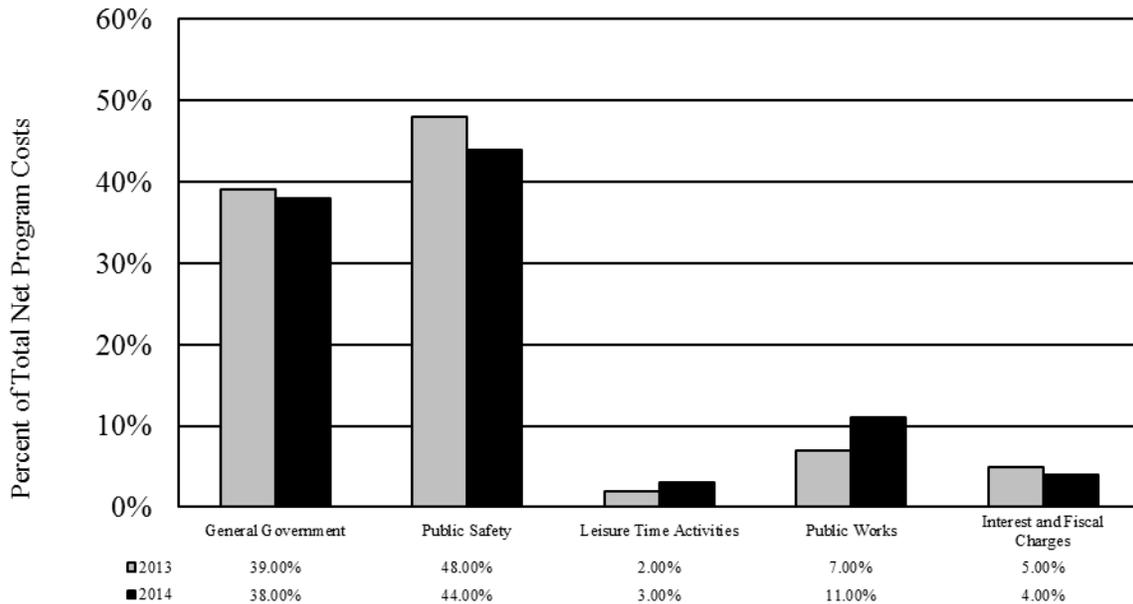
TABLE 2 - CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for Services	\$ 137,900	\$ 157,229	\$ 351,302	\$ 350,924	\$ 489,202	\$ 508,153
Operating Grants and Contributions	47,044	26,847	-	-	47,044	26,847
Capital Grants and Contributions	413,298	125,170	-	-	413,298	125,170
Total Program Revenues	598,242	309,246	351,302	350,924	949,544	660,170
General Revenues						
Income Taxes	1,162,155	1,186,830	-	-	1,162,155	1,186,830
Property Taxes	932,810	923,710	-	-	932,810	923,710
Unrestricted Contributions	451,177	552,828	-	-	451,177	552,828
Investment Earnings	997	2,100	-	-	997	2,100
Total General Revenues	2,547,139	2,665,468	-	-	2,547,139	2,665,468
Total Revenues	3,145,381	2,974,714	351,302	350,924	3,496,683	3,325,638
Program Expenses						
General Government	1,078,888	1,014,469	-	-	1,078,888	1,014,469
Public Safety	1,193,004	1,181,685	-	-	1,193,004	1,181,685
Public Works	709,894	285,496	-	-	709,894	285,496
Leisure Time Activities	99,664	64,759	-	-	99,664	64,759
Community Development	3,811	4,114	-	-	3,811	4,114
Interest and Fiscal Charges	97,537	111,970	-	-	97,537	111,970
Waste Collection and Disposal	-	-	347,650	349,122	347,650	349,122
Total Expenses	3,182,798	2,662,493	347,650	349,122	3,530,448	3,011,615
Increase in Net Position	(37,417)	312,221	3,652	1,802	(33,765)	314,023
Net Position Beginning of Year	4,277,725	3,965,504	(26,431)	(28,233)	4,251,294	3,937,271
Net Position End of Year	\$ 4,240,308	\$ 4,277,725	\$ (22,779)	\$ (26,431)	\$ 4,217,529	\$ 4,251,294

When looking at the sources of income to support operations, it should be noted that charges for services are only 4% of revenue, while 67% of revenue is derived from income and property taxes. The City substantially relies on these taxes to fund the services it provides to businesses and citizens.

City of Deer Park
Hamilton County, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2014

Net program cost for 2014 and 2013 by percentage of total net program expenses, as presented on the statement of activities, were as follows:



Business-Type Activities

The City's business-type activity includes waste collection and disposal. This program had operating revenues of \$351,302 and operating expenses of \$347,650 for 2014. Business activities receive no support from tax revenues. The business activities net position at the end of the year was (\$22,779), which increased \$3,652 from 2013. The City had one business-type (enterprise) fund that was a major fund: the Waste Collection and Disposal fund.

THE CITY'S FUNDS

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

All governmental funds had operating revenues of \$3,197,219 and expenditures of \$3,315,389.

Total fund balance decreased for 2014 compared to 2013 by \$118,170 as a result of the City's continuing efforts to maintain and improve the City's infrastructure.

The City has two major governmental funds. Assets of the major funds comprised 89% of governmental fund total assets.

City of Deer Park
Hamilton County, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2014

Budgetary Activity and Actual Results

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

During 2014, there were no major revisions to the General fund budget. Actual revenues were slightly over the final budget and actual expenditures plus encumbrances were 5% under final budget amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

TABLE 3 - Net Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 286,445	\$ 286,445	\$ -	\$ -	\$ 286,445	\$ 286,445
Buildings and Improvements	1,928,920	1,993,867	-	-	1,928,920	1,993,867
Equipment	307,674	213,300	-	1,401	307,674	214,701
Infrastructure	1,715,709	1,761,220	-	-	1,715,709	1,761,220
Construction in process	55,302	14,052	-	-	55,302	14,052
Total Net Capital Assets	\$ 4,294,050	\$ 4,268,884	\$ -	\$ 1,401	\$ 4,294,050	\$ 4,270,285

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

City of Deer Park
Hamilton County, Ohio
Management's Discussion and Analysis
(Unaudited)
For the Year Ended December 31, 2014

Debt

At December 31, 2014, the City had \$2,050,000 in un-voted general obligation bonds.

Table 4 - Outstanding Debt at Year End

	2014	2013
Governmental Activities		
Current Interest Bonds		
Municipal Building	\$ 1,930,000	\$ 1,965,000
Capital Appreciation Bonds		
Municipal Building	120,000	133,098
Total Debt	\$ 2,050,000	\$ 2,098,098

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

FINANCIAL POSITION

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

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

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our residents, taxpayers, creditors and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Deer Park, 7777 Blue Ash Road, Deer Park, Ohio 45236.

City of Deer Park
Hamilton County, Ohio
Statement of Net Position
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 1,748,095	\$ 91,312	\$ 1,839,407
Receivables (net of allowance for doubtful accounts)			
Taxes-Real & Personal Property	939,218	-	939,218
Special Assessments	2,400	-	2,400
Taxes-Income	538,511	-	538,511
Accounts	16,412	22,521	38,933
Intergovernmental	295,235	-	295,235
Internal Balances	110,327	(110,327)	-
Nondepreciable Capital Assets	341,747	-	341,747
Depreciable Capital Assets, Net	3,952,303	-	3,952,303
Total Assets	7,944,248	3,506	7,947,754
Deferred Outflows of Resources			
Deferred Charge on Refunding	163,220	-	163,220
Total Deferred Outflows of Resources	163,220	-	163,220
Liabilities			
Accounts Payable	35,969	26,101	62,070
Contracts Payable	188,513	-	188,513
Accrued Wages and Benefits	45,798	184	45,982
Accrued Interest Payable	41,306	-	41,306
Other Accrued Liabilities	18,775	-	18,775
Long-Term Liabilities Due Within 1 year	255,101	-	255,101
Long-Term Liabilities Due Over 1 year	2,378,298	-	2,378,298
Total Liabilities	2,963,760	26,285	2,990,045
Deferred Inflows of Resources			
Property Taxes Levied for Next Year	901,000	-	901,000
Special Assessments Levied for Next Year	2,400	-	2,400
Total Deferred Inflows of Resources	903,400	-	903,400
Net Position			
Net Investment in Capital Assets	2,303,411	-	2,303,411
Restricted for			
Public Safety	47,120	-	47,120
Roads	222,262	-	222,262
Culture and Recreation	88,935	-	88,935
Unrestricted	1,578,580	(22,779)	1,555,801
Total Net Position	\$ 4,240,308	\$ (22,779)	\$ 4,217,529

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Statement of Activities
For the Year Ended December 31, 2014

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Reporting Entity Total
Governmental Activities:							
General Government	\$ 1,078,888	\$ 102,118	\$ -	\$ -	\$ (976,770)	\$ -	\$ (976,770)
Public Safety	1,193,004	35,518	15,057	-	(1,142,429)	-	(1,142,429)
Leisure Time Activities	99,664	-	31,987	-	(67,677)	-	(67,677)
Community Development	3,811	-	-	-	(3,811)	-	(3,811)
Public Works	709,894	264	-	413,298	(296,332)	-	(296,332)
Interest and Fiscal Charges	97,537	-	-	-	(97,537)	-	(97,537)
Total Governmental Activities	3,182,798	137,900	47,044	413,298	(2,584,556)	-	(2,584,556)
Business Type Activities:							
Waste Collection and Disposal	347,650	351,302	-	-	-	3,652	3,652
Totals	\$ 3,530,448	\$ 489,202	\$ 47,044	\$ 413,298	\$ (2,584,556)	\$ 3,652	\$ (2,580,904)
General Revenues							
Income Taxes					\$ 1,162,155	\$ -	\$ 1,162,155
Property Taxes Levied for:							
General Purposes					908,294	-	908,294
Public Safety					24,516	-	24,516
Unrestricted Contributions					451,177	-	451,177
Investment Earnings					997	-	997
Total General Revenues					2,547,139	-	2,547,139
Change in Net Position					(37,417)	3,652	(33,765)
Net Position Beginning of Year					4,277,725	(26,431)	4,251,294
Net Position End of Year					\$ 4,240,308	\$ (22,779)	\$ 4,217,529

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Balance Sheet
Governmental Funds
December 31, 2014

	<u>General Fund</u>	<u>Redmont Avenue Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 1,407,709	\$ 112,275	\$ 228,111	\$ 1,748,095
Receivables:				
Taxes - Property	915,218	-	24,000	939,218
Taxes - Income	538,511	-	-	538,511
Special Assessments	2,400	-	-	2,400
Accounts	15,471	-	941	16,412
Intergovernmental	99,374	61,437	134,424	295,235
Due from other fund	110,327	-	-	110,327
Total Assets	<u>\$ 3,089,010</u>	<u>\$ 173,712</u>	<u>\$ 387,476</u>	<u>\$ 3,650,198</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 31,690	\$ -	\$ 4,279	\$ 35,969
Contracts Payable	-	188,513	-	188,513
Accrued Wages and Benefits	43,918	-	1,880	45,798
Other Accrued Liabilities	18,775	-	-	18,775
Total Liabilities	<u>94,383</u>	<u>188,513</u>	<u>6,159</u>	<u>289,055</u>
Deferred Inflows of Resources				
Property Taxes Levied for Next Year	878,000	-	23,000	901,000
Unavailable Property Taxes	37,218	-	1,000	38,218
Special Assessments Levied for Next Year	2,400	-	-	2,400
Unavailable Income Taxes	395,500	-	-	395,500
Unavailable Intergovernmental Revenue	81,275	-	90,115	171,390
Total Deferred Inflows of Resources	<u>1,394,393</u>	<u>-</u>	<u>114,115</u>	<u>1,508,508</u>
Fund Balances				
Restricted:				
Public Safety	-	-	44,620	44,620
Roads	-	-	133,647	133,647
Recycling	-	-	14,160	14,160
Recreation	-	-	74,775	74,775
Assigned:				
General Government	194,448	-	-	194,448
Unassigned	1,405,786	(14,801)	-	1,390,985
Total Fund Balances	<u>1,600,234</u>	<u>(14,801)</u>	<u>267,202</u>	<u>1,852,635</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,089,010</u>	<u>\$ 173,712</u>	<u>\$ 387,476</u>	<u>\$ 3,650,198</u>

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2014

Total Governmental Fund Balances \$ 1,852,635

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

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

Land	286,445	
Construction in Progress	55,302	
Other Capital Assets	5,439,212	
Accumulated depreciation	<u>(1,486,909)</u>	
		4,294,050

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

Income Taxes	395,500	
Delinquent Property Taxes	38,218	
Intergovernmental and Other Revenues	<u>171,390</u>	
		605,108

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

Accrued Interest Payable	(41,306)	
Accreted Interest	<u>(60,853)</u>	
		(102,159)

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

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

Due to Other Governments	(69,123)	
Long-Term Note Payable	(103,859)	
Bonds	(2,050,000)	
Compensated Absences	(142,438)	
Premium on Bonds	<u>(207,126)</u>	
		(2,572,546)

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

163,220

Net Position of Governmental Activities \$ 4,240,308

City of Deer Park
Hamilton County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	General Fund	Redmont Avenue Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 2,101,131	\$ -	\$ 24,516	\$ 2,125,647
Charges for Services	71,261	-	1,533	72,794
Contributions and Donations	-	-	15,263	15,263
Fines, Licenses & Permits	58,897	-	6,209	65,106
Investment Earnings	955	-	42	997
Intergovernmental	197,557	404,803	283,271	885,631
Other Revenues	-	-	31,781	31,781
Total Revenues	2,429,801	404,803	362,615	3,197,219
Expenditures				
Current:				
General Government	991,570	-	-	991,570
Public Safety	1,172,138	-	1,969	1,174,107
Leisure Time Activities	45,419	-	25,229	70,648
Community Development	-	-	3,811	3,811
Transportation and Street Repair	37,301	404,802	213,092	655,195
Capital Outlay	16,550	55,302	150,619	222,471
Debt Service				
Principal Retirement	7,162	-	48,098	55,260
Interest and Fiscal Charges	-	-	142,327	142,327
Total Expenditures	2,270,140	460,104	585,145	3,315,389
Excess (Deficiency) of Revenues Over (Under) Expenditures	159,661	(55,301)	(222,530)	(118,170)
Other Financing Sources (Uses)				
Transfers In	-	40,500	190,425	230,925
Transfers Out	(190,425)	-	(40,500)	(230,925)
Total Other Financing Sources (Uses)	(190,425)	40,500	149,925	-
Net Change in Fund Balances	(30,764)	(14,801)	(72,605)	(118,170)
Fund Balances at Beginning of Year	1,630,998	-	339,807	1,970,805
Fund Balances at End of Year	\$ 1,600,234	\$ (14,801)	\$ 267,202	\$ 1,852,635

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2014

Net Change in Fund Balances - Total Governmental Funds		\$ (118,170)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in the governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		
	25,166	
Because some revenues will not be collected for several months after the City's year-end, they are not considered "available" revenues and are reported as deferred inflows in the governmental funds.		
Income Taxes	(25,700)	
Delinquent Property Taxes	(4,982)	
Intergovernmental and Other Revenues	<u>(21,156)</u>	(51,838)
Governmental funds report premiums, discounts, and bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the statement of activities.		
Amortization of Deferred Loss on Refunding	(10,881)	
Amortization of Bond Premiums	<u>14,493</u>	3,612
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Payments on Obligation to Other Governments	7,679	
Payments on OPWC Note Payable	7,162	
Bond Principal Retirement	<u>48,098</u>	62,939
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.		
		41,178
Compensated Absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(304)</u>
Change in Net Position of Governmental Activities		<u><u>\$ (37,417)</u></u>

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Statement of Net Position - Proprietary Fund
December 31, 2014

	Waste Collection and Disposal
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 91,312
Receivables:	
Accounts	22,521
Total Assets	113,833
Liabilities	
Accounts Payable	26,101
Accrued Wages and Benefits	184
Due to Other Fund	110,327
Total Liabilities	136,612
Net Position	
Unrestricted	(22,779)
Total Net Position	\$ (22,779)

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Statement of Revenues,
Expenses and Changes in Fund Net Position - Proprietary Fund
For the Year Ended December 31, 2014

	Waste Collection and Disposal
Operating Revenues	
Charges for Services	\$ 351,302
Total Operating Revenues	351,302
Operating Expenses	
Contractual Services	346,249
Depreciation	1,401
Total Operating Expenses	347,650
Change in Net Position	3,652
Net Position Beginning of Year	(26,431)
Net Position End of Year	\$ (22,779)

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Statement of Cash Flows - Proprietary Fund
For the Year Ended December 31, 2014

	Waste Collection and Disposal
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 352,436
Payments to Employees	(26,149)
Payments to Suppliers	(321,240)
Net Cash Provided by Operating Activities	5,047
Cash and Cash Equivalents Beginning of Year	86,265
Cash and Cash Equivalents End of Year	\$ 91,312
Reconciliation of Operating Income to Net Cash	
Used by Operating Activities	
Operating Income	\$ 3,652
Adjustments to Reconcile Operating Income to Net Cash	
Used by Operating Activities:	
Depreciation Expense	1,401
Decrease in Accounts Receivable	1,134
Decrease in Accrued Liabilities	(1,140)
Net Cash Provided by Operating Activities	\$ 5,047

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Statement of Fiduciary Net Position - Fiduciary Fund
December 31, 2014

	<u>Agency</u>
Assets	
Equity Pooled in Cash and Cash Equivalents	\$ 4,802
Total Assets	<u>\$ 4,802</u>
Liabilities	
Due to Other Governments	\$ 4,802
Total Liabilities	<u>\$ 4,802</u>

See accompanying notes to the basic financial statements

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

Note 1 - Description of the City and Reporting Entity

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

Reporting Entity

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization’s governing board; and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization’s resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. There are no component units included as part of this report.

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for the fiduciary fund. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The effect of inter-fund activity has been removed from

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

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

The statement of net position presents the financial condition of the governmental activities and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program or grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

General Fund

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

Redmont Avenue Capital Project Fund

To account for receipts and disbursements related to improvements along Redmont Avenue.

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

Proprietary Funds

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

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the City's major enterprise fund:

Waste Collection and Disposal Fund

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

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Inflows

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

Deferred Outflow

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

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Equity in Pooled Cash, Cash Equivalents and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Equity in Pooled Cash, Cash Equivalents and Investments" on the statement of net position and the governmental fund balance sheet.

Interest is distributed according to Ohio statutes. Interest revenue credited to the general fund during 2014 amounted to \$955.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2014, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

G. Capital Assets

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

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

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

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

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

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

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

H. Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

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

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

I. Long-Term Obligations

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

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

J. Classification of Fund Balance

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

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

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

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

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

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

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

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

K. Net Position

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

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

L. Interfund Activity

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

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

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

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

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

M. Estimates

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

Note 3 - Deposits and Investments

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

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

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

- United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

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

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

The carrying amount of the City’s cash and investments totaled \$1,844,209 at December 31, 2014 as summarized below:

Deposits With Financial Institutions	\$ 1,679,736
STAROhio	<u>164,473</u>
Total Cash and Investments	<u><u>\$ 1,844,209</u></u>

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,407,348 of the City’s bank balance of \$1,731,803 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

Investments

As of December 31, 2014, the City had \$164,473 invested in STAROhio. STAROhio investments mature in 12 months or less.

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

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

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

Note 4 - Receivables

Receivables at December 31, 2014 consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, accounts receivable and an interfund receivable.

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

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Real property taxes collected in 2014 were levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. Public utility property taxes collected in 2014 became a lien December 31, 2012 and were levied after October 1, 2013.

The assessed values of real and personal property upon which 2014 property tax receipts were based are as follows:

Real Property – Residential & Agricultural	\$81,979,920
Real Property – Commercial, Industrial & Other	15,054,850
Public Utility (Personal Property)	<u>5,846,040</u>
Total Valuation	<u><u>\$102,880,810</u></u>

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

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

The County Treasurer collects property taxes on behalf of all taxing Districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represents real and public utility taxes and outstanding delinquencies which are measurable as of December 31, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, they were not levied to finance 2014 operations. The receivable is therefore offset by deferred inflows of resources.

Note 5 – Income Taxes

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

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

Note 6 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City carries commercial general liability insurance against risks and all other risks of loss, including workers' compensation and employee health and accident insurance. More information about the City's partially self-insured health program is detailed in Note 16.

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

Note 7 - Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance 1/1/2014	Additions	Deductions	Balance 12/31/2014
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$ 286,445	\$ -	\$ -	\$ 286,445
Construction in Progress	14,052	55,302	14,052	55,302
	<u>300,497</u>	<u>55,302</u>	<u>14,052</u>	<u>341,747</u>
Capital Assets, being depreciated:				
Buildings and Improvements	2,684,278	-	-	2,684,278
Machinery and Equipment	673,652	138,262	54,663	757,251
Infrastructure	1,975,136	22,547	-	1,997,683
	<u>5,333,066</u>	<u>160,809</u>	<u>54,663</u>	<u>5,439,212</u>
Total Assets at Historical Cost	<u>5,633,563</u>	<u>216,111</u>	<u>68,715</u>	<u>5,780,959</u>
Less Accumulated Depreciation:				
Buildings and Improvements	690,411	64,947	-	755,358
Machinery and Equipment	460,352	43,888	54,663	449,577
Infrastructure	213,916	68,058	-	281,974
	<u>1,364,679</u>	<u>176,893</u>	<u>54,663</u>	<u>1,486,909</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,268,884</u>	<u>\$ 39,218</u>	<u>\$ 14,052</u>	<u>\$ 4,294,050</u>
Business-Type Activities				
Capital Assets, being depreciated:				
Machinery and Equipment	\$ 133,071	\$ -	\$ -	\$ 133,071
Total Assets at Historical Cost	<u>133,071</u>	<u>-</u>	<u>-</u>	<u>133,071</u>
Less Accumulated Depreciation:				
Machinery and Equipment	131,670	1,401	-	133,071
Total Accumulated Depreciation	<u>131,670</u>	<u>1,401</u>	<u>-</u>	<u>133,071</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,401</u>	<u>\$ (1,401)</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 84,020
Public Safety	19,504
Leisure Time Activities	3,216
Public Works	70,153
	<u>176,893</u>
	<u>\$ 176,893</u>

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

Note 8 - Long-Term Obligations

A schedule of changes in bonds and other long-term obligations of the City during 2014 follows:

	Amount Outstanding 1/1/2014	Additions	Deletions	Amount Outstanding 12/31/2014	Amounts Due in One Year
Governmental Activities					
Unvoted General Obligation Bonds					
Current Interest Bonds					
Interest Varies from 2.00%					
Municipal Building	\$ 1,965,000	\$ -	\$ 35,000	\$ 1,930,000	\$ 150,000
Capital Appreciation Bonds					
Interest Varies from 3.50%					
Municipal Building	13,098	-	13,098	-	-
Interest Varies from 2.90%					
Municipal Building	120,000	-	-	120,000	-
Premium	221,619	-	14,493	207,126	-
Total Long-Term Bond - Principal	2,319,717	-	62,591	2,257,126	150,000
Accreted Interest	101,506	46,249	86,902	60,853	-
Accreted Interest and Total Long-Term Bonds - Principal	2,421,223	46,249	149,493	2,317,979	150,000
Other Long-Term Obligations					
Due to Other Governments	76,802	-	7,679	69,123	7,679
OPWC Note Payable	111,021	-	7,162	103,859	7,162
Compensated Absences	142,134	95,088	94,784	142,438	90,260
Total Other Long-Term Obligations	329,957	95,088	109,625	315,420	105,101
Total Governmental Activities	\$ 2,751,180	\$ 141,337	\$ 259,118	\$ 2,633,399	\$ 255,101

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

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

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

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

Principal and interest requirements to retire the long-term debt obligations at December 31, 2014, are as follows:

Year Ending December 31	Bonds - 2012		Capital Appreciation Bonds - 2012	
	Principal	Interest	Principal	Interest
2015	\$ 150,000	\$ 55,075	\$ -	\$ -
2016	140,000	52,075	-	-
2017	145,000	49,275	-	-
2018	150,000	46,375	-	-
2019	-	43,375	46,851	103,149
2020-2024	470,000	202,925	73,149	226,851
2025-2029	875,000	91,353	-	-
Total	\$ 1,930,000	\$ 540,453	\$ 120,000	\$ 330,000

Year Ending December 31	Total	
	Principal	Interest
2015	\$ 150,000	\$ 55,075
2016	140,000	52,075
2017	145,000	49,275
2018	150,000	46,375
2019	46,851	146,524
2020-2024	543,149	429,776
2025-2029	875,000	91,353
Total	\$ 2,050,000	\$ 870,453

Principal and interest requirements to retire the note payable at December 31, 2014, are as follows:

Year Ending December 31	Principal	Interest
2015	\$ 7,162	\$ -
2016	7,162	-
2017	7,162	-
2018	7,162	-
2019	7,162	-
2020-2024	35,810	-
2025-2029	32,239	-
Total	\$ 103,859	\$ -

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

Note 9 – Defeased Debt

The City defeased bonds in 2013 by creating separate irrevocable trust funds. New debt had been issued and the proceeds were used to purchase U.S. government securities that were placed in trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's financial statements. As of December 31, 2014, the amount of defeased debt outstanding amounted to \$2,120,000.

Note 10 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan.

The 2014 member contribution rates were 10% for members in state and local classifications. Public safety members contributed 12%.

The 2014 employer contribution rate for state and local employers was 14.00% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2014 was 18.10%. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2% for calendar year 2014. The portion of employer contributions allocated to health care for members in the Combined Plan was 2% for calendar year 2014.

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

The City's required contributions to OPERS for the years ended December 31, 2014, 2013, and 2012 were \$100,342, \$89,890, and \$88,538, respectively, equal to the required contributions for each year. The full amount has been contributed for 2012, 2013 and 2014.

B. Ohio Police and Fire Pension Fund

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

From January 1, 2014 thru July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 thru December 31, 2014, plan members were required to contribute 11.50% of their annual covered salary. Throughout 2014, Employers were required to contribute 19.5% for police officers. The City's required contributions to OP&F for the years ending December 31, 2014, 2013, and 2012 were \$137,699, \$154,216, and \$141,706, respectively. The full amount has been contributed for 2012, 2013 and 2014.

Note 11 - Postemployment Benefits

Ohio Public Employees Retirement System

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

A. Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

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

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

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 18.10%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2% for calendar year 2014. The portion of employer contributions allocated to health care for members in the Combined Plan was 2% for calendar year 2014.

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

C. City Contributions

The City's actual contributions that were used to fund post-employment benefits were \$12,738, \$6,382 and \$25,297 for 2014, 2013 and 2012, respectively.

D. OPERS Retirement Board Implements its Health Care Preservation Plan

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

Ohio Police and Fire Pension Fund

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

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

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

A. Plan Description

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

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

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

B. Funding Policy

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.5% of covered payroll from January 1, 2014 thru December 31, 2014. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

C. City Contributions

The City's actual contributions that were used to pay postemployment benefits were \$3,580, \$28,530 and \$49,030 for 2014, 2013 and 2012, respectively.

Note 12 – Interfund Activity

Advances:

Advances From/Advances To balances at December 31, 2014, consist of the following individual fund receivables and payables:

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

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

Transfers:

During 2014, the Municipal Motor Vehicle License Tax Special Revenue Fund transferred \$40,500 to the Redmont Avenue Capital Project Fund to provide resources for transportation and roadway related project expenditures along Redmont Avenue. This transfer is permissible since Motor Vehicle License Taxes are intended to be used for transportation purposes. Additionally, during 2014 the General Fund transferred \$190,425 to the Municipal Building Bond Retirement Fund to provide resources to cover schedule debt service payments.

Note 13 – Joint Venture

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

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

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

Note 14 – Contingent Liabilities

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

City of Deer Park
Hamilton County, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2014

Note 15 – Compliance and Accountability

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

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

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

The City participates in the program and makes payments to the Risk Management Agency based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The City’s independent advisor has actuarially determined that \$18,775 is a good and sufficient provision for incurred but not reported claims as of December 31, 2014. This amount is non-discounted and is based upon historical claims experience. The claims liability of \$18,775 reported at December 31, 2014, is based on an estimate provided by USI Insurance (independent advisor) and the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,” as amended by GASB Statement No. 30, “Risk Financing Omnibus,” which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling claims.

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

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2012	\$ 176,299	\$ 159,292	\$ (229,688)	\$ 105,903
2013	\$ 105,903	\$ 201,245	\$ (230,069)	\$ 77,079
2014	\$ 77,079	\$ 166,275	\$ (224,579)	\$ 18,775

Note 17 – Joint Economic Development Zone

The City participates in a Joint Economic Development Zone (JEDZ) with Sycamore Township. The purpose of the JEDZ is to facilitate economic development and improve the welfare of people in the area of the JEDZ.

Under the terms of the JEDZ with Sycamore Township, the City of Deer Park receives 10% of the net income tax revenues collected and is entitled to an administrative fee from the JEDZ to cover the cost of collecting the income taxes.

REQUIRED SUPPLEMENTARY INFORMATION

City of Deer Park
Hamilton County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$ 2,195,987	\$ 2,195,987	\$ 2,199,978	\$ 3,991
Charges for Services	70,658	70,658	70,786	128
Fees, Licenses, and Permits	29,672	29,672	29,726	54
Fines and Forfeitures	27,591	27,591	27,641	50
Intergovernmental	147,799	147,799	148,068	269
Interest	953	953	955	2
Total Revenues	2,472,660	2,472,660	2,477,154	4,494
Expenditures				
Current:				
General Government	1,083,750	1,124,529	1,045,703	78,826
Public Safety	1,202,100	1,202,100	1,201,841	259
Leisure Time Activities	33,950	46,021	46,021	-
Transportation and Street Repair	48,000	66,400	38,376	28,024
Capital Outlay	26,500	19,500	12,155	7,345
Debt Service:				
Principal Retirement and Interest	7,163	7,163	7,162	1
Total Expenditures	2,401,463	2,465,713	2,351,258	114,455
Excess (Deficiency) of Revenues Over (Under) Expenditures	71,197	6,947	125,896	118,949
Other Financing Sources (Uses)				
Transfers Out	(190,425)	(190,425)	(190,425)	-
Total Other Financing Uses	(190,425)	(190,425)	(190,425)	-
Net Change in Fund Balance	(119,228)	(183,478)	(64,529)	118,949
Fund Balance at Beginning of Year	1,472,238	1,472,238	1,472,238	-
Fund Balance at End of Year	\$ 1,353,010	\$ 1,288,760	\$ 1,407,709	\$ 118,949

See accompanying notes to the required supplementary information.

City of Deer Park
Hamilton County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2014

Note 1 - Summary of Significant Accounting Policies

A. Budgets

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

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

Estimated Resources The County Budget Commission determines if the tax budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources that states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate of estimated resources can be further amended during the year if the Council agrees that an estimate needs to be either increased or decreased. The amounts reported in the budgetary statements as final reflect the amounts in the final amended official certificate of estimated resources issued during 2014.

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

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

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

City of Deer Park
Hamilton County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2014

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

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

	General Fund
GAAP Basis	\$ (30,764)
Adjustments:	
Revenue Accruals	47,353
Expenditure Accruals	(81,118)
	\$ (64,529)

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Dave Yost • Auditor of State

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

City of Deer Park
Hamilton County
7777 Blue Ash Road
Cincinnati, Ohio 45236

To the Honorable Mayor and Members of City Council:

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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Deer Park, Hamilton County (the City), Ohio as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 27, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City'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 City'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 City'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 City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City'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 initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

July 27, 2015

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Dave Yost • Auditor of State

CITY OF DEER PARK

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 13, 2015**