



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying basic financial statements of the Deer Park Community City School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Deer Park Community City School District, Hamilton County, Ohio, as of June 30, 2011 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 18, during 2011, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards receipts and expenditures schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

March 13, 2012

**Deer Park City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

The discussion and analysis of Deer Park City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- Net assets of governmental activities increased \$588,173 which represents a 5.6% increase from 2010.
- General revenues accounted for \$14,267,911 in revenue or 86.7% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,193,536 or 13.3% of total revenues of \$16,461,447 .
- The District had \$15,873,274 in expenses related to governmental activities; \$2,193,536 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$14,267,911 were also used to provide for these programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**Deer Park City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2011?" The Government-wide Financial Statements answers this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

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

Fund Financial Statements

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

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

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

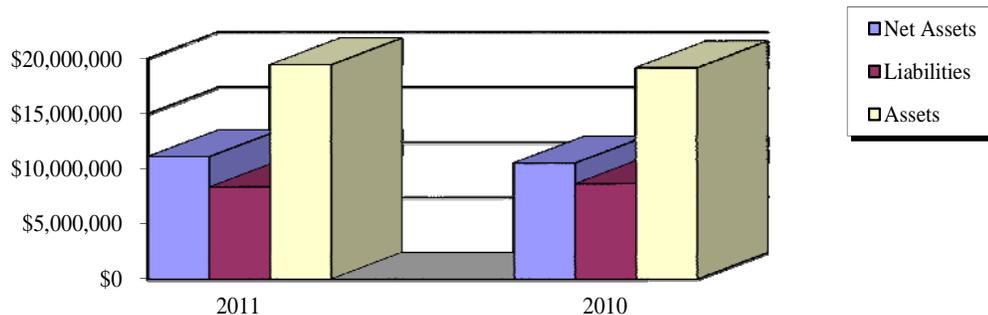
The District as a Whole

As stated previously, the Statement of Net Assets looks at the District as a whole. Table 1 provides a summary of the District's net assets for 2011 compared to 2010:

**Deer Park City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

**Table 1
Net Assets**

	Governmental Activities	
	2011	2010
Assets:		
Current and Other Assets	\$16,124,712	\$15,722,010
Capital Assets	3,290,051	3,414,789
Total Assets	19,414,763	19,136,799
Liabilities:		
Other Liabilities	6,950,175	7,176,123
Long-Term Liabilities	1,375,024	1,459,285
Total Liabilities	8,325,199	8,635,408
Net Assets:		
Invested in Capital Assets, Net of Related Debt	2,876,344	2,874,254
Restricted	1,113,970	1,190,266
Unrestricted	7,099,250	6,436,871
Total Net Assets	\$11,089,564	\$10,501,391



Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$11,089,564 .

At year-end, capital assets represented 17% of total assets. Capital assets include land, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2011, was \$2,876,344 . These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

**Deer Park City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

A portion of the District's net assets, \$1,113,970 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current and other assets increased largely due to the increase in cash resulting from the District's revenues exceeding expenses. Liabilities decreased from 2010 as a result of the District making regularly scheduled debt payments.

Table 2 shows the changes in net assets for fiscal years 2011 and 2010.

**Table 2
Changes in Net Assets**

	Governmental Activities	
	2011	2010
Revenues:		
Program Revenues		
Charges for Services	\$533,412	\$557,826
Operating Grants, Contributions	1,660,124	1,669,531
General Revenues:		
Property Taxes	8,758,772	9,049,151
Grants and Entitlements	4,813,054	4,760,605
Other	696,085	781,103
Total Revenues	16,461,447	16,818,216
Program Expenses:		
Instruction	8,954,322	7,972,747
Support Services:		
Pupil and Instructional Staff	1,877,322	1,852,461
School Administrative, General		
Administration, Fiscal and Business	1,921,661	1,905,466
Operations and Maintenance	1,482,685	1,409,694
Pupil Transportation	327,708	309,709
Central	138,729	143,572
Operation of Non-Instructional Services	592,397	592,139
Extracurricular Activities	557,954	536,631
Interest and Fiscal Charges	20,496	25,697
Total Program Expenses	15,873,274	14,748,116
Change in Net Assets	588,173	2,070,100
Beginning Net Assets	10,501,391	8,431,291
Ending Net Assets	\$11,089,564	\$10,501,391

**Deer Park City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

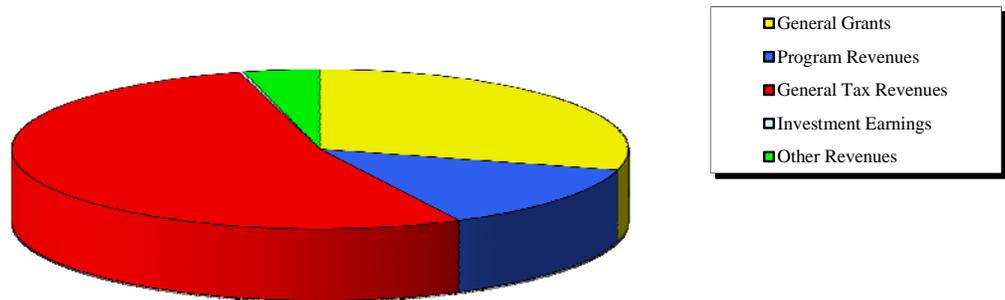
The District revenues are mainly from two sources. Property taxes levied for general and capital projects purposes and grants and entitlements comprised 82.4% of the District’s revenues for governmental activities.

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

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 53.21% of revenue for governmental activities for the District in fiscal year 2011.

**Governmental Activities
Revenue Sources**

		<u>Percentage</u>
General Grants	\$4,813,054	29.24%
Program Revenues	\$2,193,536	13.33%
General Tax Revenues	\$8,758,772	53.21%
Investment Earnings	\$36,681	0.22%
Other Revenues	659,404	4.00%
Total Revenue Sources	<u>\$16,461,447</u>	<u>100.00%</u>



Instruction comprises 56.4% of governmental program expenses. Support services expenses were 36.2% of governmental program expenses. All other expenses including interest expense were 7.4%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Revenue decreased by 2.1% from 2010 to 2011. The decrease was mainly due to a decrease in property taxes. Instruction expenses increased from 2010 to 2011 because of ARRA funds provided opportunities to expand programs, fluctuations in healthcare rates, a settlement of a grant program, and a 1.75% increase in salaries and wages paid to employees.

**Deer Park City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
Instruction	\$8,954,322	\$7,972,747	(\$8,169,510)	(\$7,101,558)
Support Services:				
Pupil and Instructional Staff	1,877,322	1,852,461	(1,494,456)	(1,524,926)
School Administrative, General				
Administration, Fiscal and Business	1,921,661	1,905,466	(1,888,157)	(1,836,424)
Operations and Maintenance	1,482,685	1,409,694	(1,301,459)	(1,239,647)
Pupil Transportation	327,708	309,709	(189,381)	(272,972)
Central	138,729	143,572	(132,423)	(137,266)
Operation of Non-Instructional Services	592,397	592,139	(46,333)	32,893
Extracurricular Activities	557,954	536,631	(437,523)	(415,162)
Interest and Fiscal Charges	20,496	25,697	(20,496)	(25,697)
Total Expenses	<u>\$15,873,274</u>	<u>\$14,748,116</u>	<u>(\$13,679,738)</u>	<u>(\$12,520,759)</u>

The District's Funds

The District has one major governmental fund: the General Fund. Assets of the general fund comprised \$14,651,159 (91%) of the total \$16,124,712 governmental funds assets.

General Fund: Fund balance at June 30, 2011 was \$7,273,247; an increase in fund balance of \$370,342 from 2010.

General Fund Budgeting Highlights

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

During the course of fiscal 2011, the District amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$13,159,817, compared to original budget estimates of \$13,932,948. Of the \$773,131 difference, most was due to an under estimate for taxes and intergovernmental revenue.

The District's general fund ending unobligated cash balance was \$5,560,003 at fiscal year end.

**Deer Park City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2011, the District had \$3,290,051 invested in land, buildings and improvements, and equipment. Table 4 shows fiscal 2011 balances compared to fiscal 2010:

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

	Governmental Activities	
	2011	2010
Land	\$330,425	\$330,425
Buildings and Improvements	2,339,536	2,489,164
Equipment	620,090	595,200
Total Net Capital Assets	<u>\$3,290,051</u>	<u>\$3,414,789</u>

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

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

Debt

At June 30, 2011, the District had \$413,707 in capital leases payable, \$132,212 due within one year. Table 5 summarizes bonds and capital leases outstanding at year end.

**Table 5
Outstanding Debt at Year End**

	Governmental Activities	
	2011	2010
Capital Lease Payable:		
Stadium Improvements	\$413,707	\$540,535

See Notes 7-8 to the basic financial statements for further details on the District's long-term liabilities.

**Deer Park City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)**

For the Future

A challenge facing the District is the future of state funds. On December 11, 2002, the Ohio Supreme Court found the state's school funding system unconstitutional but declined to retain jurisdiction of the matter meaning the decision included no timeline for compliance or accountability for lack of compliance. The District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

In June of 2005, the State legislature passed House Bill 66. House Bill 66 phases out the tax on tangible personal property of general business, telephone, and telecommunications companies, and railroads. The tax on general business and railroad property began being phased out in 2006 and will be eliminated by 2009. The tax on telephone and telecommunication property will begin being phased out in 2009 and will be eliminated by 2011. The tax is being phased out by reducing the assessment rate on the property each year. In the first five years, school districts were reimbursed fully for the lost revenue and in the following seven years the reimbursements were supposed to be phased out. HB1, 2009-2011 State biennium budget, included language to postpone the phase down of the reimbursement from 2011 to 2014. The phase down % remained unchanged so therefore in 2014 the reimbursement would have dropped to 50%. However, HB153, 2011-2013 State biennium budget, included language that revised the phase down of the tangible tax reimbursement. Deer Park City Schools will lose most of the remaining tangible tax reimbursement in 2012 and the small remaining balance in 2013.

In July, 2009, Ohio's Governor signed HB1, the state biennium budget bill. Included in the bill was a complete overhaul of the school funding model for all school districts in Ohio. The Ohio Evidence-Based Model (OEBM) replaced the long-standing foundation formula that was declared unconstitutional by the Ohio Supreme Court. Due to the economic crisis the OEBM was going to be phased in. Fiscal Years 2010 and 2011 were funded using the partially phased in OEBM.

In June, 2011, Ohio's Governor signed HB153, the state biennium budget bill for 2012 and 2013. Language included in HB153 eliminated the OEBM funding model. As of this date a new funding model has not been developed. The district has been guaranteed the same basic level of funding in Fiscal Year 2012 as in Fiscal Year 2011.

Due to the uncertain and ever changing State budget allocation to public schools, the district will be required to manage carefully and prudently the resources currently available. With careful planning the monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

Contacting the District's Financial Management

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

Deer Park City School District
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$6,528,052
Restricted Cash and Investments	50,000
Receivables:	
Taxes	8,709,681
Accounts	10,443
Interest	1,523
Intergovernmental	806,710
Inventory	18,303
Nondepreciable Capital Assets	330,425
Depreciable Capital Assets, Net	<u>2,959,626</u>
 Total Assets	 <u>19,414,763</u>
Liabilities:	
Accounts Payable	54,741
Accrued Wages and Benefits	1,667,617
Accrued Interest Payable	2,896
Unearned Revenue	5,224,921
Long-Term Liabilities:	
Due Within One Year	462,540
Due In More Than One Year	<u>912,484</u>
 Total Liabilities	 <u>8,325,199</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	2,876,344
Restricted for:	
Local Grants	7,977
Debt Service	18,190
Capital Projects	647,352
Food Service	86,635
Set-Aside	50,000
District Managed Student Activities	25,931
Auxiliary Services	9,893
State Grants	15,229
Federal Grants	252,763
Unrestricted	<u>7,099,250</u>
 Total Net Assets	 <u><u>\$11,089,564</u></u>

See accompanying notes to the basic financial statements.

Deer Park City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	
Governmental Activities:			Governmental Activities	
Instruction:				
Regular	\$7,107,532	\$161,390	\$443,885	(\$6,502,257)
Special	1,653,887	21,991	142,765	(1,489,131)
Vocational	192,903	0	5,792	(187,111)
Other	0	0	8,989	8,989
Support Services:				
Pupil	919,827	0	49,125	(870,702)
Instructional Staff	957,495	0	333,741	(623,754)
General Administration	84,588	0	0	(84,588)
School Administration	1,148,703	0	0	(1,148,703)
Fiscal	540,264	16,750	16,754	(506,760)
Business	148,106	0	0	(148,106)
Operations and Maintenance	1,482,685	4,800	176,426	(1,301,459)
Pupil Transportation	327,708	0	138,327	(189,381)
Central	138,729	0	6,306	(132,423)
Operation of Non-Instructional Services	592,397	208,050	338,014	(46,333)
Extracurricular Activities	557,954	120,431	0	(437,523)
Interest and Fiscal Charges	20,496	0	0	(20,496)
Total Governmental Activities	\$15,873,274	\$533,412	\$1,660,124	(13,679,738)

General Revenues:	
Property Taxes Levied for:	
General Purposes	8,352,774
Capital Projects Purposes	405,998
Grants and Entitlements not Restricted	4,813,054
Payment in Lieu of Taxes	527,321
Unrestricted Contributions	20,609
Investment Earnings	36,681
Other Revenues	111,474
Total General Revenues	14,267,911
Change in Net Assets	588,173
Net Assets Beginning of Year	10,501,391
Net Assets End of Year	\$11,089,564

See accompanying notes to the basic financial statements.

Deer Park City School District
Balance Sheet
Governmental Funds
June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$5,792,312	\$735,740	\$6,528,052
Restricted Cash and Investments	50,000	0	50,000
Receivables:			
Taxes	8,302,858	406,823	8,709,681
Accounts	10,443	0	10,443
Interest	1,521	2	1,523
Intergovernmental	494,025	312,685	806,710
Inventory	0	18,303	18,303
Total Assets	14,651,159	1,473,553	16,124,712
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	31,273	23,468	54,741
Accrued Wages and Benefits	1,537,747	129,870	1,667,617
Compensated Absences	252,009	12,111	264,120
Deferred Revenue	5,556,883	558,865	6,115,748
Total Liabilities	7,377,912	724,314	8,102,226
Fund Balances:			
Nonspendable	0	18,303	18,303
Restricted	0	788,932	788,932
Assigned	191,686	0	191,686
Unassigned	7,081,561	(57,996)	7,023,565
Total Fund Balances	7,273,247	749,239	8,022,486
Total Liabilities and Fund Balances	\$14,651,159	\$1,473,553	\$16,124,712

See accompanying notes to the basic financial statements.

Deer Park City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 June 30, 2011

Total Governmental Fund Balance		\$8,022,486
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,290,051
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	580,785	
Intergovernmental	<u>310,042</u>	
		890,827
In the statement of net assets 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.		(2,896)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences	<u>(697,197)</u>	
		(697,197)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(413,707)</u>
Net Assets of Governmental Activities		<u>\$11,089,564</u>
See accompanying notes to the basic financial statements.		

Deer Park City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$8,277,249	\$402,914	\$8,680,163
Revenue in lieu of taxes	546,467	0	546,467
Tuition and Fees	145,316	0	145,316
Investment Earnings	36,557	124	36,681
Intergovernmental	4,921,271	1,540,232	6,461,503
Extracurricular Activities	42,259	83,291	125,550
Charges for Services	16,750	208,050	224,800
Other Revenues	136,671	32,590	169,261
Total Revenues	14,122,540	2,267,201	16,389,741
Expenditures:			
Current:			
Instruction:			
Regular	6,518,427	515,797	7,034,224
Special	1,621,812	27,895	1,649,707
Vocational	191,044	0	191,044
Support Services:			
Pupil	902,783	54,376	957,159
Instructional Staff	274,449	677,823	952,272
General Administration	84,588	0	84,588
School Administration	1,207,156	0	1,207,156
Fiscal	528,289	22,323	550,612
Business	143,773	0	143,773
Operations and Maintenance	1,198,304	264,548	1,462,852
Pupil Transportation	301,782	80,000	381,782
Central	131,810	3,051	134,861
Operation of Non-Instructional Services	44,286	548,096	592,382
Extracurricular Activities	386,072	185,144	571,216
Debt Service:			
Principal Retirement	126,828	0	126,828
Interest and Fiscal Charges	21,384	0	21,384
Total Expenditures	13,682,787	2,379,053	16,061,840
Excess of Revenues Over (Under) Expenditures	439,753	(111,852)	327,901
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	567	0	567
Transfers In	0	69,978	69,978
Transfers (Out)	(69,978)	0	(69,978)
Total Other Financing Sources (Uses)	(69,411)	69,978	567
Net Change in Fund Balance	370,342	(41,874)	328,468
Fund Balance Beginning of Year, Restated	6,902,905	791,113	7,694,018
Fund Balance End of Year	\$7,273,247	\$749,239	\$8,022,486

See accompanying notes to the basic financial statements.

Deer Park City School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2011

Net Change in Fund Balance - Total Governmental Funds		\$328,468
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.		
Capital assets used in governmental activities	124,388	
Depreciation Expense	<u>(249,126)</u>	(124,738)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	78,609	
Intergovernmental	<u>(7,470)</u>	71,139
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		126,828
In the statement of activities interest expense is accrued when incurred, whereas in governmental funds an interest expenditure is reported when due.		
		888
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	<u>185,588</u>	
		<u>185,588</u>
Change in Net Assets of Governmental Activities		<u><u>\$588,173</u></u>

See accompanying notes to the basic financial statements.

Deer Park City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Trust Fund	Agency
Assets:		
Equity in Pooled Cash and Investments	\$38,050	\$11,114
Total Assets	<u>38,050</u>	<u>11,114</u>
Liabilities:		
Other Liabilities	<u>0</u>	<u>11,114</u>
Total Liabilities	<u>0</u>	<u>\$11,114</u>
Net Assets:		
Held in Trust	<u>38,050</u>	
Total Net Assets	<u>\$38,050</u>	

See accompanying notes to the basic financial statements.

Deer Park City School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2011

	Private Purpose Trust Fund
Additions:	
Donations	\$0
Total Additions	0
Deductions:	
Other	2,000
Total Deductions	2,000
Change in Net Assets	(2,000)
Net Assets Beginning of Year	40,050
Net Assets End of Year	\$38,050

See accompanying notes to the basic financial statements.

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Note 1 - Description of the District

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

The District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter or further mandated by state and /or federal agencies. This Board controls the District's instructional and support facilities staffed by 58 non-certificated personnel and 104 certificated teaching and administrative personnel to provide services to students and other community members.

The District is the 21st largest in Hamilton County in terms of enrollment. It currently operates two elementary schools, and one high school (grades 7-12).

Reporting Entity

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

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

The District is associated with three organizations defined as a jointly governed organizations. These organizations, the Hamilton/Clermont Cooperative Association, the Greater Cincinnati Insurance Consortium, and Great Oaks Institute of Career Technology and Development, are presented in Note 15.

Note 2 - Summary of Significant Accounting Policies

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

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Measurement Focus

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Fund Accounting

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

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Governmental Funds

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

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

Fiduciary Funds

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

Basis Of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

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

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

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

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

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met because such amounts have not yet been earned.

Expenses/Expenditures

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

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

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Equity In Pooled Cash And Investments

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

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2011. STAR Ohio is an investment pool managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2011 amounted to \$36,557 credited to the general fund and \$124 credited to other governmental funds.

Inventory

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

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of two thousand five hundred dollars (\$2,500). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. Interest incurred during the construction of capital assets is also capitalized.

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

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

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

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

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the District's \$1,113,970 in restricted net assets, none were restricted by enabling legislation.

Interfund Activity

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

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

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

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

Estimates

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

Restricted Assets

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

Fund Balance

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

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

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

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

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

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

The District applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted net assets are available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Note 3 - Equity in Pooled Cash and Investments

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

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

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

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

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

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2011, \$863,446 of the District's bank balance of \$1,113,446 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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

**Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011**

Investments

As of June 30, 2011, the District had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
STAROhio	\$277,988	0.16
Money Market Funds	5,500,000	0.00
Total Fair Value	\$5,777,988	
Portfolio Weighted Average Maturity		0.01

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

Credit Risk – It is the District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. The District’s investments in Money Market Funds were rated AAA by Standards & Poor’s and Fitch ratings and Aaa by Moody’s Investors Service. Investments in STAROhio were rated AAAM by Standards & Poor’s.

Concentration of Credit Risk – The District’s investment policy allows investments in U.S. Agencies or Instrumentalities. The District has 5% invested in STAROhio and 95% invested in Money Market funds.

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

Note 4 - Property Taxes

Real property taxes collected in 2011 were levied in April on the assessed values as of January 1, 2010, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update ever third year.

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Tangible personal property tax revenue received during calendar year 2011 (other than public utility property tax) represents the collection of 2011 taxes levied against local and interexchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after April 1, 2010, on the value as of December 31, 2010. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

Real property taxes are payable annually or semi-annually. In 2011, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2011. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2011. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2011, was \$3,240,000 for General Fund and \$158,000 for Other Governmental Funds, and is recognized as revenue.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$244,628,230
Public Utility Personal	<u>8,113,390</u>
Total	<u><u>\$252,741,620</u></u>

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Note 5 – Receivables

Receivables at June 30, 2011, consisted of taxes, accounts, intergovernmental grants, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Note 6 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$330,425	\$0	\$0	\$330,425
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	28,071,446	0	0	28,071,446
Equipment	1,282,202	124,388	10,761	1,395,829
Totals at Historical Cost	<u>29,684,073</u>	<u>124,388</u>	<u>10,761</u>	<u>29,797,700</u>
Less Accumulated Depreciation:				
Buildings and Improvements	25,582,282	149,628	0	25,731,910
Equipment	687,002	99,498	10,761	775,739
Total Accumulated Depreciation	<u>26,269,284</u>	<u>249,126</u>	<u>10,761</u>	<u>26,507,649</u>
Governmental Activities Capital Assets, Net	<u>\$3,414,789</u>	<u>(\$124,738)</u>	<u>\$0</u>	<u>\$3,290,051</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$137,381
Special	5,686
Support Services:	
Instructional Staff	339
School Administration	7,353
Fiscal	883
Business	4,333
Operations and Maintenance	46,036
Pupil Transportation	34,591
Central	3,868
Operation of Non-Instructional Services	3,485
Extracurricular Activities	5,171
Total Depreciation Expense	<u>\$249,126</u>

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Note 7 - Long-Term Liabilities

	<u>Maturity Dates</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
Governmental Activities:						
Capital Lease	5/1/14	\$540,535	\$0	\$126,828	\$413,707	\$132,212
Total Long Term Debt		540,535	0	126,828	413,707	132,212
Compensated Absences		918,750	195,283	152,716	961,317	330,328
Total Governmental Activities						
Long-Term Liabilities		<u>\$1,459,285</u>	<u>\$195,283</u>	<u>\$279,544</u>	<u>\$1,375,024</u>	<u>\$462,540</u>

Capital lease obligations will be paid from the general fund. Compensated absences will be paid from the fund from which the person is paid.

Note 8 - Capital Leases

The District entered into a capitalized lease for the acquisition of stadium improvements. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments are made out of the General Fund.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2011:

2012	\$148,214
2013	148,214
2014	148,212
Total Payments	<u>444,640</u>
Less: Interest	<u>(30,933)</u>
Present Value of Minimum Lease Payments	<u>\$413,707</u>

Capital assets acquired under capital leases in accordance with Statement of Financial Accounting Standards No. 13 are as follows:

Stadium Improvements	\$1,215,000
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Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Note 9 - Pension Plans

School Employees Retirement System of Ohio

Plan Description

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Employers/Audit Resources*.

Funding Policy

Plan members are required to contribute 10% of their annual covered salary and District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81%. The remaining 2.19% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the years ended June 30, 2011, 2010, and 2009 were \$341,040, \$306,588, and \$292,764, respectively; 47% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

State Teachers Retirement System of Ohio

Plan Description

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

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Plan Options

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

DB Plan Benefits

Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits

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

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Combined Plan Benefits

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

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

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

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

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

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

Funding Policy

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2010, were 10% of covered payroll for members and 14% for employers. The District's contributions to STRS for the years ended June 30, 2011, 2010, and 2009 were \$924,036, \$870,600, and \$887,568, respectively; 82% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Note 10- Post Employment Benefits

School Employees Retirement System of Ohio

Plan Description

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

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 depending on their income; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation was .76%. District contributions for the year ended June 30, 2011, 2010 and 2009 were \$18,514, \$16,643 and \$15,684, respectively, which equaled the required contributions each year.

Health Care Plan

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

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

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2011, the health care allocation was 1.43%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2011, 2010, and 2009 were \$34,835, \$10,074, and \$86,993, respectively; 47% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

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

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Employers/Audit Resources*.

State Teachers Retirement System of Ohio

Plan Description

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

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

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

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

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Funding Policy

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contributions rate, 1% of covered payroll was allocated to post-employment health care for the year ended June 30, 2011, 2010 and 2009. The 14% employer contribution rate is the maximum rate established under Ohio law. The District contributions for the years ended June 30, 2011, 2010, and 2009 were \$66,003, \$62,186, and \$63,398, respectively; 82% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

Note 11 - Contingencies

Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the District as of June 30, 2011.

Duke Energy Contingency

In June, 2010 Duke Energy notified School District customers in southwest Ohio that it had appealed its personal property valuation with the Ohio Department of Taxation and was going to reduce its tax payments while the appeal was in process. The impact on the District is estimated at \$240,000 per year if Duke wins the appeal. Duke indicated that it would begin deducting half that amount from its tax payments beginning in fiscal year 2011. The District believes that the valuation method used by the Ohio Department of Taxation is correct and will be upheld. However, the District has adjusted its forecasted tax revenues to reflect this change and has sufficient cash reserves to cover the repayment of taxes that would be necessary if Duke wins the appeal.

Note 12 - Risk Management

The District is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. The District addresses these risks by maintaining a comprehensive risk management program through the purchase of various types of liability, inland marine, and property insurance from private carriers. Settled claims have not exceeded commercial coverage in any of the past three years.

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

A summary of significant coverage follows:

Building Contents-replacement cost (\$1,000 deductible)	\$40,521,600
Inland Marine Coverage (\$100,000/\$500 deductible)	40,521,600
Boiler and Machinery (\$1,000 deductible)	40,521,600
Automobile Liability (\$500 deductible)	1,000,000
Uninsured Motorists (\$500 deductible)	1,000,000
General Liability Per Occurrence	1,000,000
 Total General Liability Aggregate Per Year	 2,000,000

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

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

Note 13 - Fund Balance Reserves for Set-Asides

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set Aside Reserve Balance as of June 30, 2010	(\$698,449)	\$0	\$50,000
Current Year Set Aside Requirements	192,265	192,265	0
Qualified Disbursements	(291,724)	(572,420)	0
Set Aside Reserve Balance as of June 30, 2011	<u>(\$797,908)</u>	<u>(\$380,155)</u>	<u>\$50,000</u>
Restricted Cash as of June 30, 2011	\$0	\$0	\$50,000
Carried Forward as of June 30, 2011	<u>(\$797,908)</u>		

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Qualifying disbursements for capital activity during the year was \$572,420, exceeding the amount required for set-aside. Qualifying disbursements and carryover for textbooks totaled \$990,173, resulting in \$797,908 for carryover to offset textbook requirements in future years.

Note 14 - Interfund Transactions

Interfund transactions at June 30, 2011, consisted of the following transfer in and transfer out:

	Transfers	
	In	Out
General Fund	\$0	\$69,978
Other Governmental Funds	69,978	0
Total All Funds	<u>\$69,978</u>	<u>\$69,978</u>

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

Note 15 - Jointly Governed Organizations

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

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

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

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

Note 16 – Accountability

The following funds had deficit fund balances at June 30, 2011:

<u>Other Governmental Funds</u>	<u>Deficit</u>
Education Jobs	\$16,317
Special Education	8,899
Title I	32,780

Note 17 – Fund Balances

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

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Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Fund Balances	General	Other Governmental Funds	Total
Nonspendable on:			
Inventory	\$0	\$ 18,303	\$ 18,303
Total Nonspendable	0	18,303	18,303
Restricted for:			
Debt Service	\$0	\$18,190	\$18,190
Local Grants	0	7,977	7,977
Auxiliary Services	0	9,893	9,893
Management Information Systems	0	9,818	9,818
School Net Professional Development	0	1,815	1,815
Ohio Roads	0	902	902
Vocational Education Enhancement	0	2,258	2,258
Misc State Grants	0	436	436
School to Work	0	872	872
Vocational Education	0	1,116	1,116
Title III Grants	0	2,319	2,319
Improving Teacher Quality	0	4,237	4,237
Food Service	0	78,111	78,111
Race To The Top	0	1,699	1,699
Technology Title II-D	0	110	110
Extracurricular Activities	0	25,931	25,931
Permanent Improvements	0	623,248	623,248
Total Restricted	0	788,932	788,932
Assigned to:			
Encumbrances	191,686	0	191,686
Total Assigned	191,686	0	191,686
Unassigned (Deficit)	7,081,561	(57,996)	7,023,565
Total Fund Balance	<u>\$7,273,247</u>	<u>\$749,239</u>	<u>\$8,022,486</u>

Note 18 – Change in Accounting Principles and Restatement of Fund Balance

Change in Accounting Principles

For fiscal year 2011, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB 54 shifts the focus of fund balance reporting from the availability of fund resources for budgeting to the extent to which the District is bound to honor constraints on the specific purposes for which amounts in funds can be spent.

Deer Park City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2011

Restatement of Fund Balance

The implementation of GASB 54 had the following effects on fund balance of the following major and non-major (other governmental) funds of the District as they were previously reported.

	General Fund	Other Governmental Funds
	<u> </u>	<u> </u>
Fund Balance, June 30, 2010	\$6,850,806	\$843,212
Fund Reclassification	52,099	(52,099)
Fund Balance, June 30, 2010 - Restated	<u><u>\$6,902,905</u></u>	<u><u>\$791,113</u></u>

Deer Park City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$7,965,151	\$7,523,169	\$8,148,249	\$625,080
Revenue in lieu of taxes	835,849	789,468	855,063	65,595
Tuition and Fees	142,624	134,710	145,903	11,193
Investment Earnings	37,659	35,570	38,525	2,955
Intergovernmental	4,810,686	4,543,744	4,921,271	377,527
Extracurricular Activities	31,235	29,502	31,953	2,451
Charges for Services	16,374	15,465	16,750	1,285
Other Revenues	93,370	88,189	95,516	7,327
Total Revenues	13,932,948	13,159,817	14,253,230	1,093,413
Expenditures:				
Current:				
Instruction:				
Regular	6,703,992	6,367,282	6,367,279	3
Special	1,720,231	1,633,832	1,633,831	1
Vocational	217,884	206,941	206,941	0
Support Services:				
Pupil	944,754	897,303	897,303	0
Instructional Staff	294,932	280,119	280,119	0
General Administration	112,894	107,224	107,224	0
School Administration	1,209,019	1,148,296	1,148,295	1
Fiscal	559,931	531,808	531,808	0
Business	172,120	163,475	163,475	0
Operations and Maintenance	1,533,775	1,456,741	1,456,740	1
Pupil Transportation	335,411	318,565	318,565	0
Central	158,272	150,323	150,323	0
Operation of Non-Instructional Services	0	0	0	0
Extracurricular Activities	414,819	393,984	393,984	0
Total Expenditures	14,378,034	13,655,893	13,655,887	6
Excess of Revenues Over (Under) Expenditures	(445,086)	(496,076)	597,343	1,093,419
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	554	524	567	43
Transfers (Out)	(73,679)	(69,978)	(69,978)	0
Total Other Financing Sources (Uses)	(73,125)	(69,454)	(69,411)	43
Net Change in Fund Balance	(518,211)	(565,530)	527,932	1,093,462
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,032,071	5,032,071	5,032,071	0
Fund Balance End of Year	\$4,513,860	\$4,466,541	\$5,560,003	\$1,093,462

See accompanying notes to the required supplementary information.

Deer Park City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2011

NOTE 1 – BUDGETARY PROCESS

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2011.

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

Deer Park City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2011

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$370,342
Revenue Accruals	130,690
Expenditure Accruals	249,859
Encumbrances	<u>(222,959)</u>
Budget Basis	<u><u>\$527,932</u></u>

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR	Federal				
<i>Pass Through Grantor</i>	CFDA		Non Cash		Non Cash
Program Title	Number	Receipts	Receipts	Disbursements	Disbursements
U.S. DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education</i>					
Nutrition Cluster:					
School Breakfast Program	10.553	\$35,600	\$0	\$35,600	\$0
National School Lunch Program	10.555	186,509	27,851	186,509	29,029
Total U.S. Department of Agriculture		<u>222,109</u>	<u>27,851</u>	<u>222,109</u>	<u>29,029</u>
U.S. DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education</i>					
Special Education Cluster:					
ARRA - Special Education Grant to States (IDEA Part B)	84.391	126,199	-	126,199	-
Special Education Grants to State (IDEA Part B)	84.027	290,521	-	273,446	-
Total Special Education Cluster		416,720	-	399,645	-
Title I Cluster:					
ARRA Title I	84.389	71,582	-	51,642	-
Title I	84.010	308,344	-	291,026	-
Total Title I Cluster		379,926	-	342,668	-
Safe and Drug Free Schools	84.186	3,173	-	3,526	-
Educational Technology State Grants (Title II - D)	84.318	2,300	-	2,380	-
Improving Teacher Quality State Grants (Title II-A)	84.367	42,034	-	41,967	-
Title III - LEP	84.365	4,308	-	2,029	-
ARRA - State Fiscal Stabilization Fund	84.394	237,459	-	237,459	-
Race to the Top	84.395	4,845	-	2,810	-
Education Jobs	84.410	74,883	-	72,579	-
<i>Passed Through Great Oaks Institute of Technology and Career Development</i>					
Vocational Education Basic Grants to States	84.048	1,076	-	2,557	-
Total U.S. Department of Education		<u>1,166,724</u>	<u>0</u>	<u>1,107,620</u>	<u>0</u>
Total		<u><u>\$1,388,833</u></u>	<u><u>\$27,851</u></u>	<u><u>\$1,329,729</u></u>	<u><u>\$29,029</u></u>

The accompanying notes are an integral part of this schedule.

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

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Deer Park Community City School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 13, 2012. As described in Note 18, during 2011, the District adopted the provisions of Governmental Accounting Standards Board No. 54, *Fund Balance Reporting and governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242

Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

www.auditor.state.oh.us

Deer Park Community City School District
Hamilton County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 13, 2012.

We intend this report solely for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

March 13, 2012



Dave Yost • Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Deer Park Community City School District, Hamilton County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Deer Park Community City School District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Deer Park Community City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

March 13, 2012A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated March 13, 2012.

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



Dave Yost
Auditor of State

March 13, 2012

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA# 84.027 and 84.391 Special Education Cluster CFDA#84.010 and 84.389 Title 1, Part A Cluster
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether the Deer Park Community City School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on November 17, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

March 13, 2012



Dave Yost • Auditor of State

DEER PARK COMMUNITY CITY SCHOOL DISTRICT

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 29, 2012