



**CITY OF DEER PARK  
HAMILTON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



CITY OF DEER PARK  
HAMILTON COUNTY

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**REPORT OF INDEPENDENT ACCOUNTANTS**

City of Deer Park  
Hamilton County  
4250 Matson Avenue  
Deer Park, Ohio 45236

To the City Council:

We have audited the accompanying general-purpose financial statements of the City of Deer Park, Hamilton County, Ohio (the City), as of and for the years ended December 31, 2001 and 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Deer Park, Hamilton County, as of December 31, 2001 and 2000, and the results of its operations and the cash flows of its proprietary fund type for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

October 9, 2002

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**CITY OF DEER PARK  
HAMILTON COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 2001**

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types
	General	Special Revenue	Capital Projects	Enterprise	Agency
<b>ASSETS AND OTHER DEBITS:</b>					
<b>Assets:</b>					
Pooled cash and investments	\$984,988	\$138,156	\$303,050	\$95,513	\$264
Receivables (net of allowance for uncollectables):					
Taxes	563,954	27,408	0	0	0
Accounts	3,572	0	0	19,358	0
Intergovernmental	150,314	70,974	255,000	0	0
Interfund	0	0	0	0	0
Fixed assets (net, where applicable of accumulated depreciation)	0	0	0	33,400	0
<b>Other debits:</b>					
Amount to be provided for retirement of general long-term obligations	0	0	0	0	0
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b><u>\$1,702,828</u></b>	<b><u>\$236,538</u></b>	<b><u>\$558,050</u></b>	<b><u>\$148,271</u></b>	<b><u>\$264</u></b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>					
<b>Liabilities:</b>					
Accounts payable	\$191,549	\$2,202	\$0	\$23,204	\$0
Accrued wages and benefits	45,666	2,465	0	0	0
Interest payable	0	0	8,034	0	0
Interfund payable	0	0	0	0	0
Compensated absences	651	6,153	0	0	0
Due to others	0	0	0	0	264
Deferred revenue	563,295	86,904	231,551	8,850	0
Notes payable	0	0	350,000	0	0
<b>Total Liabilities</b>	<b><u>801,161</u></b>	<b><u>97,724</u></b>	<b><u>589,585</u></b>	<b><u>32,054</u></b>	<b><u>264</u></b>
<b>Equity and Other Credits:</b>					
Investment in general fixed assets	0	0	0	0	0
Retained earnings - unreserved	0	0	0	116,217	0
<b>Fund Balances:</b>					
Unreserved, undesignated	901,667	138,814	(31,535)	0	0
<b>Total Equity and Other Credits</b>	<b><u>901,667</u></b>	<b><u>138,814</u></b>	<b><u>(31,535)</u></b>	<b><u>116,217</u></b>	<b><u>0</u></b>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b><u>\$1,702,828</u></b>	<b><u>\$236,538</u></b>	<b><u>\$558,050</u></b>	<b><u>\$148,271</u></b>	<b><u>\$264</u></b>

See accompanying notes.

(Continued)



Account Groups		Totals
General Fixed Assets	General Long-Term Obligations	(Memorandum Only)
\$0	\$0	\$1,521,971
0	0	591,362
0	0	22,930
0	0	476,288
0	0	0
802,182	0	835,582
0	177,323	177,323
<u>\$802,182</u>	<u>\$177,323</u>	<u>\$3,625,456</u>

\$0	\$0	\$216,955
0	43,272	91,403
0	0	8,034
0	0	0
0	134,051	140,855
0	0	264
0	0	890,600
0	0	350,000
0	177,323	1,698,111
802,182	0	802,182
0	0	116,217
0	0	1,008,946
802,182	0	1,927,345
<u>\$802,182</u>	<u>\$177,323</u>	<u>\$3,625,456</u>

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**CITY OF DEER PARK  
HAMILTON COUNTY**

**ALL FUND TYPES AND ACCOUNT GROUPS  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
<b>REVENUES:</b>				
Taxes	\$1,338,640	\$23,806	\$0	\$1,362,446
Fines, licenses and permits	58,912	325	0	59,237
Intergovernmental	775,021	187,765	125,449	1,088,235
Special assessments	441	0	0	441
Interest	44,005	740	0	44,745
Other	61,982	33,679	870	96,531
<b>Total Revenues</b>	<b>2,279,001</b>	<b>246,315</b>	<b>126,319</b>	<b>2,651,635</b>
<b>EXPENDITURES:</b>				
Current:				
General government	614,664	0	0	614,664
Public safety	985,781	15,405	0	1,001,186
Public health and welfare	4,954	0	0	4,954
Leisure time activities	49,777	12,446	0	62,223
Community development	22,309	12,814	0	35,123
Transportation and street repair	263,233	82,890	0	346,123
Capital outlay	0	35,316	8,585	43,901
Debt service:				
Interest and Fiscal Charges	0	0	12,160	12,160
<b>Total Expenditures</b>	<b>1,940,718</b>	<b>158,871</b>	<b>20,745</b>	<b>2,120,334</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>338,283</b>	<b>87,444</b>	<b>105,574</b>	<b>531,301</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers - in	76,244	0	145,936	222,180
Operating transfers - (out)	(145,936)	0	(76,244)	(222,180)
<b>Total Other Financing Sources (Uses)</b>	<b>(69,692)</b>	<b>0</b>	<b>69,692</b>	<b>0</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>268,591</b>	<b>87,444</b>	<b>175,266</b>	<b>531,301</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>633,076</b>	<b>51,370</b>	<b>(206,801)</b>	<b>477,645</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$901,667</b>	<b>\$138,814</b>	<b>(\$31,535)</b>	<b>\$1,008,946</b>

See accompanying notes.

**CITY OF DEER PARK, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 NON-GAAP BASIS ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>						
Local Taxes	\$1,238,756	\$1,337,015	\$98,259	\$27,000	\$23,806	(\$3,194)
Intergovernmental	186,307	705,616	519,309	166,700	189,205	22,505
Fines, licenses and permits	61,050	56,175	(4,875)	1,000	325	(675)
Interest revenue	50,000	44,005	(5,995)	0	740	740
Special assessments	500	441	(59)	0	0	0
All other revenues	63,100	73,486	10,386	13,011	33,679	20,668
Total Revenues	1,599,713	2,216,738	617,025	207,711	247,755	40,044
<b>EXPENDITURES:</b>						
Current:						
Public safety	1,016,450	975,634	40,816	16,133	11,142	4,991
Public health and welfare	5,000	4,954	46	0	0	0
Leisure time activities	51,300	49,772	1,528	0	12,446	(12,446)
Community development	26,100	23,537	2,563	12,800	12,800	0
Transportation and street repair	147,050	281,618	(134,568)	193,208	123,276	69,932
General government	885,167	593,351	291,816	0	0	0
Capital outlay	0	0	0	29,500	35,316	(5,816)
Debt Service:						
Principal	126,000	126,000	0	0	0	0
Interest and fiscal charges	14,500	14,436	64	0	0	0
Total Expenditures	2,271,567	2,069,302	202,265	251,641	194,980	56,661
Excess (Deficiency) of Revenues Over (Under) Expenditures	(671,854)	147,436	819,290	(43,930)	52,775	96,705
Other Financing Sources (Uses):						
Proceeds From Sale of Notes	0	0	0	0	0	0
Operating Transfers In	76,244	76,244	0	0	0	0
Operating Transfers Out	(5,500)	(5,500)	0	0	0	0
Total Other Financing Sources (Uses)	70,744	70,744	0	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(601,110)	218,180	819,290	(43,930)	52,775	96,705
Fund Balance at Beginning of Year	600,878	600,878	0	85,379	85,379	0
Fund Balance at End of Year	(\$232)	\$819,058	\$819,290	\$41,449	\$138,154	\$96,705

See accompanying notes.

(Continued)

Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	1,265,756	1,360,821	95,065
302,000	102,000	(200,000)	655,007	996,821	341,814
0	0	0	62,050	56,500	(5,550)
0	0	0	50,000	44,745	(5,255)
0	870	870	500	1,311	811
0	0	0	76,111	107,165	31,054
<u>302,000</u>	<u>102,870</u>	<u>(199,130)</u>	<u>2,109,424</u>	<u>2,567,363</u>	<u>457,939</u>
0	0	0	1,032,583	986,776	45,807
0	0	0	5,000	4,954	46
0	0	0	51,300	62,218	(10,918)
0	0	0	38,900	36,337	2,563
0	0	0	340,258	404,894	(64,636)
0	0	0	885,167	593,351	291,816
328,093	25,915	302,178	357,593	61,231	296,362
0	0	0	126,000	126,000	0
0	0	0	14,500	14,436	64
<u>328,093</u>	<u>25,915</u>	<u>302,178</u>	<u>2,851,301</u>	<u>2,290,197</u>	<u>561,104</u>
<u>(26,093)</u>	<u>76,955</u>	<u>103,048</u>	<u>(741,877)</u>	<u>277,166</u>	<u>1,019,043</u>
0	200,000	200,000	0	200,000	200,000
5,500	5,500	0	81,744	81,744	0
(76,244)	(76,244)	0	(81,744)	(81,744)	0
<u>(70,744)</u>	<u>129,256</u>	<u>200,000</u>	<u>0</u>	<u>200,000</u>	<u>200,000</u>
(96,837)	206,211	303,048	(741,877)	477,166	1,219,043
<u>96,838</u>	<u>96,838</u>	<u>0</u>	<u>783,095</u>	<u>783,095</u>	<u>0</u>
<u>\$1</u>	<u>\$303,049</u>	<u>\$303,048</u>	<u>\$41,218</u>	<u>\$1,260,261</u>	<u>\$1,219,043</u>

CITY OF DEER PARK  
HAMILTON COUNTY

ALL FUND TYPES AND ACCOUNT GROUPS  
COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001

	Proprietary Fund Type
	<u>Enterprise</u>
OPERATING REVENUES:	
Charges for services	<u>\$273,757</u>
Total Operating Revenue	<u>273,757</u>
OPERATING EXPENSES:	
Contractual Services	239,865
Supplies and materials	3,495
Depreciation	<u>4,689</u>
Total Operating Expenses	<u>248,049</u>
NET INCOME	25,709
RETAINED EARNINGS BEGINNING OF YEAR	<u>90,508</u>
RETAINED EARNINGS END OF YEAR	<u><u>\$116,217</u></u>
See accompanying notes.	

**CITY OF DEER PARK  
HAMILTON COUNTY**

**ALL FUND TYPES AND ACCOUNT GROUPS  
COMBINED STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE YEAR ENDED 31, 2001**

	Proprietary Fund Type
	Enterprise
<b>OPERATING ACTIVITIES:</b>	
Operating income	\$25,709
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	4,689
Changes in assets and liabilities:	
Decrease in receivables	666
Increase in accounts payable	2,331
Increase in deferred revenue	2,843
Net Cash Provided by Operating Activities	36,238
 <b>CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition of fixed assets	(24,889)
Net Cash Used by Capital and Related Financing Activities	(24,889)
 NET INCREASE IN CASH	 11,349
CASH BEGINNING OF YEAR	84,164
CASH END OF YEAR	\$95,513
See accompanying notes.	

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**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The City operates under a seven-member council. An elected City Auditor is responsible for fiscal control of the resources of the City. Services provided by the City include public services, public safety, recreation, and development.

For financial reporting purposes, the City's financial statements include all funds and account groups of the primary government (the City). Potential component units were considered for inclusion in the financial statements. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e. the City) are financially accountable. The City would consider an organization to be a component unit if:

1. The City appoints a voting majority of the organization's governing body; and (a) is able to impose its will on that organization; or (b) there is a potential for the organization to provide specific financial burdens on the City; or
2. The organization is fiscally dependent upon the City; or
3. The nature of the relationship between the City and the organization is such that the exclusion from the financial reporting entity would render the financial statements of the City misleading.

The City included no component units in the financial statements.

**B. Basis of Presentation**

The financial reporting practices of the City conform to generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies: The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial

**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. The various funds are summarized by type in the combined financial statements. The following fund types and account groups are used by the City:

Governmental Fund Types:

General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - The special revenue funds are used to account for revenues derived from specific taxes, grants, or other restricted revenue sources. The uses and limitations of each special revenue fund are specified by city ordinances or federal and state statutes or grant provisions.

Debt Service Funds - The debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Funds - The capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

Proprietary Fund Type:

Enterprise Fund - The enterprise fund accounts for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Fund Types:

Agency Funds - Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

Account Groups:

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations. Because these assets and obligations are long-term, they are neither spendable resources nor require current appropriation.

General Fixed Assets Account Group - This account group accounts for all fixed assets required for general City purposes, excluding fixed assets of the proprietary fund type.

General Long-Term Obligations Account Group - This account group accounts for long-term obligations of the City, except those accounted for in the proprietary fund type.

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The measurement focus of governmental funds is upon the flow of current financial resources. Governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become available and measurable. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period which for City purposes is considered to be 30 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include 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 fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Those revenues considered susceptible to accrual include, but are not limited to, property taxes, franchise taxes, state levied/shared taxes, earnings tax, special assessments, interest revenue, and charges for services.

The proprietary funds' measurement focus is upon the flow of economic resources. The proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

**D. Budget**

A budget of estimated cash receipts and disbursements is submitted to the county auditor, as secretary of the county budget commission, by July 20 of each year for the period January 1 to December 31, of the following year. Annual budgets are adopted for all funds.

Estimated Resources - The county budget commission certifies its actions to the City by September 1. As part of this examination the City receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations - A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented by City Council during the year, as new information becomes available. (The budget may be revised by management without City Council approval if the revised budget does not exceed total appropriations at the fund level). Appropriations may not exceed estimated resources.

Expenditures may not legally exceed appropriations at the fund level for all budgeted funds. During the year, various supplemental appropriations were necessary.

**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

Unencumbered appropriation balances lapse at year-end and revert to the respective funds from which they were originally appropriated, thus becoming available for future appropriation.

Encumbrances - The City of Deer Park is required to use the encumbrances method of accounting by Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

Encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balances and do not represent expenditures or liabilities. The City did not have material outstanding encumbrances at year-end.

Budget Basis of Accounting

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

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - All Governmental Fund Types are presented on the budgetary basis to provide a relevant comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

- \* Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- \* Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

The adjustments necessary to convert results of operations at the end of the year on the GAAP basis to the budget basis are as follows:

**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

Excess of Revenues and Other  
Sources Over (Under)  
Expenditures and Other Uses

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
GAAP Basis (as reported)	\$268,591	\$87,444	\$175,266
Adjustments:			
Revenue Accruals, Net	(62,263)	1,440	36,115
Expenditure Accruals, Net	<u>11,852</u>	<u>(36,109)</u>	<u>(5,170)</u>
<b>BUDGET BASIS</b>	<b><u>\$ 218,180</u></b>	<b><u>\$52,775</u></b>	<b><u>\$206,211</u></b>

**E. Fixed Assets**

Fixed assets used in governmental fund type operations are accounted for in the general fixed assets account group. No depreciation is recorded for general fixed assets.

Fixed assets used in proprietary fund type operations are recorded in the enterprise fund. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The following lives are used:

Automobiles and trucks	5-20 years
Machinery and equipment	5-20 years
Buildings and improvements	15-40 years

Public domain assets (infrastructure) such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems are not capitalized.

Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value at the time received. Interest on constructed fixed assets is capitalized.

**F. Interfund Transactions**

During the course of normal operations, the City has numerous transactions among funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by City management.

**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**G. Fund Balance Reserves**

Reserves indicate portions of fund equity legally segregated for a specific future use and/or not appropriate for expenditures.

**H. Compensated Absences**

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences", the City records a liability for vacation time and sick leave when the obligation is probable and can be reasonably determined. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "compensated absences payable". The remaining portion of the liability is reported in the General Long-Term Obligations Account Group.

Compensated absences are expensed in the Enterprise Fund when earned, and the related liability is reported within the fund.

**I. Pooled Cash and Investments**

Cash balances of the City's funds are pooled and invested in short-term investments in order to provide improved cash management. Each fund's interest in the pool is presented as "Pooled Cash and Investments" on the combined balance sheet.

During the year, investments were limited to STAR Ohio. Investments are reported at fair value, which is based on quoted market prices.

The County has invested funds in the State Treasury Assets Reserve of Ohio (STAR Ohio) during the year. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for at year-end.

**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
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For purposes of the statement of cash flows and for presentation on the combined balance sheet, investments with original maturities of three months or less are considered to be cash and cash equivalents.

**J. Total Columns on Combined Financial Statements**

Total columns on the combined financial statements are captioned "Totals Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**K. Proprietary Fund Accounting**

In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting", the City applies all GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

**2. PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property, and tangible personal property used in business, located in the City. Real property taxes are levied each January 1 on the assessed value listed as of the prior January 1.

Assessed values are established by the County Auditor at 35 percent of appraised market value for real property. A revaluation of all real property is required to be completed every six years, with a statistical update every third year. The last revaluation was completed in 1997. Public utility property taxes on tangible personal property are assessed at true value (generally net book value). Tangible personal property used in business (except public utility business) is assessed at 25 percent of average value for inventories and 25 percent of true value for all other personal property.



**CITY OF DEER PARK, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001**

The property tax calendar is as follows:

Levy date	April 1, 1998
Lien date	January 1, 1998
Tax bill mailed	January 20, 1999
First installment payment due	February 15, 1999
Second installment payment due	July 15, 1999

The assessed valuation upon which the 1998 levy was based is as follows:

	Assessed <u>Value</u>
Real property (other than public utility)	\$67,609,700
Public utility real and personal tangible property	6,258,810
Tangible personal property (other than public utility)	<u>2,524,690</u>
Total Assessed Valuation	<u>\$ 76,393,200</u>

In accordance with NCGA Statement 1 property taxes that are measurable but not available at fiscal year end are recorded as a receivable with the corresponding revenue deferred until available. Delinquent property tax amounts, net of allowance for uncollectibles, are recorded if material in amount.

**3. RETIREMENT SYSTEM**

**A. Public Employees Retirement System**

Plan Description: The City of Deer Park contributes to PERS, a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code (ORC) assigns the authority to establish and amend benefit provisions to the PERS Retirement Board. PERS issues a publicly available financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio, 43215-4642 or by calling (614) 466-2085.

Funding Policy: The ORC provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. For local government employer units the rate is 13.55% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the

**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

employer's records. The contribution requirements of plan members and the City of Deer Park are established and may be amended by the PERS Retirement Board. The City's contributions for the years ending December 31, 2001, 2000, and 1999 were \$69,278, \$53,100, and \$60,328 respectively; 76 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999.

*Other Postemployment Benefits*

In addition to the pension benefit obligation described above, the PERS of Ohio also provides postemployment health care benefits to age and service retirants with ten (10) or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. A portion of each employer's contribution to PERS is set-aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions and requires employers to fund postretirement health care through their contributions to PERS. The portion of the current year employer contribution rate (identified above) that was used to fund health care for the year was 4.3 percent of covered payroll.

The significant assumptions and calculations described below were based on the PERS of Ohio's latest unaudited information as of December 31, 2000. There were 411,076 active contributing participants. Estimated net assets available for future benefits payments were \$11,735.9 million. Estimated accrued liability and the unfunded estimated accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively. Benefits are financed through employer contributions and investment earnings there on. The contributions, investment income and periodic adjustment in health care provisions are expected to be sufficient to sustain the program indefinitely.

**B. Police and Firemen's Disability and Pension Fund**

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

**CITY OF DEER PARK, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001**

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% for police officers. The City's contributions to OP&F for the years ending December 31, 2001, 2000, and 1999 were \$112,014, \$111,069, and \$112,009, respectively; 76 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999.

*Other Post-retirement Benefits*

The OP&F provides post-retirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a two-thirds basis. The Ohio Revised Code provides statutory authority for employer contributions and allows the Fund's Board of Trustees to provide post-retirement health care coverage to all eligible individuals from the employer's contributions to the OP&F. Most retirees are required to contribute a portion of the cost of their health care coverage.

The portion of the current year City contribution that was used to fund post-retirement was 7.25 percent of covered payroll for police. Funding and accounting are on a pay-as-you-go basis.

As of December 31, 2000, the number of participants eligible to receive health care benefits was 12,853 for police and 10,037 for fire. The OP&F does not provide separate data on the funded status and funding progress of post-retirement health care benefits. The Fund's total health care expenses for the year ended December 31, 2000 (latest available information) were \$106,160,054, which was net of member contributions of \$5,657,431.

**4. NOTES PAYABLE**

Notes payable activity for the City for the year ended December 31, 2001 was as follows:

	<u>Balance</u> <u>01/01/01</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/01</u>
Bond Anticipation Notes:				
Fire District, 4.89% reissued at 3.94%	\$276,000	\$ 0	\$126,000	\$150,000
Road Improvement, 3.64%	<u>0</u>	<u>200,000</u>	<u>0</u>	<u>200,000</u>
Total	<u>\$276,000</u>	<u>\$200,000</u>	<u>\$126,000</u>	<u>\$350,000</u>

**CITY OF DEER PARK, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001**

The notes are shown as a liability of the fund, which received the note proceeds.

**5. FIXED ASSETS**

A summary of changes in general fixed assets is as follows:

	<u>Balance 01/01/01</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/01</u>
Land	\$ 51,335	\$ 0	\$ 0	\$ 51,335
Buildings & Improvements	228,901	0	0	228,901
Machinery & Equipment	<u>502,367</u>	<u>37,285</u>	<u>17,706</u>	<u>521,946</u>
Total	<u>\$782,603</u>	<u>\$ 37,285</u>	<u>\$17,706</u>	<u>\$802,182</u>

A summary of changes in enterprise fund fixed assets is as follows:

	<u>Balance 12/31/01</u>
Machinery & equipment	\$46,889
Accumulated depreciation	<u>(\$13,489)</u>
Net fixed assets	<u>\$33,400</u>

**6. CASH AND INVESTMENTS**

The City 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 Pooled Cash and Investments.

**A. Legal Requirements**

Statutes require the classification of monies held by the City into three categories. Category 1 consists of "active" monies, those monies required to be kept in a "cash" or "near-cash" status for immediate use by the City. Such monies must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

Category 2 consists of "inactive" monies, those monies not required for use within the current two-year period of designation of depositories. Inactive monies may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" monies, those monies, which are not needed for immediate use but which will be needed before the end of the current period of depositories.

State legislation permits interim monies to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Non-negotiable and negotiable interest bearing time certificates of deposit and savings accounts.

**CITY OF DEER PARK, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001**

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

**B. Deposits**

At year-end, the carrying amount of the City's deposits was \$761,133 and the bank balance was \$779,960. Of the bank balance:

1. \$143,671 was covered by federal depository insurance.
2. All remaining deposits were covered by collateral held by third-party trustees pursuant to Section 135.181, Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions. The entire amount above is defined by GASB statement No. 3 as being collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

**C. Investments:**

The Governmental Accounting Standards Board has established risk categories for investments as follows:

Category 1 - Insured or registered, or securities held by the City or its agent in the City's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

Unclassified - Investments in Star Money Fund are unclassified since they are not evidenced by securities that exist in physical or book entry form.

At year-end the carrying amount and market value of investments were as follows:

<u>Description</u>	<u>Category</u>	<u>Carrying Value/ Fair Value</u>
STAR Ohio	Unclassified	\$760,838

**CITY OF DEER PARK, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001**

**7. CONTINGENCIES**

The City is a party to various legal proceedings, which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect on the financial condition of the City.

**8. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial general liability insurance against these risks and all other risks of loss, including workers' compensation and employee health and accident insurance.

There have been no significant reductions in insurance coverage from that of prior years and settlements have not exceeded insurance coverage for any of the past three fiscal years.

**9. CHANGE IN GENERAL LONG-TERM OBLIGATIONS**

	<u>2000</u>	<u>Increase</u>	<u>2001</u>
Compensated Absences	\$ 84,054	\$49,997	\$134,051
Accrued Wages & Benefits	<u>36,440</u>	<u>6,832</u>	<u>43,272</u>
Total	<u>\$120,494</u>	<u>\$56,829</u>	<u>\$177,323</u>

**10. ACCOUNTABILITY AND COMPLIANCE**

- a. The Capital Projects Fund has a deficit fund balance of (\$31,535).
- b. The local fines due the first Monday of the month were not distributed to the City until year end.
- c. The City failed to obtain prior certification by the Auditor for their expenditures.
- d. The City transferred funds before the Court of Common Pleas approved the transfer.

**11. CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2001, the City has implemented GASB Statement No.33, "Accounting and Financial Reporting for Nonexchange Transactions". At December 31, 2000 there was no effect on fund balance as a result of implementing GASB 33.

**CITY OF DEER PARK  
HAMILTON COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Agency
<b>ASSETS AND OTHER DEBITS:</b>						
<b>Assets:</b>						
Pooled cash and investments	\$600,878	\$85,380	\$0	\$96,839	\$84,164	\$21
Receivables (net of allowance for uncollectables):						
Taxes	518,024	28,499	0	0	0	0
Accounts	12,339	0	0	0	20,024	0
Intergovernmental	32,471	12,918	0	0	0	0
Fixed assets (net, where applicable of accumulated depreciation)	0	0	0	0	13,200	0
Amount to be provided for retirement of general long-term obligations	0	0	0	0	0	0
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b><u>\$1,163,712</u></b>	<b><u>\$126,797</u></b>	<b><u>\$0</u></b>	<b><u>\$96,839</u></b>	<b><u>\$117,388</u></b>	<b><u>\$21</u></b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>						
<b>Liabilities:</b>						
Accounts payable	\$19,524	\$3,520	\$0	\$17,330	\$20,873	\$0
Accrued wages and benefits	40,025	1,991	0	0	0	0
Interest payable	0	0	0	10,310	0	0
Compensated absences	535	41,417	0	0	0	0
Due to others	0	0	0	0	0	21
Deferred revenue	470,552	28,499	0	0	6,007	0
Notes payable	0	0	0	276,000	0	0
<b>Total Liabilities</b>	<b><u>530,636</u></b>	<b><u>75,427</u></b>	<b><u>0</u></b>	<b><u>303,640</u></b>	<b><u>26,880</u></b>	<b><u>21</u></b>
<b>Equity and Other Credits:</b>						
Investment in general fixed assets	0	0	0	0	0	0
Retained earnings - unreserved	0	0	0	0	90,508	0
Fund Balances:						
Unreserved, undesignated	633,076	51,370	0	(206,801)	0	0
<b>Total Equity and Other Credits</b>	<b><u>633,076</u></b>	<b><u>51,370</u></b>	<b><u>0</u></b>	<b><u>(206,801)</u></b>	<b><u>90,508</u></b>	<b><u>0</u></b>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b><u>\$1,163,712</u></b>	<b><u>\$126,797</u></b>	<b><u>\$0</u></b>	<b><u>\$96,839</u></b>	<b><u>\$117,388</u></b>	<b><u>\$21</u></b>

See accompanying notes.

(Continued)



Account Groups		Totals
General Fixed Assets	General Long-Term Obligations	(Memorandum Only)
\$0	\$0	\$867,282
0	0	546,523
0	0	32,363
0	0	45,389
782,603	0	795,803
0	120,494	120,494
<u>\$782,603</u>	<u>\$120,494</u>	<u>\$2,407,854</u>

\$0	\$0	\$61,247
0	36,440	78,456
0	0	10,310
0	84,054	126,006
0	0	21
0	0	505,058
0	0	276,000
0	120,494	1,057,098

782,603	0	782,603
0	0	90,508
0	0	477,645
782,603	0	1,350,756
<u>\$782,603</u>	<u>\$120,494</u>	<u>\$2,407,854</u>

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**CITY OF DEER PARK  
HAMILTON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED 31, 2000**

	Governmental Fund Types				Totals
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)
<b>REVENUES:</b>					
Taxes	\$1,324,244	\$24,964	\$0	\$0	\$1,349,208
Fines, licenses and permits	71,056	886	0	0	71,942
Intergovernmental	363,405	190,706	0	121,412	675,523
Special assessments	553	0	0	0	553
Interest	71,545	1,134	0	0	72,679
Other	73,466	41,514	0	5,677	120,657
<b>Total Revenues</b>	<b>1,904,269</b>	<b>259,204</b>	<b>0</b>	<b>127,089</b>	<b>2,290,562</b>
<b>EXPENDITURES:</b>					
Current:					
General government	606,083	373	0	0	606,456
Public safety	893,931	48,559	0	0	942,490
Public health and welfare	4,729	0	0	0	4,729
Leisure time activities	40,756	11,736	0	0	52,492
Community development	26,044	12,469	0	0	38,513
Transportation and street repair	197,730	169,224	0	0	366,954
Capital outlay	0	69,314	0	352,512	421,826
Debt service:					
Interest and Fiscal Charges	259	0	0	14,802	15,061
<b>Total Expenditures</b>	<b>1,769,532</b>	<b>311,675</b>	<b>0</b>	<b>367,314</b>	<b>2,448,521</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>318,579</b>	<b>(52,471)</b>	<b>0</b>	<b>(240,225)</b>	<b>(157,959)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers - in	0	0	0	140,318	140,318
Operating transfers - (out)	(140,318)	0	0	0	(140,318)
Other sources (uses)	27,308	0	(9,116)	(18,192)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(113,010)</b>	<b>0</b>	<b>(9,116)</b>	<b>122,126</b>	<b>0</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>21,727</b>	<b>(52,471)</b>	<b>(9,116)</b>	<b>(118,099)</b>	<b>(157,959)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>611,349</b>	<b>103,841</b>	<b>9,116</b>	<b>(88,702)</b>	<b>635,604</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$633,076</b>	<b>\$51,370</b>	<b>\$0</b>	<b>(\$206,801)</b>	<b>\$477,645</b>

See accompanying notes.

**CITY OF DEER PARK, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 NON-GAAP BASIS ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>						
Local Taxes	\$1,210,000	\$1,328,039	\$118,039	\$27,000	\$24,964	(\$2,036)
Intergovernmental	127,000	422,512	295,512	164,000	188,829	24,829
Fines, licenses and permits	61,550	70,971	9,421	1,000	886	(114)
Interest revenue	43,395	71,545	28,150	863	1,134	271
Special assessments	500	553	53	0	0	0
All other revenues	57,550	68,336	10,786	10,500	41,514	31,014
Total Revenues	<u>1,499,995</u>	<u>1,961,956</u>	<u>461,961</u>	<u>203,363</u>	<u>257,327</u>	<u>53,964</u>
<b>EXPENDITURES:</b>						
Current:						
Public safety	959,300	927,250	32,050	17,720	9,098	8,622
Public health and welfare	5,000	4,729	271	0	0	0
Leisure time activities	43,200	41,064	2,136	0	11,736	(11,736)
Community development	26,850	23,578	3,272	12,400	12,469	(69)
Transportation and street repair	218,000	203,577	14,423	189,000	167,854	21,146
General government	859,138	604,488	254,650	0	0	0
Capital outlay	0	0	0	30,200	69,314	(39,114)
Debt Service:						
Principal	0	124,000	(124,000)	0	0	0
Interest and fiscal charges	0	16,577	(16,577)	0	0	0
Total Expenditures	<u>2,111,488</u>	<u>1,945,263</u>	<u>166,225</u>	<u>249,320</u>	<u>270,471</u>	<u>(21,151)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(611,493)</u>	<u>16,693</u>	<u>628,186</u>	<u>(45,957)</u>	<u>(13,144)</u>	<u>32,813</u>
Other Financing Sources (Uses):						
Other Financing Sources	27,308	27,308	0	0	0	0
Other Financing Uses	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>27,308</u>	<u>27,308</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(584,185)</u>	<u>44,001</u>	<u>628,186</u>	<u>(45,957)</u>	<u>(13,144)</u>	<u>32,813</u>
Fund Balance at Beginning of Year	<u>556,879</u>	<u>556,879</u>	<u>0</u>	<u>98,523</u>	<u>98,523</u>	<u>0</u>
Fund Balance at End of Year	<u>(\$27,306)</u>	<u>\$600,880</u>	<u>\$628,186</u>	<u>\$52,566</u>	<u>\$85,379</u>	<u>\$32,813</u>

See accompanying notes.

(Continued)

Debt Service Fund			Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0	1,237,000	1,353,003	116,003
0	0	0	7,500	121,412	113,912	298,500	732,753	434,253
0	0	0	0	0	0	62,550	71,857	9,307
0	0	0	0	0	0	44,258	72,679	28,421
0	0	0	0	5,677	5,677	500	6,230	5,730
0	0	0	0	0	0	68,050	109,850	41,800
0	0	0	7,500	127,089	119,589	1,710,858	2,346,372	635,514
0	0	0	0	0	0	977,020	936,348	40,672
0	0	0	0	0	0	5,000	4,729	271
0	0	0	0	0	0	43,200	52,800	(9,600)
0	0	0	0	0	0	39,250	36,047	3,203
0	0	0	0	0	0	407,000	371,431	35,569
0	0	0	0	0	0	859,138	604,488	254,650
0	0	0	297,208	338,275	(41,067)	327,408	407,589	(80,181)
0	0	0	0	0	0	0	124,000	(124,000)
0	0	0	0	0	0	0	16,577	(16,577)
0	0	0	297,208	338,275	(41,067)	2,658,016	2,554,009	104,007
0	0	0	(289,708)	(211,186)	78,522	(947,158)	(207,637)	739,521
0	0	0	0	0	0	27,308	27,308	0
(9,116)	(9,116)	0	(18,192)	(18,192)	0	(27,308)	(27,308)	0
(9,116)	(9,116)	0	(18,192)	(18,192)	0	0	0	0
(9,116)	(9,116)	0	(307,900)	(229,378)	78,522	(947,158)	(207,637)	739,521
9,116	9,116	0	326,217	326,217	0	990,735	990,735	0
\$0	\$0	\$0	\$18,317	\$96,839	\$78,522	\$43,577	\$783,098	\$739,521

**CITY OF DEER PARK  
HAMILTON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
ENTERPRISE FUND  
FOR THE YEAR ENDED 31, 2000**

	Proprietary Fund Type
	<u>Enterprise</u>
OPERATING REVENUES:	
Charges for services	\$271,076
Total Operating Revenue	271,076
OPERATING EXPENSES:	
Personal services	2,643
Contractual Services	237,952
Supplies and materials	3,596
Depreciation	2,200
Total Operating Expenses	246,391
NET INCOME	24,685
RETAINED EARNINGS BEGINNING OF YEAR	65,823
RETAINED EARNINGS END OF YEAR	\$90,508

See accompanying notes.

**CITY OF DEER PARK  
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE YEAR ENDED 31, 2000**

	Proprietary Fund Type
	<u>Enterprise</u>
OPERATING ACTIVITIES:	
Operating income	\$24,685
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,200
Changes in assets and liabilities:	
Increase in receivables	(3,008)
Decrease in accounts payable	(23)
Increase in deferred revenue	902
	<u>24,756</u>
Net Cash Provided by Operating Activities	<u>24,756</u>
NET INCREASE IN CASH	24,756
CASH BEGINNING OF YEAR	<u>59,408</u>
CASH END OF YEAR	<u>\$84,164</u>

See accompanying notes.

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**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The City operates under a seven-member council. An elected City Auditor is responsible for fiscal control of the resources of the City. Services provided by the City include public services, public safety, recreation, and development.

For financial reporting purposes, the City's financial statements include all funds and account groups of the primary government (the City). Potential component units were considered for inclusion in the financial statements. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e. the City) are financially accountable. The City would consider an organization to be a component unit if:

1. The City appoints a voting majority of the organization's governing body; and (a) is able to impose its will on that organization; or (b) there is a potential for the organization to provide specific financial burdens on the City; or
2. The organization is fiscally dependent upon the City; or
3. The nature of the relationship between the City and the organization is such that the exclusion from the financial reporting entity would render the financial statements of the City misleading.

The City included no component units in the financial statements.

**B. Basis of Presentation**

The financial reporting practices of the City conform to generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies: The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial

**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2000**

reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. The various funds are summarized by type in the combined financial statements. The following fund types and account groups are used by the City:

Governmental Fund Types:

General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - The special revenue funds are used to account for revenues derived from specific taxes, grants, or other restricted revenue sources. The uses and limitations of each special revenue fund are specified by city ordinances or federal and state statutes or grant provisions.

Debt Service Funds - The debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Funds - The capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

Proprietary Fund Type:

Enterprise Fund - The enterprise fund accounts for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Fund Types:

Agency Funds - Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2000**

Account Groups:

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations. Because these assets and obligations are long-term, they are neither spendable resources nor require current appropriation.

General Fixed Assets Account Group - This account group accounts for all fixed assets required for general City purposes, excluding fixed assets of the proprietary fund type.

General Long-Term Obligations Account Group - This account group accounts for long-term obligations of the City, except those accounted for in the proprietary fund type.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The measurement focus of governmental funds is upon the flow of current financial resources. Governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become available and measurable. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period which for City purposes is considered to be 30 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Those revenues considered susceptible to accrual include, but are not limited to, property taxes, franchise taxes, state levied/shared taxes, earnings tax, special assessments, interest revenue, and charges for services.

The proprietary funds' measurement focus is upon the flow of economic resources. The proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2000**

D. Budget

A budget of estimated cash receipts and disbursements is submitted to the county auditor, as secretary of the county budget commission, by July 20 of each year for the period January 1 to December 31, of the following year. Annual budgets are adopted for all funds.

Estimated Resources - The county budget commission certifies its actions to the City by September 1. As part of this examination the City receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations - A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented by City Council during the year, as new information becomes available. (The budget may be revised by management without City Council approval if the revised budget does not exceed total appropriations at the fund level). Appropriations may not exceed estimated resources.

Expenditures may not legally exceed appropriations at the fund level for all budgeted funds. During the year, various supplemental appropriations were necessary.

Unencumbered appropriation balances lapse at year-end and revert to the respective funds from which they were originally appropriated, thus becoming available for future appropriation.

Encumbrances - The City of Deer Park is required to use the encumbrances method of accounting by Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

Encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balances and do not represent expenditures or liabilities. The City did not have material outstanding encumbrances at year-end.

**CITY OF DEER PARK, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2000**

Budget Basis of Accounting

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

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - All Governmental Fund Types are presented on the budgetary basis to provide a relevant comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

- \* Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- \* Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

The adjustments necessary to convert results of operations at the end of the year on the GAAP basis to the budget basis are as follows:

	<u>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis (as reported)	\$21,727	(\$52,471)	(\$9,116)	(\$118,099)
Adjustments:				
Revenue Accruals, Net	(57,687)	(1,877)	0	(140,318)
Expenditure Accruals, Net	<u>(35,413)</u>	<u>(41,204)</u>	<u>9,116</u>	<u>(29,039)</u>
 BUDGET BASIS	 <u>\$44,001</u>	 <u>(\$ 13,144)</u>	 <u>\$ 0</u>	 <u>(\$229,378)</u>

E. Fixed Assets

Fixed assets used in governmental fund type operations are accounted for in the general fixed assets account group. No depreciation is recorded for general fixed assets.

**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2000**

Fixed assets used in proprietary fund type operations are recorded in the enterprise fund. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The following lives are used:

Automobiles and trucks	5-20 years
Machinery and equipment	5-20 years
Buildings and improvements	15-40 years

Public domain assets (infrastructure) such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems are not capitalized.

Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value at the time received. Interest on constructed fixed assets is capitalized.

F. Interfund Transactions

During the course of normal operations, the City has numerous transactions among funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by City management.

G. Fund Balance Reserves

Reserves indicate portions of fund equity legally segregated for a specific future use and/or not appropriate for expenditures.

H. Grants and Other Intergovernmental Revenues

Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

I. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences", the City records a liability for vacation time and sick leave when the obligation is probable and can be reasonably determined. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is

**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2000**

reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "compensated absences payable". The remaining portion of the liability is reported in the General Long-Term Obligations Account Group.

Compensated absences are expensed in the Enterprise Fund when earned, and the related liability is reported within the fund.

**J. Pooled Cash and Investments**

Cash balances of the City's funds are pooled and invested in short-term investments in order to provide improved cash management. Each fund's interest in the pool is presented as "Pooled Cash and Investments" on the combined balance sheet.

During the year, investments were limited to STAR Ohio. Investments are reported at fair value, which is based on quoted market prices.

The County has invested funds in the State Treasury Assets Reserve of Ohio (STAR Ohio) during the year. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for at year-end.

For purposes of the statement of cash flows and for presentation on the combined balance sheet, investments with original maturities of three months or less are considered to be cash and cash equivalents.

**K. Total Columns on Combined Financial Statements**

Total columns on the combined financial statements are captioned "Totals Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**CITY OF DEER PARK, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2000**

L. Proprietary Fund Accounting

In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting", the City applies all GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

**2. PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property, and tangible personal property used in business, located in the City. Real property taxes are levied each January 1 on the assessed value listed as of the prior January 1.

Assessed values are established by the County Auditor at 35 percent of appraised market value for real property. A revaluation of all real property is required to be completed every six years, with a statistical update every third year. The last revaluation was completed in 1997. Public utility property taxes on tangible personal property are assessed at true value (generally net book value). Tangible personal property used in business (except public utility business) is assessed at 25 percent of average value for inventories and 25 percent of true value for all other personal property.

The property tax calendar is as follows:

Levy date	April 1, 1998
Lien date	January 1, 1998
Tax bill mailed	January 20, 1999
First installment payment due	February 15, 1999
Second installment payment due	July 15, 1999

The assessed valuation upon which the 1998 levy was based is as follows:

	<u>Assessed Value</u>
Real property (other than public utility)	\$67,609,700
Public utility real and personal tangible property	6,258,810
Tangible personal property (other than public utility)	<u>2,524,690</u>
Total Assessed Valuation	<u>\$ 76,393,200</u>



**CITY OF DEER PARK, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2000**

In accordance with NCGA Statement 1 property taxes that are measurable but not available at fiscal year end are recorded as a receivable with the corresponding revenue deferred until available. Delinquent property tax amounts, net of allowance for uncollectibles, are recorded if material in amount.

**3. RETIREMENT SYSTEM**

A. Public Employees Retirement System

Plan Description: The City of Deer Park contributes to PERS, a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code (ORC) assigns the authority to establish and amend benefit provisions to the PERS Retirement Board. PERS issues a publicly available financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio, 43215-4642 or by calling (614) 466-2085.

Funding Policy: The ORC provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. For local government employer units the rate is 10.84% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The contribution requirements of plan members and the City of Deer Park are established and may be amended by the PERS Retirement Board. The City's contributions for the years ending December 31, 2000, 1999, and 1998 were \$53,100, \$60,328 and \$67,212 respectively; 82 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998.

*Other Postemployment Benefits*

In addition to the pension benefit obligation described above, the PERS of Ohio also provides postemployment health care benefits to age and service retirants with ten (10) or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. A portion of each employer's contribution to PERS is set-aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions and requires employers to fund postretirement health care through their contributions to PERS. The portion of the current year employer contribution rate (identified above) that was used to fund health care for the year was 4.3 percent of covered payroll, which amounted to \$21,064.

**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2000**

The significant assumptions and calculations described below were based on the PERS of Ohio's latest unaudited information as of December 31, 1999. There were 401,339 active contributing participants. Estimated net assets available for future benefits payments were \$10,805.5 million. Estimated accrued liability and the unfunded estimated accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively. Benefits are financed through employer contributions and investment earnings there on. The contributions, investment income and periodic adjustment in health care provisions are expected to be sufficient to sustain the program indefinitely.

For 2000, the Retirement board enacted a temporary employer contribution rate rollback. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for both the state and local government divisions and 6% for law enforcement divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

**B. Police and Firemen's Disability and Pension Fund**

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% for police officers. The City's contributions to PFDPF for the years ending December 31, 2000, 1999, and 1998 were \$111,069, \$112,009, and \$115,476, respectively; 76 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998.

**CITY OF DEER PARK, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2000**

*Other Post-retirement Benefits*

The PFDPF System of Ohio provides post-retirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a two-thirds basis. The Ohio Revised Code provides statutory authority for employer contributions and allows the Fund's Board of Trustees to provide post-retirement health care coverage to all eligible individuals from the employer's contributions to the PFDPF System of Ohio. Most retirees are required to contribute a portion of the cost of their health care coverage.

The portion of the current year City contribution that was used to fund post-retirement health care benefits was \$41,305 representing 7.25 percent of covered payroll for police. Funding and accounting are on a pay-as-you-go basis.

As of December 31, 1999, the number of participants eligible to receive health care benefits was 12,467 for police and 9,807 for fire. The PFDPF System of Ohio does not provide separate data on the funded status and funding progress of post-retirement health care benefits. The Fund's total health care expenses for the year ended December 31, 1999 (latest available information) were \$95,004,633, which was net of member contributions of \$5,518,098.

**4. NOTES PAYABLE**

Notes payable activity for the City for the year ended December 31, 2000 was as follows:

	<u>Balance</u> <u>01/01/00</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/00</u>
Bond Anticipation Notes:				
Fire District, 3.89% reissued at 4.89%	\$400,000	\$ 0	\$124,000	\$276,000

The notes are shown as a liability of the fund, which received the note proceeds.

**CITY OF DEER PARK, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2000**

**5. FIXED ASSETS**

A summary of changes in general fixed assets is as follows:

	<u>Balance 01/01/00</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/00</u>
Land	\$ 51,335	\$ 0	\$ 0	\$ 51,335
Buildings & Improvements	228,901	0	0	228,901
Machinery & Equipment	<u>1,246,394</u>	<u>6,652</u>	<u>750,679</u>	<u>502,367</u>
Total	<u>\$1,526,630</u>	<u>\$ 6,652</u>	<u>\$750,679</u>	<u>\$782,603</u>

A summary of changes in enterprise fund fixed assets is as follows:

	<u>Balance 12/31/00</u>
Machinery & equipment	\$22,000
Accumulated depreciation	<u>(\$8,800)</u>
Net fixed assets	<u>\$13,200</u>

**6. CASH AND INVESTMENTS**

The City 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 Pooled Cash and Investments.

**A. Legal Requirements**

Statutes require the classification of monies held by the City into three categories. Category 1 consists of "active" monies, those monies required to be kept in a "cash" or "near-cash" status for immediate use by the City. Such monies must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
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Category 2 consists of "inactive" monies, those monies not required for use within the current two-year period of designation of depositories. Inactive monies may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" monies, those monies, which are not needed for immediate use but which will be needed before the end of the current period of depositories.

State legislation permits interim monies to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Non-negotiable and negotiable interest bearing time certificates of deposit and savings accounts.

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

**B. Deposits**

At year-end, the carrying amount of the City's deposits was \$136,717 and the bank balance was \$154,380. Of the bank balance:

1. \$128,280 was covered by federal depository insurance.
2. All remaining deposits were covered by collateral held by third-party trustees pursuant to Section 135.181, Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions. The entire amount above is defined by GASB statement No. 3 as being collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

**C. Investments:**

The Governmental Accounting Standards Board has established risk categories for investments as follows:

Category 1 - Insured or registered, or securities held by the City or its agent in the City's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

Unclassified - Investments in Star Money Fund are unclassified since they are not evidenced by securities that exist in physical or book entry form.

**CITY OF DEER PARK, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2000**

At year-end the carrying amount and market value of investments were as follows:

<u>Description</u>	<u>Category</u>	<u>Carrying Value/ Fair Value</u>
STAR Ohio	Unclassified	\$730,565

**7. CONTINGENCIES**

The City is a party to various legal proceedings, which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect on the financial condition of the City.

**8. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial general liability insurance against these risks and all other risks of loss, including workers' compensation and employee health and accident insurance.

There have been no significant reductions in insurance coverage from that of prior years and settlements have not exceeded insurance coverage for any of the past three fiscal years.

**9. CHANGE IN GENERAL LONG-TERM OBLIGATIONS**

	<u>1999</u>	<u>Increase</u>	<u>Decrease</u>	<u>2000</u>
Accrued Wages & Benefits	\$ 0	\$36,440	\$ 0	\$36,440
Compensated Absences	<u>109,788</u>	<u>0</u>	<u>(25,734)</u>	<u>84,054</u>
Total	<u>\$109,788</u>	<u>\$36,440</u>	<u>(\$25,734)</u>	<u>\$120,494</u>

**CITY OF DEER PARK, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2000**

**10. COMPLIANCE AND ACCOUNTABILITY**

Capital Projects Fund

- a. The Capital Projects Fund had a deficit fund balance of (\$206,801). The deficit was caused by the application of generally accepted accounting principles to the financial reporting of these funds. The general fund provides transfers to cover deficit balances; however this is done when cash is needed rather than when accruals occur.
- b. The City did not maintain remittance stubs for waste collection receipts.
- c. Local fines due the first Monday of the month were not distributed to the City until year-end.
- d. The City failed to obtain the prior certification by the Treasurer for their expenditures.





STATE OF OHIO  
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

City of Deer Park  
Hamilton County  
4250 Matson Avenue  
Deer Park, Ohio 45236

To the City Council:

We have audited the financial statements of the City of Deer Park, Hamilton County, Ohio (the City), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated October 9, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2001-20431-001 through 2001-20431-004. We also noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated October 9, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-20431-003 through 2001-20431-005.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider reportable condition 2001-20431-005 to be a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated October 9, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

**Jim Petro**  
Auditor of State

October 9, 2002

**CITY OF DEER PARK  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

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

**FINDING NUMBER 2001-20431-001**

**Noncompliance**

Ohio Rev. Code, Section 149.351(A), provides that all records are the property of the public office and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Sections 149.42, Ohio Rev. Code.

The City did not maintain remittance stubs for fiscal year 2000 waste collection receipts. This was corrected in January 2001. We were able to satisfy the amount reflected in the financial statements through other auditing procedures.

**FINDING NUMBER 2001-20431-002**

**Noncompliance**

Ohio Rev. Code, Section 733.40, provides that all fines, costs, or other revenue collected by the Mayor which is due to the City be distributed to the City the first Monday of the following month. This section also requires that all fines and forfeitures collected by the mayor in state cases, together with all fees and expenses collected which have been advanced out of the county treasury, shall be paid by him to the county treasury on the first business day of each month. All court costs and fees collected by the mayor in state cases shall be paid by him into the municipal treasury on the first business day of each month.

During 2001 and 2000, the local fines were not distributed to the City until the end of the year. We recommend the Mayor's Court Clerk disburse the required funds to the City monthly and submit a report to City Council outlining the receipts, disbursements, and cash balances.

**FINDING NUMBER 2001-20431-003**

**Noncompliance/ Reportable Condition**

Ohio Rev. Code, Section 5705.41(D), prohibits a subdivision or taxing unit from making any contract or order involving the disbursement of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

- A. If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the City may authorize the issuance of a warrant in payment of amount due upon such contract or order by resolution within thirty (30) days from the receipt of such certificate;
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid with such certification, but without affirmation of the City, if such expenditures are otherwise valid.

**FINDING NUMBER 2001-20431-003  
(Continued)**

Contrary to the above requirements, the City failed to obtain the prior certification of the Treasurer for 97% of their expenditures during the audit period, and neither exception applied. Failure to properly encumber expenditures and monitor appropriations can result in overspending funds and negative cash fund balances. Therefore, we recommend the City obtain approved purchase orders, which contain the Treasurer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

**FINDING NUMBER 2001-20431-004**

**Noncompliance/ Reportable Condition**

Ohio Rev. Code, Section 5705.14(B), requires a council resolution and court approval prior to transferring money to the general fund the unexpended balance in any specific permanent improvement fund. During 2001, the City approved and made a transfer of \$76,244 from the Blue Ash Road Improvement Capital Project Fund to the General Fund. The City filed for approval of the transfer with the Court of Common Pleas but the approval was not received until 2002. The City must receive the approval from the Court of Common Pleas prior to making transfers.

**FINDING NUMBER 2001-20431-005**

**Reportable Condition/Material Weakness**

A lack of segregation of duties exists in the Waste Collections department. There is one clerk performing the billing, collection, posting, and depositing of all money. Monthly receipt ledgers are not printed and maintained and no monthly reconciliations between the waste department ledgers and the City ledgers are performed. There was no policy for the collection of delinquent accounts and no consistency in the process of writing off uncollectible accounts.

We recommend the monthly reports be printed and retained. The City Auditor should review the ledgers monthly and reconciles the Waste ledgers to the City ledgers to ensure accuracy and completeness. We further recommend the City develop a policy for monitoring, collecting, and the approval of writing off bad debt accounts. This policy should be approved by the City Council in the minutes. These procedures will aid in detecting posting errors and reducing the risk of misappropriation of funds.

**CITY OF DEER PARK  
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-20431-001	Revised Code 733.40, failure to distribute Mayor's Court funds to City and State.	No	Partially corrected. Distributions to State are timely. Distributions to city are made once a year. Reissued as finding 2001-20432-002.
1999-20431-002	Revised Code 149.351(A), destruction of records for Waste collections.	No	Not corrected in 2000, but corrected in January 2001. Reissued as finding 2000-20431-001.
1999-20431-003	Revised Code 5702.42, failure to record Ohio Public Works funds.	Yes	All Ohio Public Works money was properly posted during the audit period.
1999-20431-004	Revised Code 5705.41(D), failure to encumber.	No	Not corrected. Ninety-seven per cent of 97% of expenditures were not certified prior to commitment. Reissued as finding 2000-20431-003.
1999-20431-005	Revised Code 5705.41(B), expenditures exceeded appropriations.	Yes	Corrected.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**CITY OF DEER PARK**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 12, 2002**