

**CITY OF DEER PARK  
HAMILTON COUNTY  
REGULAR AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2007**





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Deer Park, Hamilton County, prepared by Cassady Schiller & Associates Inc., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Deer Park is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

March 23, 2009

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**CITY OF DEER PARK**  
**YEAR ENDED DECEMBER 31, 2007**

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INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Deer Park, Ohio



We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Deer Park, Ohio, as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Deer Park, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Deer Park, Ohio, as of December 31, 2007, and the respective changes in financial position, and cash flows, where applicable, thereof for the year 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 November 24, 2008, on our consideration of the City of Deer Park, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 40 through 44, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

CERTIFIED PUBLIC ACCOUNTANTS

4705 Lake Forest Drive  
Cincinnati, Ohio 45242  
513/483.6699 Fax: 513.483.6690  
800/378.8606



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Deer Park, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, consisting of the letters 'CSA' in a cursive, stylized font.

November 24, 2008

City of Deer Park  
Hamilton County, Ohio  
Management's Discussion and Analysis  
*(Unaudited)*  
For the Year Ended December 31, 2007

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Deer Park's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2007.

**FINANCIAL HIGHLIGHTS**

- The City's total net assets increased \$1,190,577. Net assets of governmental activities increased \$1,196,662, net assets of business-type activities decreased by \$6,085.
- The General Fund reported a net change in fund balance of \$293,388.
- Business-type operations reflected an operating loss of \$6,085.

**USING THIS ANNUAL FINANCIAL REPORT**

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

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

**REPORTING THE CITY AS A WHOLE**

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

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

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2007?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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



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

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

## REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

### *Fund Financial Statements*

Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and other funds may be established by the City, with approval of the Council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City's major funds include the General Fund, Street Maintenance Fund, M.M.V.L.T. Fund, Galbraith Road Improvement Fund, Municipal Building Bond Retirement Fund and Matson and Gail Improvement Fund.

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

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

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

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

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

*Notes to the Financial Statements*

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

**THE CITY AS A WHOLE**

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2007 compared to 2006.

TABLE 1 - NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Assets</b>						
Current and Other Assets	\$ 3,441,327	\$ 2,600,083	\$ (60,702)	\$ (36,806)	\$ 3,380,625	\$ 2,563,277
Capital Assets, Net	<u>3,279,655</u>	<u>2,933,634</u>	<u>25,800</u>	<u>31,110</u>	<u>3,305,455</u>	<u>2,964,744</u>
Total Assets	<u>6,720,982</u>	<u>5,533,717</u>	<u>(34,902)</u>	<u>(5,696)</u>	<u>6,686,080</u>	<u>5,528,021</u>
<b>Liabilities</b>						
Current and Other Liabilities	1,443,036	1,322,937	2,357	25,478	1,445,393	1,348,415
Long-Term Liabilities	<u>2,732,483</u>	<u>2,861,979</u>	<u>-</u>	<u>-</u>	<u>2,732,483</u>	<u>2,861,979</u>
Total Liabilities	<u>4,175,519</u>	<u>4,184,916</u>	<u>2,357</u>	<u>25,478</u>	<u>4,177,876</u>	<u>4,210,394</u>
<b>Net Assets</b>						
Invested in Capital Assets,						
Net of Debt	679,655	250,353	25,800	31,110	705,455	281,463
Restricted	698,433	306,255	-	-	698,433	306,255
Unrestricted	<u>1,167,375</u>	<u>792,193</u>	<u>(63,059)</u>	<u>(62,284)</u>	<u>1,104,316</u>	<u>729,909</u>
Total Net Assets	<u>\$ 2,545,463</u>	<u>\$ 1,348,801</u>	<u>\$ (37,259)</u>	<u>\$ (31,174)</u>	<u>\$ 2,508,204</u>	<u>\$ 1,317,627</u>

City of Deer Park  
Hamilton County, Ohio  
Management's Discussion and Analysis  
*(Unaudited)*  
For the Year Ended December 31, 2007

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Total net assets of the City as a whole increased \$1,190,577. Net assets of the City's governmental activities increased \$1,196,662, while the net assets of the City's business-type activities decreased \$6,085 from 2006. The City had an unrestricted net assets balance of \$1,167,375 for the governmental activities that may be used to meet the government's ongoing obligations to citizens and creditors. Current and other assets increased mainly due to an increase property taxes receivable due to the City.

***Governmental Activities***

The 1.5% income tax is the largest source of revenue for the City. Revenues generated by the earnings tax represent 78% of the City's governmental activities general revenues. General Revenues increased mainly due to an increase in income tax and property tax monies received in 2007 compared to 2006. General Government expenses increased due to general inflationary costs.

The changes in net assets for 2007 and 2006 are outlined in Table 2.

City of Deer Park  
Hamilton County, Ohio  
Management's Discussion and Analysis  
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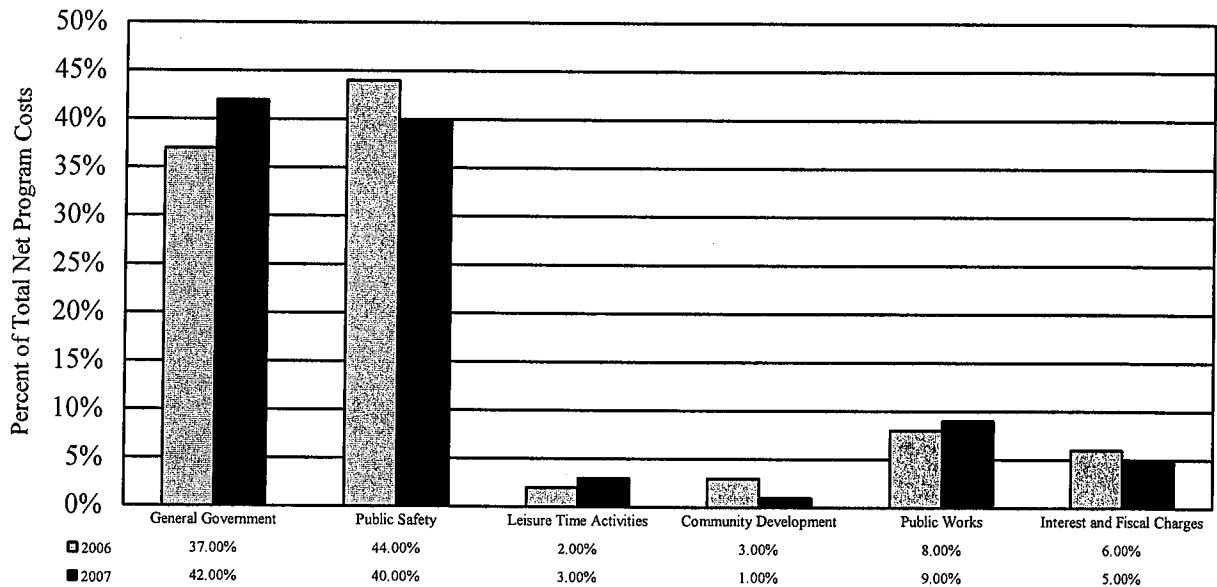
TABLE 2 - CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 252,569	\$ 169,277	\$ 287,104	\$ 231,400	\$ 539,673	\$ 400,677
Operating Grants and Contributions	438,108	329,454	-	-	438,108	329,454
Capital Grants and Contributions	656,139	556	-	-	656,139	556
<b>Total Program Revenues</b>	<b>1,346,816</b>	<b>499,287</b>	<b>287,104</b>	<b>231,400</b>	<b>1,633,920</b>	<b>730,687</b>
<b>General Revenues</b>						
Income Taxes	1,860,334	1,702,494	-	-	1,860,334	1,702,494
Property and Other Taxes	476,469	332,413	-	-	476,469	332,413
Grants and Entitlements	-	152,538	-	-	-	152,538
Unrestricted Contributions	596	11,103	-	-	596	11,103
Investment Earnings	52,069	28,716	-	-	52,069	28,716
Miscellaneous	-	82,091	-	-	-	82,091
<b>Total General Revenues</b>	<b>2,389,468</b>	<b>2,309,355</b>	<b>-</b>	<b>-</b>	<b>2,389,468</b>	<b>2,309,355</b>
<b>Total Revenues</b>	<b>3,736,284</b>	<b>2,808,642</b>	<b>287,104</b>	<b>231,400</b>	<b>4,023,388</b>	<b>3,040,042</b>
<b>Program Expenses</b>						
General Government	1,052,603	940,751	-	-	1,052,603	940,751
Public Safety	1,011,276	1,133,680	-	-	1,011,276	1,133,680
Public Works	236,249	201,964	-	-	236,249	201,964
Public Health and Welfare	-	5,385	-	-	-	5,385
Leisure Time Activities	72,355	61,361	-	-	72,355	61,361
Community Development	29,008	67,756	-	-	29,008	67,756
Interest and Fiscal Charges	138,131	140,489	-	-	138,131	140,489
Basic Utility Services	-	4,093	-	-	-	4,093
Waste Collection and Disposal	-	-	293,189	354,405	293,189	354,405
<b>Total Expenses</b>	<b>2,539,622</b>	<b>2,555,479</b>	<b>293,189</b>	<b>354,405</b>	<b>2,832,811</b>	<b>2,909,884</b>
<b>Increase in Net Assets</b>	<b>1,196,662</b>	<b>253,163</b>	<b>(6,085)</b>	<b>(123,005)</b>	<b>1,190,577</b>	<b>130,158</b>
<b>Net Assets Beginning of Year</b>	<b>1,348,801</b>	<b>1,095,638</b>	<b>(31,174)</b>	<b>91,831</b>	<b>1,317,627</b>	<b>1,187,469</b>
<b>Net Assets End of Year</b>	<b>\$ 2,545,463</b>	<b>\$ 1,348,801</b>	<b>\$ (37,259)</b>	<b>\$ (31,174)</b>	<b>\$ 2,508,204</b>	<b>\$ 1,317,627</b>

When looking at the sources of income to support operations, it should be noted that charges for services are only 7% of revenue, while 62% of revenue is derived from income, property and other taxes. The City relies on these taxes to furnish the quality of life to businesses and citizens.

City of Deer Park  
Hamilton County, Ohio  
Management's Discussion and Analysis  
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Net program cost for 2007 and 2006 by percentage of total net program expenses, as presented on the statement of activities, were as follows:



***Business-Type Activities***

The City's business-type activity includes waste collection and disposal. This program had operating revenues of \$287,104 and operating expenses of \$293,189 for 2007. Business activities receive no support from tax revenues. The business activities net assets at the end of the year were (\$37,259), which decreased \$6,085 from 2006. The City had one business-type (enterprise) fund that was a major fund: the Waste Collection and Disposal fund.

**THE CITY'S FUNDS**

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

All governmental funds had operating revenues of \$3,586,138 and expenditures of \$2,982,484.

The fund balance increased \$603,654 primarily as a result of funds being received for major infrastructure-related capital improvements.

The City has six major governmental funds. Assets of the major funds comprise 97% of governmental fund total assets.

City of Deer Park  
Hamilton County, Ohio  
Management's Discussion and Analysis  
(Unaudited)  
For the Year Ended December 31, 2007

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*Budgetary Activity and Actual Results*

The City adopts annual appropriated budgets for its funds. The schedules comparing the City's original and final budgets and actual results are included in the Required Supplementary Information for the General Fund, Street Maintenance Fund and M.M.V.L.T. Fund.

During 2007, there were no revisions to the General fund budget. Actual revenues were 19% over the final budget and actual expenditures plus encumbrances were 8% under final budget amounts. The main variances were property and other taxes and general government expenditures.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets*

TABLE 3 - Net Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 271,835	\$ 271,835	\$ -	\$ -	\$ 271,835	\$ 271,835
Buildings and Improvements	2,418,952	2,451,376	-	-	2,418,952	2,451,376
Equipment	175,298	210,423	25,800	31,110	201,098	241,533
Construction in process	413,570	-	-	-	413,570	-
<b>Total Net Capital Assets</b>	<b>\$ 3,279,655</b>	<b>\$ 2,933,634</b>	<b>\$ 25,800</b>	<b>\$ 31,110</b>	<b>\$ 3,305,455</b>	<b>\$ 2,964,744</b>

The construction in process is related to infrastructure-related street improvements at Galbraith, Matson and Gail Roads.

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

City of Deer Park  
Hamilton County, Ohio  
Management's Discussion and Analysis  
*(Unaudited)*  
For the Year Ended December 31, 2007

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*Debt*

At December 31, 2007, City of Deer Park had \$2,600,000 in unvoted general obligation bonds.

Table 4 - Outstanding Debt at Year End

	2007	2006
Governmental Activities		
Current Interest Bonds Municipal Building	\$ 2,570,000	\$ 2,645,000
Capital Appreciation Bonds Municipal Building	30,000	30,000
Total Debt	\$ 2,600,000	\$ 2,675,000

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

**FINANCIAL POSITION**

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

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

**CONTACTING THE CITY'S FINANCE DEPARTMENT**

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

City of Deer Park  
Hamilton County, Ohio  
Statement of Net Assets  
December 31, 2007

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 1,308,248	\$ 12,695	\$ 1,320,943
Receivables (net of allowance for doubtful accounts)			
Taxes-Real & Personal Property	1,076,708	-	1,076,708
Taxes-Income	761,532	-	761,532
Accounts	-	29,277	29,277
Intergovernmental	192,165	-	192,165
Internal Balances	102,674	(102,674)	-
Nondepreciable Capital Assets	685,405	-	685,405
Depreciable Capital Assets, Net	2,594,250	25,800	2,620,050
<b>Total Assets</b>	<b>6,720,982</b>	<b>(34,902)</b>	<b>6,686,080</b>
<b>Liabilities</b>			
Accounts Payable	128,081	-	128,081
Accrued Wages and Benefits	175,248	2,357	177,605
Accrued Interest Payable	30,157	-	30,157
Unearned Revenue	945,778	-	945,778
Long Term Liabilities due within 1 year	163,772	-	163,772
Long Term Liabilities due over 1 year	2,732,483	-	2,732,483
<b>Total Liabilities</b>	<b>4,175,519</b>	<b>2,357</b>	<b>4,177,876</b>
<b>Net Assets</b>			
Investment in Capital Assets, Net of Related Debt	679,655	25,800	705,455
Restricted for			
Special Revenue	390,864	-	390,864
Capital Projects	307,569	-	307,569
Unrestricted	1,167,375	(63,059)	1,104,316
<b>Total Net Assets</b>	<b>2,545,463</b>	<b>(37,259)</b>	<b>2,508,204</b>
<b>Total Net Assets and Liabilities</b>	<b>\$ 6,720,982</b>	<b>\$ (34,902)</b>	<b>\$ 6,686,080</b>

See accompanying notes to the basic financial statements



City of Deer Park  
Hamilton County, Ohio  
Statement of Activities  
For the Year Ended December 31, 2007

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Reporting Entity Total
<b>Governmental Activities:</b>							
General Government	\$ 1,052,603	\$ 152,541	\$ -	\$ -	\$ (900,062)	\$ -	\$ (900,062)
Public Safety	1,011,276	64,992	-	-	(946,284)	-	(946,284)
Leisure Time Activities	72,355	32,655	-	-	(39,700)	-	(39,700)
Community Development	29,008	-	-	-	(29,008)	-	(29,008)
Public Works	236,249	2,381	438,108	656,139	860,379	-	860,379
Interest and Fiscal Charges	138,131	-	-	-	(138,131)	-	(138,131)
<b>Total Governmental Activities</b>	<b>2,539,622</b>	<b>252,569</b>	<b>438,108</b>	<b>656,139</b>	<b>(1,192,806)</b>	<b>-</b>	<b>(1,192,806)</b>
<b>Business Type Activities:</b>							
Waste Collection and Disposal	293,189	287,104	-	-	-	(6,085)	(6,085)
<b>Totals</b>	<b>\$ 2,832,811</b>	<b>\$ 539,673</b>	<b>\$ 438,108</b>	<b>\$ 656,139</b>	<b>\$ (1,192,806)</b>	<b>\$ (6,085)</b>	<b>\$ (1,198,891)</b>

<b>General Revenues</b>			
Income Taxes	\$ 1,860,334	\$ -	\$ 1,860,334
<b>Property Taxes Levied for:</b>			
General Purposes	447,899	-	447,899
Public Safety	28,570	-	28,570
Unrestricted Contributions	596	-	596
Investment Earnings	52,069	-	52,069
<b>Total General Revenues</b>	<b>2,389,468</b>	<b>-</b>	<b>2,389,468</b>
<b>Change in Net Assets</b>	<b>1,196,662</b>	<b>(6,085)</b>	<b>1,190,577</b>
<b>Net Assets Beginning of Year</b>	<b>1,348,801</b>	<b>(31,174)</b>	<b>1,317,627</b>
<b>Net Assets End of Year</b>	<b>\$ 2,545,463</b>	<b>\$ (37,259)</b>	<b>\$ 2,508,204</b>

See accompanying notes to the basic financial statements

City of Deer Park  
Hamilton County, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2007

	General Fund	Street Maintenance Fund	M. M. V. L. T. Fund	Galbraith Road Improvement Fund	Municipal Building Bond Retirement Fund	Matson & Gail Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Equity in Pooled Cash, Cash Equivalents, and Investments	524,301	\$ 170,491	\$ 124,135	\$ 149,500	\$ -	\$ 254,777	\$ 85,044	\$ 1,308,248
Receivables:								
Taxes - Property	1,052,923	-	-	-	-	-	23,785	1,076,708
Taxes - Income	761,532	-	-	-	-	-	-	761,532
Intergovernmental	99,206	75,785	15,843	-	-	-	1,331	192,165
Due from other fund	102,674	-	-	-	-	-	-	102,674
<b>Total Assets</b>	<b>2,540,636</b>	<b>246,276</b>	<b>139,978</b>	<b>149,500</b>	<b>-</b>	<b>254,777</b>	<b>110,160</b>	<b>3,441,327</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities</b>								
Accounts Payable	31,373	-	-	-	-	-	-	31,373
Contracts Payable	-	-	-	-	-	96,708	-	96,708
Accrued Wages and Benefits	152,048	16,047	-	-	-	-	7,153	175,248
Deferred Revenue	1,782,268	57,119	12,900	-	-	-	25,116	1,877,403
<b>Total Liabilities</b>	<b>1,965,689</b>	<b>73,166</b>	<b>12,900</b>	<b>-</b>	<b>-</b>	<b>96,708</b>	<b>32,269</b>	<b>2,180,732</b>
<b>Fund Balances</b>								
Undesignated, Reported in:								
General Fund	574,947	-	-	-	-	-	-	574,947
Special Revenue Funds	-	173,110	127,078	-	-	-	77,891	378,079
Capital Projects Funds	-	-	-	149,500	-	158,069	-	307,569
<b>Total Fund Balances</b>	<b>574,947</b>	<b>173,110</b>	<b>127,078</b>	<b>149,500</b>	<b>-</b>	<b>158,069</b>	<b>77,891</b>	<b>1,260,595</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,540,636</b>	<b>\$ 246,276</b>	<b>\$ 139,978</b>	<b>\$ 149,500</b>	<b>\$ -</b>	<b>\$ 254,777</b>	<b>\$ 110,160</b>	<b>\$ 3,441,327</b>

See accompanying notes to the basic financial statements

City of Deer Park  
Hamilton County, Ohio  
Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
December 31, 2007

Total Governmental Fund Balances	\$	1,260,595
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	271,835	
Construction in progress	413,570	
Other capital assets	3,267,239	
Accumulated depreciation	<u>(672,989)</u>	
		3,279,655
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes - Income	639,954	
Intergovernmental	<u>291,671</u>	
		931,625
In the statement of net assets interest payable is accrued when incurred whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(55,381)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in the governmental funds.		
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Due to Other Governments	(122,876)	
Bonds	(2,600,000)	
Compensated absences	<u>(148,155)</u>	
		<u>(2,871,031)</u>
Net Assets of Governmental Activities	\$	<u><u>2,545,463</u></u>

See accompanying notes to the basic financial statements

City of Deer Park  
Hamilton County, Ohio  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2007

	General Fund	Street Maintenance Fund	M. M. V. L. T. Fund	Galbraith Road Improvement Fund	Municipal Building Bond Retirement Fund	Matson & Gail Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Taxes	\$ 2,315,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,570	\$ 2,344,373
Charges for Services	116,133	-	-	-	-	-	34,815	150,948
Capital Grants and Contributions	-	-	-	100,000	-	556,139	-	656,139
Fines, Licenses & Permits	76,192	-	-	-	-	-	15,053	91,245
Investment Earnings	52,069	-	-	-	-	-	-	52,069
Intergovernmental	14,470	223,038	39,335	-	-	-	13,925	290,768
Other Revenues	-	-	-	-	-	-	596	596
<b>Total Revenues</b>	<b>2,574,667</b>	<b>223,038</b>	<b>39,335</b>	<b>100,000</b>	<b>-</b>	<b>556,139</b>	<b>92,959</b>	<b>3,586,138</b>
<b>Expenditures</b>								
<b>Current:</b>								
General Government	974,274	-	-	-	-	-	-	974,274
Public Safety	1,016,832	-	-	-	-	-	8,726	1,025,558
Leisure Time Activities	40,385	-	-	-	-	-	30,536	70,921
Community Development	-	-	-	-	-	-	29,008	29,008
Transportation and Street Repair	45,038	185,865	-	15,500	-	-	-	230,903
Capital Outlay	8,000	-	-	-	-	398,070	-	455,070
Debt Service	-	-	-	-	-	-	-	-
Principal Retirement	-	-	-	-	75,000	-	-	75,000
Interest and Fiscal Charges	-	-	-	-	121,750	-	-	121,750
<b>Total Expenditures</b>	<b>2,084,529</b>	<b>185,865</b>	<b>-</b>	<b>15,500</b>	<b>196,750</b>	<b>398,070</b>	<b>101,770</b>	<b>2,982,484</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>490,138</b>	<b>37,173</b>	<b>39,335</b>	<b>84,500</b>	<b>(196,750)</b>	<b>158,069</b>	<b>(8,811)</b>	<b>603,654</b>
<b>Other Financing Sources (Uses)</b>								
Transfers In	-	-	-	-	196,750	-	-	196,750
Transfers Out	(196,750)	-	-	-	-	-	-	(196,750)
<b>Total Other Financing Sources (Uses)</b>	<b>(196,750)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>196,750</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>293,388</b>	<b>37,173</b>	<b>39,335</b>	<b>84,500</b>	<b>-</b>	<b>158,069</b>	<b>(8,811)</b>	<b>603,654</b>
<b>Fund Balances at Beginning of Year</b>	<b>281,559</b>	<b>135,937</b>	<b>87,743</b>	<b>65,000</b>	<b>-</b>	<b>-</b>	<b>86,702</b>	<b>656,941</b>
<b>Fund Balances at End of Year</b>	<b>\$ 574,947</b>	<b>\$ 173,110</b>	<b>\$ 127,078</b>	<b>\$ 149,500</b>	<b>\$ -</b>	<b>\$ 158,069</b>	<b>\$ 77,891</b>	<b>\$ 1,260,595</b>

See accompanying notes to the basic financial statements

City of Deer Park  
Hamilton County, Ohio  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended December 31, 2007

Net Change in Fund Balances - Total Governmental Funds \$ 603,654

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

Capital outlays are reported as expenditures in governmental funds.

However, in the statement of activities, the cost of those assets is allocated  
over their estimated useful lives as depreciation expense. In the current  
period, these amounts are:

Capital Assets	458,761	
Current Year Depreciation	(101,629)	
	357,132	357,132

When capital assets are disposed of, the cost of the capital assets is removed  
from the capital asset account in the statement of net assets resulting in a loss  
on sale of capital assets in the statement of activities. (11,111)

Because some revenues will not be collected for several months after the  
City's year-end, they are not considered "available" revenues and  
are reported as deferred revenue in the governmental funds.

Income Taxes	13,721	
Receivables - Intergovernmental	157,716	
Other Revenues	(21,291)	
	150,146	150,146

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

Bond Principal Retirement	75,000	
Other	7,679	
	82,679	82,679

In the statement of activities interest is accrued on outstanding bonds,  
whereas in governmental funds, interest is expensed when due. (16,381)

Compensated Absences reported in the statement of activities do not  
require the use of current financial resources and therefore are not  
reported as expenditures in governmental funds. 30,543

Change in Net Assets of Governmental Activities \$ 1,196,662

See accompanying notes to the basic financial statements

City of Deer Park  
Hamilton County, Ohio  
Statement of Net Assets - Proprietary Fund  
December 31, 2007

	Waste Collection and Disposal
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 12,695
Receivables:	
Accounts	29,277
Total Current Assets	41,972
Depreciable Capital Assets, Net	25,800
Total Assets	67,772
Liabilities	
Accrued Wages and Benefits	2,357
Due to Other Fund	102,674
Total Liabilities	105,031
Net Assets	
Invested in Capital Assets, Net of Related Debt	25,800
Unrestricted	(63,059)
Total Net Assets	\$ (37,259)

See accompanying notes to the basic financial statements

City of Deer Park  
Hamilton County, Ohio  
Statement of Revenues,  
Expenses and Changes in Fund Net Assets - Proprietary Fund  
For the Year Ended December 31, 2007

	Waste Collection and Disposal
Operating Revenues	
Charges for Services	\$ 287,104
Total Operating Revenues	287,104
Operating Expenses	
Contractual Services	287,879
Depreciation	5,310
Total Operating Expenses	293,189
Change in Net Assets	(6,085)
Net Assets Beginning of Year	(31,174)
Net Assets End of Year	\$ (37,259)

See accompanying notes to the basic financial statements

City of Deer Park  
Hamilton County, Ohio  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended December 31, 2007

	Waste Collection and Disposal
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 275,820
Payments to Employees	(1,363)
Payments to Suppliers	(307,377)
Other Payments	(2,260)
	(35,180)
Net Cash Used by Operating Activities	
Cash Flows from Noncapital Financing Activities	
Advances from Other Funds	37,674
	37,674
Net Cash Provided by Noncapital Financing Activities	37,674
Net Increase (Decrease) in Cash and Cash Equivalents	2,494
Cash and Cash Equivalents Beginning of Year	10,201
Cash and Cash Equivalents End of Year	\$ 12,695
Reconciliation of Operating Income to Net Cash Used by Operating Activities	
Operating Income	\$ (6,085)
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:	
Depreciation Expense	5,310
Increase in Accounts Receivable	(11,284)
Decrease in Accounts Payables	(23,812)
Increase in Accrued Liabilities	691
	691
Net Cash Used by Operating Activities	\$ (35,180)

See accompanying notes to the basic financial statements



City of Deer Park  
Hamilton County, Ohio  
Statement of Fiduciary Net Assets - Fiduciary Fund  
December 31, 2007

	<u>Agency</u>
Assets	
Equity Pooled in Cash and Cash Equivalents	<u>\$ 1,888</u>
Total Assets	<u><u>\$ 1,888</u></u>
Liabilities	
Due to Other Governments	<u>\$ 1,888</u>
Total Liabilities	<u><u>\$ 1,888</u></u>

See accompanying notes to the basic financial statements

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

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

***Reporting Entity***

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

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

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

**Note 2 - Summary of Significant Accounting Policies**

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

***A. Basis of Presentation***

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

***Government-Wide Financial Statements***

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

Notes To The Basic Financial Statements  
For The Year Ended December 31, 2007

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

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

***Fund Financial Statements***

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

***B. Fund Accounting***

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

***Governmental Funds***

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

***General Fund***

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

***Street Maintenance Fund***

To account for property taxes used for routine maintenance of City roads.

***M.M.V.L.T. Fund***

To account for the additional license tax levied by the City for routine maintenance and repairs of City roads.

Notes To The Basic Financial Statements  
For The Year Ended December 31, 2007

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***Galbraith Road Improvement Fund***

To account for debt proceeds and various costs related to the Galbraith Road improvement project.

***Municipal Building Bond Retirement Fund***

To account for financed debt service related to the construction of the municipal building.

***Matson and Gail Improvement Fund***

To account for debt proceeds and various costs related to the Matson and Gail Improvement project.

***Proprietary Funds***

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

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

***Waste Collection and Disposal Fund***

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

***Fiduciary Funds***

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

***C. Measurement Focus***

***Government-Wide Financial Statements***

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

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

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

#### ***D. Basis of Accounting***

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

#### ***Revenues - Exchange and Non-exchange Transactions***

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: state-levied locally shared taxes (including gasoline tax), fines and forfeitures, interest, grants, and fees.

#### ***Deferred Revenue***

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

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

Notes To The Basic Financial Statements  
For The Year Ended December 31, 2007

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

***Expenses/Expenditures***

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

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

***E. Cash and Cash Equivalents***

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

Interest is distributed according to Ohio statutes. Interest revenue credited to the general fund during 2007 amounted to \$52,069.

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

***G. Capital Assets***

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

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

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

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

Notes To The Basic Financial Statements  
For The Year Ended December 31, 2007

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

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

***H. Compensated Absences***

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

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

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

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

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

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

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

***J. Fund Balance Reserves***

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure.

Notes To The Basic Financial Statements  
For The Year Ended December 31, 2007

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***K. Net Assets***

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

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

***L. Interfund Activity***

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

- Transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Transfers In" by the recipient fund and "Transfers Out" by the disbursing fund on the fund financial statements. These transfers are consolidated on the government-wide statements.
- Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental activities columns of the statement of net assets.

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

***M. Estimates***

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

**Note 3 - Deposits and Investments**

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

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

Inactive deposits are public deposits that the City has identified as not required for use within the current two year period of designation of depositories. Inactive deposits may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.



Notes To The Basic Financial Statements  
For The Year Ended December 31, 2007

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Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasury Asset Reserve of Ohio (STAR Ohio); and
- Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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

Notes To The Basic Financial Statements  
For The Year Ended December 31, 2007

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The carrying amount of the City's cash and investments totaled \$1,320,943 at December 31, 2007 as summarized below:

Deposits With Financial Institutions	\$ 1,161,518
STAROhio	<u>159,425</u>
Total Cash and Investments	<u>\$ 1,320,943</u>

***Deposits***

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,050,036 of the City's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

***Investments***

As of December 31, 2007, the City had \$159,425 invested in STAROhio. STAROhio investments mature in 12 months or less.

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

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

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

**Note 4 - Receivables**

Receivables at December 31, 2007, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, accounts receivable and an interfund receivable.

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

Notes To The Basic Financial Statements  
For The Year Ended December 31, 2007

**Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) are for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35% of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are 25% of true value.

The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property – Residential, Agricultural and Other	\$101,966,980
Personal Property	1,510,900
Public Utility (Personal Property)	<u>4,496,930</u>
Total Valuation	<u>\$107,974,810</u>

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, they were not levied to finance 2007 operations. The receivable is therefore offset by deferred revenue in the governmental fund financial statements presented on a modified accrual basis.

**Note 5 – Income Taxes**

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

Notes To The Basic Financial Statements  
For The Year Ended December 31, 2007

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

In October 2004, a majority of Deer Park Council passed legislation that decreased reciprocity of Deer Park's earnings tax from 1.5% to 0.5%. This legislation became effective January 1, 2005 and was effective through December 31, 2007. Beginning January 1, 2008, full reciprocity has been restored.

**Note 6 - Risk Management**

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

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the last three years.

	Year Ended December 31, 2007	Year Ended December 31, 2006
Unpaid Claims, Beginning of Year	\$ -	\$ -
Incurred Claims (Including IBNRs)	-	-
Claim Payments	-	-
Unpaid Claims, End of Year	\$ -	\$ -

Notes To The Basic Financial Statements  
For The Year Ended December 31, 2007

**Note 7 - Capital Assets**

Capital asset activity for the year ended December 31, 2007, was as follows:

	Balance 1/1/2007	Additions	Deductions	Balance 12/31/2007
<b>Governmental Activities</b>				
Capital Assets, not being depreciated:				
Land	\$ 271,835	\$ -	\$ -	\$ 271,835
Construction in Progress	-	413,570	-	413,570
	271,835	413,570	-	685,405
Capital Assets, being depreciated:				
Buildings and Improvements	2,687,848	3,200	-	2,691,048
Machinery and Equipment	553,645	41,991	19,445	576,191
	3,241,493	45,191	19,445	3,267,239
<b>Total Assets at Historical Cost</b>	<b>3,513,328</b>	<b>458,761</b>	<b>19,445</b>	<b>3,952,644</b>
Less Accumulated Depreciation:				
Buildings and Improvements	236,472	35,624		272,096
Machinery and Equipment	343,222	66,005	8,334	400,893
	579,694	101,629	8,334	672,989
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 2,933,634</b>	<b>\$ 357,132</b>	<b>\$ 11,111</b>	<b>\$ 3,279,655</b>
 <b>Business-Type Activities</b>				
Capital Assets, being depreciated:				
Machinery and Equipment	\$ 133,071	\$ -	\$ -	\$ 133,071
<b>Total Assets at Historical Cost</b>	<b>133,071</b>	<b>-</b>	<b>-</b>	<b>133,071</b>
Less Accumulated Depreciation:				
Machinery and Equipment	101,961	5,310	-	107,271
<b>Total Accumulated Depreciation</b>	<b>101,961</b>	<b>5,310</b>	<b>-</b>	<b>107,271</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 31,110</b>	<b>\$ (5,310)</b>	<b>\$ -</b>	<b>\$ 25,800</b>

Depreciation expense was charged to governmental functions as follows:

	2007
General Government	\$ 79,896
Public Safety	14,769
Leisure Time Activities	1,434
Public Works	5,530
	\$ 101,629

Notes To The Basic Financial Statements  
For The Year Ended December 31, 2007

**Note 8 - Long-Term Obligations**

A schedule of changes in bonds and other long-term obligations of the City during 2007 follows:

	Amount Outstanding 1/1/2007	Additions	Deletions	Amount Outstanding 12/31/2007	Amounts Due in One Year
Governmental Activities					
Unvoted General Obligation Bonds					
Current Interest Bonds					
Interest Varies from 3.50%					
Municipal Building	\$ 2,645,000	\$ -	\$ 75,000	\$ 2,570,000	\$ 75,000
Capital Appreciation Bonds					
Interest Varies from 3.50%					
Municipal Building	30,000	-	-	30,000	-
<b>Total Long-Term Bond - Principal</b>	<b>2,675,000</b>	<b>-</b>	<b>75,000</b>	<b>2,600,000</b>	<b>75,000</b>
Accreted Interest	8,281	16,943	-	25,224	-
Accreted Interest and Total Long-Term Bonds - Principal	2,683,281	16,943	75,000	2,625,224	75,000
Other Long-Term Obligations					
Due to Other Governments	130,555	-	7,679	122,876	7,679
Compensated Absences	178,698	70,761	101,304	148,155	81,093
<b>Total Other Long-Term Obligations</b>	<b>309,253</b>	<b>70,761</b>	<b>108,983</b>	<b>271,031</b>	<b>88,772</b>
<b>Total Governmental Activities</b>	<b>\$ 2,992,534</b>	<b>\$ 87,704</b>	<b>\$ 183,983</b>	<b>\$ 2,896,255</b>	<b>\$ 163,772</b>

The intergovernmental note is to an adjoining City. The adjoining City purchased a street sweeper which is shared between the two Cities. Under the agreement, The City of Deer Park must make annual payments of \$7,679 through 2023 in exchange for the use of the sweeper.

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

Notes To The Basic Financial Statements  
For The Year Ended December 31, 2007

Principal and interest requirements to retire the long-term debt obligations at December 31, 2007, are as follows:

Year Ending December 31	Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
2008	\$ 75,000	\$ 119,313	\$ -	\$ -
2009	75,000	116,594	-	-
2010	100,000	113,188	-	-
2011	100,000	109,062	-	-
2012	100,000	104,750	-	-
2013-2017	315,000	492,001	30,000	175,000
2018-2022	630,000	371,269	-	-
2023-2027	795,000	198,125	-	-
2028-2029	380,000	19,250	-	-
<b>Total</b>	<b>\$ 2,570,000</b>	<b>\$ 1,643,552</b>	<b>\$ 30,000</b>	<b>\$ 175,000</b>

**Note 9 - Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan.

The 2007 member contribution rates were 9.5% for members in state and local classifications. Public safety members contributed 9.75%. Members in the law enforcement classification, which consist generally of sheriffs, deputy sheriffs and township police, contributed at a rate of 10.1%.

Notes To The Basic Financial Statements  
For The Year Ended December 31, 2007

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The 2007 employer contribution rate for state employers was 13.77% of covered payroll. For local government employer units, the rate was 13.85% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2007 was 17.17%. The portion of employer contributions, for all employers, allocated to health care was 5.0% from January 1 through June 30, 2007 and 6.0% from July 1 through December 31, 2007.

The City's required contributions to OPERS for the years ended December 31, 2007, 2006, and 2005 were \$88,692, \$92,221, and \$82,983, respectively, equal to the required contributions for each year. The full amount has been contributed for 2005, 2006 and 2007.

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24% for police officers and firefighters, respectively. The City's required contributions to OP&F for the years ending December 31, 2007, 2006, and 2005 were \$117,297, \$133,459, and \$129,845, respectively. The full amount has been contributed for 2005, 2006 and 2007.

**Note 10 - Postemployment Benefits**

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

The Ohio Public Employees Retirement System of Ohio (OPERS) provides post-employment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on the authority granted by State statute. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. In 2007, state employers contributed at a rate of 13.77% of covered payroll, local government employer units contributed at 13.85% of covered payroll and public safety and law enforcement employer units contributed at 17.17%. The portion of employer contributions, for all employers, allocated to health care was 5.0% from January 1 through June 30, 2007 and 6.00% from July 1 through December 31, 2007.

Benefits are advance-funded using the entry age normal actuarial cost method. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial liability.

Significant actuarial assumptions, based on OPER's latest actuarial review performed as of December 31, 2006 include a rate of return on investments of 6.5%, an annual increase in active employee total payroll of 4% compounded annually (assuming no change in the number of active employees) and an additional



Notes To The Basic Financial Statements  
For The Year Ended December 31, 2007

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increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 5% annually for the next 8 years and 4% annually after 10 years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

The traditional Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006 actuarial valuation was 362,130. The portion of the City's contributions that were used to fund post employment benefits was \$47,331.

The amount of \$12 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2006. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2006 reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, 2007 and 2008, which allowed additional funds to be allocated to the health care plan.

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. 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 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the statutory authority allowing OP&F's Board of Trustees to offer health care coverage to all eligible individuals. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you go basis. The total police employer and firefighter employer contribution rates are 19.5% and 24% of covered payroll, respectively, of which 6.75% and 7.75% of covered payroll was applied to the post-employment health care program during 2007 and 2006, respectively.

In addition, since July 1, 1992, most retirees and survivors were required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions that were used to pay post-employment benefits were \$40,585 for 2007. Total health care expense for the year ending December 31, 2006 (the date of the last actuarial valuation available) was \$120,373,722, which was net of member contributions of \$58,532,848. The number of participants eligible to receive health care benefits as of December 31, 2006 (the date of the last actuarial valuation available) was 14,120 and 10,563 for police and firefighters, respectively.

Notes To The Basic Financial Statements  
For The Year Ended December 31, 2007

**Note 11 – Interfund Activity**

Advances From/Advances To balances at December 31, 2007, consist of the following individual fund receivables and payables:

Receivable Fund	Payable Fund	Amount
General Fund	Waste Collection and Disposal	\$ 102,674

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

**Note 12 – Joint Venture**

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

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

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

**Note 13 - Contingent Liabilities**

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

**Note 14 – Significant Contractual Commitments**

As of December 31, 2007, the City has contractual commitments related to property, plant and equipment improvements and additions, as well as various other contracts and agreements to provide or receive services related to the operations of the City. The list below reflects the major contracts that comprise commitments at December 31, 2007:

Description	Remaining Contractual Commitment
Galbraith Road	\$ 149,500
Matson and Gail Roads	158,000
	\$ 307,500

Notes To The Basic Financial Statements  
For The Year Ended December 31, 2007

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**Note 15 – Compliance and Accountability**

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

**Note 16 – Accounting Changes**

For 2007, the City has implemented GASB Statement No. 48 – *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues*. This statement establishes criteria that determine whether certain transactions should be regarded as sales or collateralized borrowings.

Beginning with the year ending December 31, 2008 the City will implement GASB Statement No. 49 – *Accounting and Financial Reporting for Pollution Remediation Obligations* and GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

**REQUIRED SUPPLEMENTARY INFORMATION**

City of Deer Park  
Hamilton County, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues</b>				
Property and Other Taxes	\$ 1,943,100	\$ 1,943,100	\$ 2,304,246	\$ 361,146
Charges for Services	110,600	110,600	116,133	5,533
Fines, Licenses, and Permits	16,850	16,850	28,413	11,563
Fines and Forfeitures	50,000	50,000	47,779	(2,221)
Intergovernmental	35,000	35,000	34,502	(498)
Interest	20,000	20,000	52,069	32,069
<b>Total Revenues</b>	<u>2,175,550</u>	<u>2,175,550</u>	<u>2,583,142</u>	<u>407,592</u>
<b>Expenditures</b>				
Current:				
General Government	985,990	979,493	968,105	11,388
Public Safety	1,169,850	1,173,750	1,030,526	143,224
Leisure Time Activities	29,000	44,000	39,871	4,129
Community Development	-	-	-	-
Public Works	54,253	37,050	38,208	(1,158)
Public Health and Welfare	-	-	-	-
Capital Outlay	-	4,800	8,000	(3,200)
<b>Total Expenditures</b>	<u>2,239,093</u>	<u>2,239,093</u>	<u>2,084,710</u>	<u>154,383</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(63,543)</u>	<u>(63,543)</u>	<u>498,432</u>	<u>561,975</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(196,750)	(196,750)	(196,750)	-
Advances Out	-	-	(37,674)	(37,674)
<b>Total Other Financing Uses</b>	<u>(196,750)</u>	<u>(196,750)</u>	<u>(234,424)</u>	<u>(37,674)</u>
<b>Net Change in Fund Balance</b>	<u>(260,293)</u>	<u>(260,293)</u>	<u>264,008</u>	<u>524,301</u>
<b>Fund Balance at Beginning of Year</b>	<u>260,293</u>	<u>260,293</u>	<u>260,293</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 524,301</u>	<u>\$ 524,301</u>

See accompanying notes to the required supplementary information

City of Deer Park  
Hamilton County, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Street Maintenance Fund  
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 196,000	\$ 196,000	\$ 222,181	\$ 26,181
Total Revenues	196,000	196,000	222,181	26,181
Expenditures				
Current:				
Public Works	326,682	326,682	182,372	144,310
Total Expenditures	326,682	326,682	182,372	144,310
Net Change in Fund Balance	(130,682)	(130,682)	39,809	170,491
Fund Balance at Beginning of Year	130,682	130,682	130,682	-
Fund Balance at End of Year	\$ -	\$ -	\$ 170,491	\$ 170,491

See accompanying notes to the required supplementary information

City of Deer Park  
Hamilton County, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
M. M. V. L. T. Fund  
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 38,000	\$ 38,000	\$ 39,507	\$ 1,507
Total Revenues	38,000	38,000	39,507	1,507
Expenditures				
Current:				
Public Works	122,628	122,628	-	122,628
Total Expenditures	122,628	122,628	-	122,628
Net Change in Fund Balance	(84,628)	(84,628)	39,507	124,135
Fund Balance at Beginning of Year	84,628	84,628	84,628	-
Fund Balance at End of Year	\$ -	\$ -	\$ 124,135	\$ 124,135

See accompanying notes to the required supplementary information

City of Deer Park  
Hamilton County, Ohio  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2007

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

***A. Budgets***

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

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

***Estimated Resources*** The County Budget Commission determines if the tax budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources that states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate of estimated resources can be further amended during the year if the Council agrees that an estimate needs to be either increased or decreased. The amounts reported in the budgetary statements as final reflect the amounts in the final amended official certificate of estimated resources issued during 2007.

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

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

***Encumbrances*** As part of formal budgetary control purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent year expenditures of governmental funds.

***Budgetary Basis of Accounting*** While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary



City of Deer Park  
Hamilton County, Ohio  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2007

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

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

	General Fund	Street Maintenance Fund	M.M.V.L.T. Fund
GAAP Basis	\$ 293,388	\$ 37,173	\$ 39,335
Adjustments:			
Revenue Accruals	8,475	(857)	172
Expenditure Accruals	(181)	3,493	-
Advances	(37,674)	-	-
Transfers	-	-	-
Encumbrances	-	-	-
Budget Basis	<u>\$ 264,008</u>	<u>\$ 39,809</u>	<u>\$ 39,507</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

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



We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Deer Park, Hamilton County, as of and for the year ended December 31, 2007, which collectively comprise the City of Deer Park, Hamilton County's basic financial statements and have issued our report thereon dated November 24, 2008. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Deer Park, Hamilton County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Deer Park, Hamilton County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Deer Park, Hamilton County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Deer Park, Hamilton County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Deer Park, Hamilton County's financial statements that is more than inconsequential will not be prevented or detected by the City of Deer Park, Hamilton County's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. See item number 2007-003 in the accompanying schedule of findings and questioned costs.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Deer Park, Hamilton County's internal control.

**CERTIFIED PUBLIC ACCOUNTANTS**

4705 Lake Forest Drive  
Cincinnati, Ohio 45242  
513/483.6699 Fax: 513.483.6690  
800/378.8606



Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Deer Park, Hamilton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items numbered 2007-01 and 2007-02.

City of Deer Park, Hamilton County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit City of Deer Park, Hamilton County's response and, accordingly, we express no opinion on it.

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



November 24, 2008

**CITY OF DEER PARK**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007**

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

**FINDING NUMBER 2007 - 001**

**Criteria:**

Ohio Revised Code, Section 733.40, provides in general that all fines, forfeitures, costs and any other monies collected by the Mayor and due to the City shall be paid by the Mayor into the treasury of the City on the first Monday of each month.

**Condition, Causes & Recommendation:**

During 2007, amounts were not distributed to the City from the Mayor's Court account on a monthly basis.

**Effect:**

The City is not in compliance with the Ohio Revised Code.

**Management Response:**

We concur with the comments and recommendations. The City is currently addressing the issues listed.

**FINDING NUMBER 2007 - 002**

**Criteria:**

Ohio Revised 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:

- 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 (30) thirty days from the receipt of such certificate.

- If the amount involved is less than three 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.

**Condition, Causes & Recommendation:**

The City failed to obtain the prior certification of the Treasurer for significantly all of the expenditures made during the audit period, and neither exception applied.

**Effect:**

The City is not in compliance with the Ohio Revised Code and a failure to properly encumber expenditures may result in overspending and negative cash fund balances. We recommend that the City establish written procedures which require all expenditures to be properly certified and encumbered prior to the time of making a commitment.

**Management Response:**

We concur with the comments and recommendations. The City is currently addressing the issues listed.

**FINDING NUMBER 2007 - 003**

**Criteria:**

To help ensure that the Waste Collections Department receipts are accurately and completely accounted for, management should regularly review the receipt ledgers and document the process of reconciling the department ledger to the City ledger.

**Condition, Causes & Recommendation:**

During the audit period, a lack of segregation of duties exists in the Waste Collection Department. One clerk performs the duties of billing, collection, depositing, and posting to the ledgers.

Monthly reports of the Waste Collections Department's receipts should be reviewed by management and agreed to the City's general ledger. Furthermore, management's review of such should be formally documented.

**Effect:**

Waste Collections Department receipts may not be accurately and completely accounted for.

**Management Response:**

Beginning on December 1, 2007 Management contracted with the City of Cincinnati Water Works Department to outsource the billing for Waste Collections to address the above issue.

**CITY OF DEER PARK  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid</u>
2004-001	Revised Code 733.40, failure to remit amounts collected by Mayor's Court in a timely manner.	No	Not corrected. Reissued as Finding 2007-001.
2004-002	Revised Code 5705.41(D), failure to properly encumber.	No	Not corrected. Reissued as Finding 2007-002.
2004-003	Lack of segregation of duties in the waste collection department	No	Not corrected. Reissued as Finding 2007-003.



**Mary Taylor, CPA**  
Auditor of State

**CITY OF DEER PARK**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 2, 2009**