



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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CITY OF EATON  
PREBLE COUNTY

REGULAR AUDIT

For the Year Ended December 31, 2011  
Fiscal Year Audited Under GAGAS: 2011





# Dave Yost • Auditor of State

City Council  
City of Eaton  
P. O. Box 27  
328 North Maple Street  
Eaton, Ohio 45320

We have reviewed the *Independent Auditor's Report* of the City of Eaton, Preble County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2011 through December 31, 2011. 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 Eaton is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

September 12, 2012

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***CITY OF EATON***  
***PREBLE COUNTY, OHIO***  
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**For the Year Ended December 31, 2011**

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Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards*..... 1

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# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

City of Eaton  
Preble County  
328 North Maple Street  
Eaton, Ohio 45320

To the Members of City Council:

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 Eaton, Preble County, (the City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 22, 2012, wherein we noted the City implemented GASB Statement Number 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

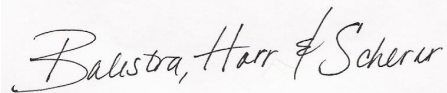
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

### **Compliance and Other Matters**

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

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 22, 2012.

We intend this report solely for the information and use of management, Members of Council and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.  
June 22, 2012



**CITY OF EATON  
PREBLE COUNTY, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Year Ended December 31, 2011**

**Prepared By:  
Department of Finance  
David A. Daily, City Manager**

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**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
**Comprehensive Annual Financial Report**  
**For the Year Ended December 31, 2011**

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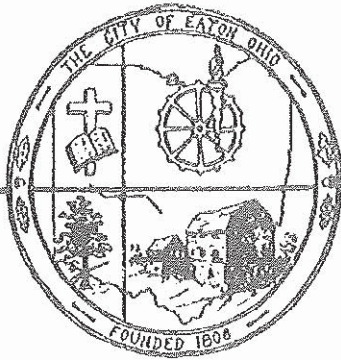
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# City of Eaton

328 N. MAPLE STREET  
P.O. BOX 27  
EATON, OHIO 45320  
TELEPHONE (937) 456-4125

June 22, 2012

Honorable Mayor  
Members of the City Council, and  
Citizens of Eaton, Ohio

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of the City of Eaton, Ohio for the fiscal year ended December 31, 2011 is herewith submitted. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the information and data presented in the report is accurate in all material aspects and is illustrated in a manner to fairly reflect the financial position and operating results of the City for the period covered herein. All disclosures necessary to enable the reader to gain an understanding of the local government's financial activities are included.

This Comprehensive Annual Financial Report is issued under the Government Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Statement No. 34 was developed to make annual financial reports of state and local governments easier to understand and more useful to those who make decisions using governmental financial information.

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

Included in this report is an unqualified opinion rendered on the City's basic financial statements for the year ended December 31, 2011, by auditors Balestra, Harr & Scherer, CPAs Inc. This CPA firm performs an independent audit and, as such, allows the reader a measure of assurance that they may rely upon the information presented in the financial statements.

As demonstrated by the statements and schedules included in the financial section of this report, the government continues to meet its responsibility for sound financial management. The reader is asked to pay close attention to management's discussion and analysis (MD&A) found on pages 3 – 10 for an overview and analysis of the financial position of the City.

*Progress With Heritage*

## THE CITY

William Bruce, who emigrated from Kentucky in search of desirable lands and a site for his mill, founded Eaton in 1805. He selected a site along Seven Mile Creek because of its potential for water power and platted the town into 233 lots which were recorded on February 20, 1806. The county seat of agriculturally rich Preble County, Eaton was granted the right to incorporate by the state legislature in 1836. Following the 1960 census, the town attained a population of 5,034 to gain city status. Shortly thereafter, the citizens elected a Charter Commission that proposed the Council/Manager form of government, which was adopted on May 2, 1961. Eaton has continued its growth and at the last official census in 2010, had a population of 8,407.

## GOVERNMENTAL ORGANIZATION

Operating under the Council/Manager form of government, the legislative authority is vested in a five-member council. Council members are elected at-large on a nonpartisan basis to serve four-year overlapping terms, which provides continuity and stability in policy and legislative matters. Council elects annually from its members a Mayor and Vice-Mayor who serve one-year terms. The Mayor has no special powers but is given certain ceremonial responsibilities and presides at Council meetings.

The City Manager serves as the chief executive and administrative officer of the City. The Manager is responsible for all operational functions of the City and to advise Council on matters of public policy. The Charter establishes four administrative departments responsible for specific operational functions of the City. These are the Department of Public Safety, which includes the divisions of Police, Fire, Emergency Medical Services, and Building Services; the Department of Service, which includes the divisions of Public Works and Public Maintenance; the Department of Finance; and the Department of Law. The Administrative Code provides the detail of the organization of the municipal government, defines the powers and duties of each organizational unit, and determines the administrative procedures to be followed.

## MUNICIPAL SERVICES

Eaton provides a full range of municipal services to its residents. The following is a summary of the services provided by each of the City's operating units.

### *DEPARTMENT OF PUBLIC SAFETY*

**Division of Police:** The Division of Police consists of 12 full-time sworn officers, a data management officer and four radio dispatchers, under the direction of two sergeants and the Chief of Police. The division provides law enforcement related service involving the protection of lives and property within the corporation limits. During 2011 the division responded to 10,162 calls. The four dispatchers received 13,118 public safety calls of which 2,036 were 911 calls.

**Division of Fire and Division of Emergency Medical Services:** The Fire and EMS Divisions are separate divisions according to the City Charter, but are operated under the direction of a single chief. Many changes have occurred in the last several years as these emergency services have become operational on a 24 hour basis. The Fire and EMS Divisions provide emergency medical response, fire protection and related services within the City and by contractual agreement to two adjacent townships. During 2011, the Fire Division responded to 923 calls. The EMS Division responded to 2,033 calls, resulting in the transport of 1,479 patients to a facility of higher medical care.



**Division of Building Services:** The Building Division consists of two full-time employees including a certified building inspector and a clerk. In addition, the City has contracts for related professional services for back-up inspectors and plan review and examination. The Ohio Board of Building Standards certifies the division, which allows the City to issue permits for commercial and industrial uses. In 2011, the division issued 3 permits for the construction of new single family homes, which required 27 inspections. Residential additions, garages and sheds accounted for another 29 permits and 54 inspections. There were 36 commercial/industrial permits issued for both new construction and additions which required 65 inspections. A total of 291 miscellaneous permits were issued for electrical, HVAC, sprinklers, pools, roofing, fire alarms, signs, fencing, demolitions, and certificates of occupancy which required 442 inspections. The division is also responsible for processing zoning certificates and code enforcement.

#### *DEPARTMENT OF SERVICE*

**Division of Public Works:** The Division of Public Works consists of 12 employees who are responsible for the operation and maintenance of the City's wastewater treatment facility, two water treatment plants and over 90 miles of water distribution and sewer collection mains. The Division provides water and sewer services to approximately 3,500 residential, commercial and industrial users. In 2011, the City pumped 419.3 million gallons of water from its operating wells and treated 554.3 million gallons of wastewater at its Class IV advanced treatment facility.

**Division of Public Maintenance:** The Division of Public Maintenance includes 13 full-time employees who are principally responsible for the maintenance of the City's 41 miles of roadways, 185 acres of parks and recreational areas, all municipal owned buildings, and the city cemetery. Principal functional activities include building and equipment maintenance, snow removal, street sweeping, storm sewer maintenance, mowing, street painting, pavement repair and leaf collection.

#### *DEPARTMENT OF FINANCE*

The Department includes the Director and three full-time clerks. Responsibilities include payroll, accounting activities, disbursements and the collection of all City funds, as well as the front service office responsibilities of maintaining the utility billing system, inputting meter readings and processing monthly service bills. The department also provides support to the City Manager in the areas of insurance administration, budget preparation and reporting. Although the City contracts with another municipality for income tax collections, the Director of Finance serves as the Income Tax Administrator and as Clerk of Council.

#### *DEPARTMENT OF LAW*

The City has an appointed full-time Law Director who serves as legal counsel to the City Manager, Council, local boards and commissions and other administrative officers of the City. The Law Director represents the City in court proceedings and is the Prosecutor in Eaton Municipal Court.

Eaton Municipal Court operations are under the direction of an elected Municipal Court Judge who appoints a Clerk of Courts who is responsible for the management of operations. In addition to the Judge and Clerk, the court employs one magistrate, one full-time and one part-time bailiff/security, one full-time deputy probation officer and five full-time deputy clerks. The court has jurisdiction in misdemeanor criminal cases, the initial stages of felony proceedings, civil actions under \$10,000, trusteeships and traffic violations. During 2011, the court handled 7,060 new and reactivated cases.

**Component Unit:** A component unit is an entity for which the government is considered to be financially liable. The City is not a component unit of any other entity and does not have any component units that require inclusion in the basic financial statements.

**Budgeting Controls:** The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the General Fund, Special Revenue Funds, Capital Project Funds and Enterprise Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the division (i.e., Police, Public Maintenance, and General Government) level within the General Fund and at the fund level for all other budgeted funds. The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts do not lapse at year-end and are carried over to the following year.

## **ECONOMIC CONDITION**

Located 7 miles south of I-70 and 25 miles west of I-75, Eaton is located near the crossroads of the industrial mid-west. Although Eaton has a small town/farming heritage, it has developed a strong industrial base and houses operations of a number of nationally and internationally known companies such as Henny Penny Corporation, Neaton Auto Products, Parker Hannifin Corporation, Silfex Incorporated, Timkin Company, and Bullen Semiconductor.

### **Major Initiatives**

Maintenance and upgrade of existing systems were the focus of projects in 2011. Three sanitary sewer upgrades were completed on Water Street, East Mechanic Street, and East Eidson Street; and a water main was upgraded on Water Street. We continue to focus our attention and accruals on the extensive reconstruction of Park Avenue which will be a major north/south thoroughfare on the west side of town. We also continued our annual paving program and several small in-house projects. Two new vehicles were purchased for the Police Division.

### **Economic Conditions and Outlook**

We are in the midst of more severe cuts from state sharing revenue, and the biggest loss is being absorbed by our General Fund. Long the "go-to" fund for municipalities state-wide, we have seen the loss of local government funds being returned to the municipalities, and we have experienced an approximate 10 % decline in assessed real estate values, which in turn has decreased revenues further. The local income tax is holding steady and we are cautiously optimistic that it will improve, but are apprehensive about the control that the state is trying to exert over this remaining local funding source. With the loss of these traditional funding sources from the state level, we fear we have not yet seen an end to the decline in revenue. The City of Eaton will continue to be conservative in our revenue projections and focus our resources on the essential services for our residents.

## **AWARDS AND ACKNOWLEDGEMENTS**

**Award:** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Eaton, Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2010. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Eaton, Ohio has received a Certificate of Achievement since 1985. We believe our current report continues to conform to the Certificate of Achievement program requirements, and are submitting it to GFOA.

**Acknowledgments:** The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Department of Finance and other City departments. We express our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Mayor and members of Council of the City of Eaton, preparation of this report would not have been possible.

Prior to the completion of this report, the Finance Director current Finance Director resigned her position and as of the printing of this CAFR, the position remains unfilled.

Sincerely,

A handwritten signature in blue ink that reads "David A. Daily". The signature is written in a cursive, flowing style.

David A. Daily  
City Manager

***CITY OF EATON  
PREBLE COUNTY, OHIO***

**LISTING OF PRINCIPAL CITY OFFICIALS  
December 31, 2011**

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**ELECTED OFFICIALS**

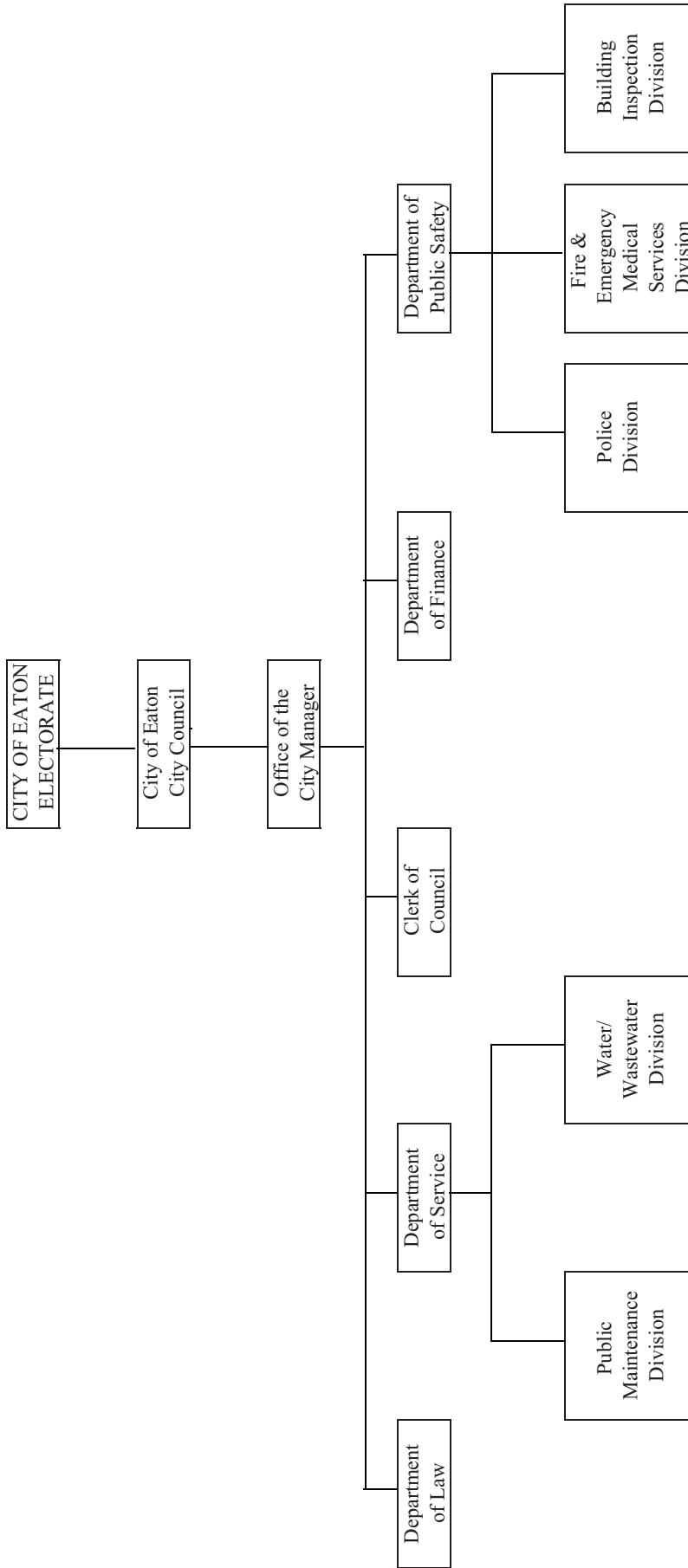
Mayor	Gary Wagner
Vice-Mayor	Dave Kirsch
Council Member	Bob Brower
Council Member	Craig Moormeier
Council Member	Andrew Siehl
Municipal Judge	Paul D. Henry

**APPOINTED OFFICIALS**

City Manager	David A. Daily
Director of Finance	Leslie H. Renner
Director of Law	Jill N. Allen

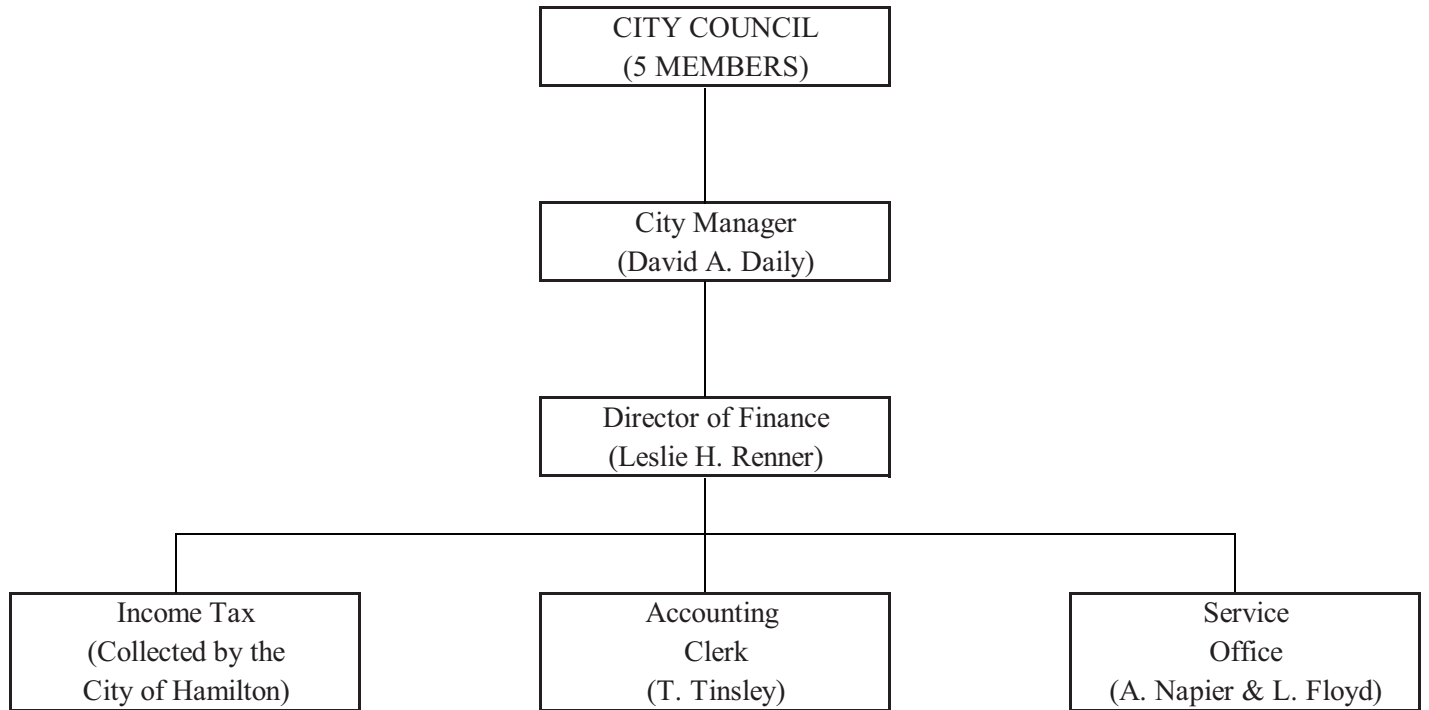
**CITY OF EATON  
PREBLE COUNTY, OHIO**

CITY ORGANIZATION  
as of December 31, 2011



**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

DEPARTMENT OF FINANCE  
as of December 31, 2011



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Eaton  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

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# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhscpas.com](http://www.bhscpas.com)

## Independent Auditor's Report

Members of City Council  
City of Eaton  
Preble County, Ohio  
328 North Maple Street  
Eaton, Ohio 45320

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 Eaton, Preble County, Ohio, (the City), as of and for the year ended December 31, 2011, 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'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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 Eaton, Preble County, Ohio as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, 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 June 22, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should be read in conjunction with this report in considering the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provides additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepared the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

As described in Note 3 to the basic financial statements, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

  
Balestra, Harr & Scherer, CPAs, Inc.  
June 22, 2012

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2011  
(Unaudited)

---

The discussion and analysis of the City of Eaton's financial performance provides an overview of the City's financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the City's financial performance.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2011 are as follows:

- Governmental activities reported a positive net change in net assets of \$708,873, a 5.55% increase.
- Business-type activities reported a positive net change in net assets of \$200,107, a 2.31% increase.
- The General Fund reported a fund balance of \$1,700,806 which represents a decrease of \$312,137, or 15.51%.
- Expenditures and other uses exceeded revenues on a budgetary basis in the General Fund by \$368,468, which decreased the unencumbered cash balance to \$1,500,793.

### **Using this Comprehensive Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized to provide the reader with an overview of the City's condition as a whole and then proceed to provide a more detailed view of the City's operations.

The Statement of Net Assets and the Statement of Activities provide the overview of the whole City, with a longer-term outlook of the City's financial condition. Major fund financial statements provide the next level of detail, providing information on short-term activities with a focus on the City's three significant funds. The remaining non-major funds are presented in total in one column.

### **Reporting the City as a Whole**

#### *Statement of Net Assets and the Statement of Activities*

"How did the City of Eaton do financially in 2011?" The broad answer to this question can be obtained with a look at the Statement of Net Assets and the Statement of Activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting methods used by private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenditures, regardless of when the actual cash was received or paid.

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These two statements report the City's net assets and the change in those assets from the prior year. Net assets can be defined as the difference between assets and liabilities, and the measurement of this difference can be used to monitor the City's financial health. Other factors must then be considered, such as the City's property tax base, the condition of the streets and other capital assets, and the growth or decline in area businesses and residential neighborhoods.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities.

- Governmental Activities – Most of the City's services are reported here and include police, fire, emergency medical, public maintenance, parks and recreation, judicial, legislative, and executive.
- Business-Type Activities – These services include water, sewer, refuse and parking meters. Service fees for these operations are charged based upon usage. The intent is that the fees are sufficient to cover the costs of operation.

### **Reporting the City's Most Significant Funds**

#### *Fund Financial Statements*

The fund financial statements begin on page 14. Fund financial statements provide the detailed information about the General Fund, Public Safety Fund, and Capital Improvement Fund. The City uses many different funds, some of which are required by law and others are used to help segregate and control revenues intended for specific purposes. The City has two kinds of funds - "governmental" and "proprietary". The proprietary funds support the business-type activities.

*Governmental Funds* – Most of the City's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources available in the near future to finance City programs. We detail the relationship between net assets of governmental activities, as reported in the Statement of Net Assets and the Statement of Activities, and governmental fund balances in a reconciliation on pages 15 and 17.

*Proprietary Funds* – City utility services for water, sewer and refuse are operated as enterprise funds. These are business-type activities that receive a significant portion of their funding from user charges. These funds are listed under the heading of "business-type activities" on the Statement of Net Assets and the Statement of Activities and are reported in much the same manner as the governmental funds. The reader should note that these funds are a part of the "government-wide" statements, but not a part of the "governmental funds".

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*Fiduciary Funds* – The City is the agent for assets that are to be remitted to private organizations or other governments. The City's role is purely custodial, in that we record the receipt and subsequent remittance to the proper entity. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 21. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations.

*Notes to the Basic Financial Statements* – The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to the basic financial statements begin on page 23.

**The City as a Whole**

The Statement of Net Assets provides a perspective of the City as a whole.

Table 1 provides a summary of the City's net assets for the year ended December 31, 2011 as compared to December 31, 2010.

**TABLE 1**  
**Statement of Net Assets, December 31**

	2011			2010		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
<b>Assets:</b>						
Current and Other Assets	\$ 8,189,096	2,854,476	11,043,572	7,545,275	2,849,119	10,394,394
Capital Assets	8,487,748	10,092,365	18,580,113	8,745,745	10,090,258	18,836,003
Total Assets	16,676,844	12,946,841	29,623,685	16,291,020	12,939,377	29,230,397
<b>Liabilities:</b>						
Current and Other Liabilities	960,970	176,054	1,137,024	1,042,309	205,123	1,247,432
Long-term Liabilities	2,238,681	3,905,195	6,143,876	2,480,391	4,068,769	6,549,160
Total Liabilities	3,199,651	4,081,249	7,280,900	3,522,700	4,273,892	7,796,592
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	6,853,808	6,327,710	13,181,518	6,856,357	6,147,449	13,003,806
Restricted	4,755,255	-	4,755,255	3,950,399	-	3,950,399
Unrestricted	1,868,130	2,537,882	4,406,012	1,961,564	2,518,036	4,479,600
Total Net Assets	\$ 13,477,193	8,865,592	22,342,785	12,768,320	8,665,485	21,433,805

The amount by which the City's assets exceeded its liabilities is called net assets. As of December 31, 2011, the City's net assets were \$22.34 million. Of this amount, \$13.18 million was invested in capital assets, net of related debt as compared to \$13.00 million in 2010. Restricted net assets, those that are subject to external restrictions, increased to \$4.76 million from the \$3.95 million reported in 2010. Unrestricted net assets, the amount that may be used to meet the City's ongoing obligations to citizens and creditors decreased to \$4.40 million in 2011 from \$4.48 million in 2010. The business-type activities unrestricted net assets increased to \$2.54 million in 2011 from \$2.52 million in 2010. This increase is a result of a reduction in long-term liabilities with the payments on long-term debt. The governmental activities unrestricted net assets decreased to \$1.75 million in 2011 from \$1.97 million in 2010. The decrease is largely due to the increase in restricted net assets because of Capital Improvements.

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**TABLE 2**  
Change in Net Assets, December 31

	2011			2010		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
<b>REVENUES:</b>						
Program Revenues:						
Charges for Services	\$ 1,755,607	3,003,766	4,759,373	1,687,802	3,050,808	4,738,610
Operating Grants and Contributions	257,360	-	257,360	364,982	-	364,982
Capital Grants and Contributions	310,138	65,000	375,138	302,448	-	302,448
General Revenues:						
Property Taxes	817,456	-	817,456	724,035	-	724,035
Municipal Income Taxes Grants and Contributions not Restricted	3,505,100	-	3,505,100	3,291,119	-	3,291,119
Investment Income	1,069,494	-	1,069,494	1,051,308	-	1,051,308
Gain on Sale of Capital Assets	9,390	-	9,390	10,999	-	10,999
Other Revenue	450	3,800	4,250	3,615	-	3,615
Total Revenue	127,006	-	127,006	302,974	-	302,974
	<u>7,852,001</u>	<u>3,072,566</u>	<u>10,924,567</u>	<u>7,739,282</u>	<u>3,050,808</u>	<u>10,790,090</u>
<b>EXPENSES:</b>						
General Government	2,109,879	-	2,109,879	2,297,249	-	2,297,249
Public Safety	3,006,991	-	3,006,991	3,001,151	-	3,001,151
Public Health	170,463	-	170,463	148,582	-	148,582
Transportation	1,142,535	-	1,142,535	1,167,174	-	1,167,174
Community Development	395,965	-	395,965	426,204	-	426,204
Culture and Recreation	273,870	-	273,870	196,863	-	196,863
Water	-	1,186,107	1,186,107	-	1,356,617	1,356,617
Sewer	-	1,119,038	1,119,038	-	1,126,990	1,126,990
Refuse	-	567,314	567,314	-	567,725	567,725
Other Business-Type Activities	-	-	-	-	202	202
Interest Expense	43,425	-	43,425	50,097	-	50,097
Total Expenses	<u>7,143,128</u>	<u>2,872,459</u>	<u>10,015,587</u>	<u>7,287,320</u>	<u>3,051,534</u>	<u>10,338,854</u>
Change in Net Assets	708,873	200,107	908,980	451,962	(726)	451,236
Net Assets, Beginning of Year	<u>12,768,320</u>	<u>8,665,485</u>	<u>21,433,805</u>	<u>12,316,358</u>	<u>8,666,211</u>	<u>20,982,569</u>
Net Assets, End of Year	\$ <u><u>13,477,193</u></u>	<u><u>8,865,592</u></u>	<u><u>22,342,785</u></u>	<u><u>12,768,320</u></u>	<u><u>8,665,485</u></u>	<u><u>21,433,805</u></u>

The City's net assets increased by \$908,980 of which \$708,873 is from governmental activities and \$200,107 is from the business-type activities. The increase in governmental activities is largely due to an increase in the amount of municipal income tax collections and an increase in the amount of charges for services from 2010. The City's total expenses for governmental activities shows a decrease of \$144,192 from 2010, with the largest decrease in General Government, due to strict spending by the City's management. In the business-type activities, charges for services saw a decrease of 1.54%. The Water Fund saw a 12.57% decrease in total expenses as contract payments were less in 2011 due to completion of projects and a reduction in the amount of interest expense related to debt. The expenses of the Sewer Fund remained consistent with 2010 amounts as expenses were only \$7,952 less than 2010 amounts.

***Governmental Activities***

The two functions that have the greatest amount of expense are Public Safety and General Government. Public Safety includes the Divisions of Police, Fire, and Emergency Medical Services. In addition to the revenue received for charges for services, which are those fees paid by the neighboring townships for fire and ambulance service, the Public Safety Division receives a .5% income tax that is voted on by the

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taxpayers triennially. Allowing for one-third of the municipal income tax dollars, or \$1,168,367, to be credited to the Public Safety program, we see that over 50% of the net expense of \$2,327,520 is paid by this tax levy. General Government, the next highest function, includes all administrative activities, City Council, Municipal Court, and facility maintenance. This function costs taxpayers \$1,262,915.

***Business-Type Activities***

Overall, the City's business-type activities generated \$3.00 million in operating revenues, which is greater than the cost of doing business of \$2.87 million. While there was a small decrease in charges for services the decrease in expenses were greater which resulted in the increase to net assets.

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

**TABLE 3**  
Total and Cost of Program Services  
For the Year Ended December 31

	<u>2011</u>		<u>2010</u>	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
General Government	\$ 2,109,879	(1,262,915)	2,297,249	(1,494,129)
Public Safety	3,006,991	(2,327,520)	3,001,151	(2,202,221)
Public Health	170,463	(95,821)	148,582	(89,318)
Transportation	1,142,535	(897,397)	1,167,174	(864,726)
Community Development	395,965	73,420	426,204	(42,149)
Culture and Recreation	273,870	(266,365)	196,863	(189,448)
Interest Expense	43,425	(43,425)	50,097	(50,097)
Total Expenses	<u>\$ 7,143,128</u>	<u>(4,820,023)</u>	<u>7,287,320</u>	<u>(4,932,088)</u>

	<u>2011</u>		<u>2010</u>	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Water	\$ 1,186,107	122,629	1,356,617	(33,622)
Sewer	1,119,038	29,204	1,126,990	11,144
Refuse	567,314	43,611	567,725	20,314
Other Business-Type Activities	-	863	202	1,438
Total Expenses	<u>\$ 2,872,459</u>	<u>196,307</u>	<u>3,051,534</u>	<u>(726)</u>



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As of the date of this report, there are no known facts or conditions that are expected to have a significant effect on the City's financial position or results of operations for either governmental activities or proprietary activities.

**THE CITY'S FUNDS**

The balance sheet for the City's major governmental funds is reflected on pages 14 – 15. These funds are reported using a modified accrual basis of accounting, allowing for a reasonable comparison to last year balances. Total governmental fund balances are \$6.66 million, of which \$4.94 is unassigned. Revenues and expenditures are reflected on pages 16 – 17. The net change in the fund balances was an increase of \$580,002.

The General Fund balance decreased by \$312,137, which was a result of a flat revenue stream coupled with an increase of the cost of providing services to the citizen's of the City of Eaton.

Fund balance in the Public Safety Fund increased \$96,081 to \$984,730. This minor decrease was due to management's diligence in controlling expenditures.

The Capital Improvement Fund reported a fund balance of \$3,281,845 at December 31, 2011 up from \$2,572,159. This balance increase is due to higher income tax revenue coupled with a reduction in the amount of funds transferred to other capital project funds as compared to 2010.

In 2011, Governmental funds reported expenditures of \$1,056,262 or 12.90% less than those reported in 2010. This decrease was related to the acquisition and construction of capital assets in 2010.

The proprietary funds showed a net operating income of \$177,332. The largest contributing factor comes from the Water Fund as the City set funds aside for projects scheduled for 2011 and beyond. Several years ago water rates were adjusted to allow for a major upgrade of the treatment plant and several smaller waterline replacement projects. The Sewer Fund will be looking at a major expansion project, so we have been setting aside funds toward these projects. User fees will be adjusted in the Sewer Fund if needed for the expansion of these facilities. This is in keeping with the philosophy that a proprietary fund be treated as a business-type activity.

***General Fund Budgeting Highlights***

There were no unexpected variances within the General Fund budget or budget to actual statements. The General Fund's actual revenues were slightly up from 2010 with all classifications remaining constant. The largest variance between actual revenue and final budget is in intergovernmental. This is due to \$341,968 received in inheritance tax that is an unbudgeted revenue item for the City.

Expenditures for 2011 as compared to 2010 remained fairly constant with an increase of \$99,291. The positive variance in relation to the budget was expected by management as the economic conditions remain uncertain and the City is maintaining its current services while also being fiscally responsible. The largest change was in Public Safety as it related to an increase in personal services. Once the economy stabilizes, additional projects may be reinstated at that time.



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**CAPITAL ASSETS AND INFRASTRUCTURE**

At December 31, 2011, the City has invested in land, construction in progress, infrastructure, buildings and equipment with amounts totaling \$8.49 million and \$10.09 million in governmental activities and business-type activities, respectively. Table 4 shows December 31, 2011 balances compared to December 31, 2010 amounts. Additional information regarding the City's capital assets can be found in the Notes to the Basic Financial Statements in Note 10.

**TABLE 4**  
Capital Assets, December 31

	2011			2010		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 820,439	582,108	1,402,547	820,439	582,108	1,402,547
Construction in Progress	5,221	-	5,221	63,100	-	63,100
Infrastructure	4,974,158	-	4,974,158	4,730,143	-	4,730,143
Buildings and Systems	4,084,490	14,849,655	18,934,145	4,084,490	14,309,242	18,393,732
Furniture and Equipment	5,079,317	4,153,828	9,233,145	5,004,133	4,153,492	9,157,625
Less: Accumulated						
Depreciation	(6,475,877)	(9,493,226)	(15,969,103)	(5,956,560)	(8,954,584)	(14,911,144)
Totals	\$ <u>8,487,748</u>	<u>10,092,365</u>	<u>18,580,113</u>	<u>8,745,745</u>	<u>10,090,258</u>	<u>18,836,003</u>

Overall, capital assets decreased \$255,890 from December 31, 2010. The decrease in capital assets relates primarily to depreciation on assets exceeded the cost of the assets placed in service during 2011.

**DEBT ADMINISTRATION**

At December 31, 2011, the City's debt consisted of the following loan obligations:

<u>Issue</u>	<u>Rate %</u>	<u>Issued</u>	<u>Maturity</u>	<u>Outstanding</u>
Issue II - Downtown	0.0%	7-1-1997	1-1-2020	\$ 318,750
Issue II - Washington	0.0%	7-1-2008	1-1-2019	\$ 412,500
TIF Loan	3.56%	5-1-2005	4-20-2014	\$ 188,824
Eaton Municipal Court				
Facility Bond	4.69%	3-5-2004	3-1-2018	\$ 713,866
OWDA Loan	2.75%	1-1-2007	1-1-2027	\$ 3,764,655

Under current state statutes, the City's general obligation bonded debt issuances are subject to a legal limitation based on 10 1/2 percent of total assessed value of real and personal property. As of December 31, 2011, the City has no general obligation bonded debt.

The City's overall legal debt margin at December 31, 2011 was \$15,458,249. See Note 15 of the Notes to the Basic Financial Statements for more detailed information on long-term debt of the City.

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**CONTACTING THE CITY'S FINANCE DEPARTMENT**

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the revenues it receives. If you have any questions regarding this report or need additional information, contact David A. Daily, City Manager, City of Eaton, 328 North Maple Street, P.O. Box 27, Eaton, Ohio 45320.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF EATON**  
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Statement of Net Assets  
December 31, 2011

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 6,312,115	2,370,291	8,682,406
Investments	20,089	-	20,089
Receivables (net of allowances for uncollectibles):			
Taxes	1,425,919	-	1,425,919
Accounts	28,572	482,175	510,747
Special Assessments	20,783	-	20,783
Due from Other Governments	378,618	2,010	380,628
Materials and Supplies Inventory	3,000	-	3,000
Capital Assets:			
Capital assets not subject to depreciation:			
Land	820,439	582,108	1,402,547
Construction in Progress	5,221	-	5,221
Capital assets, net of accumulated depreciation	<u>7,662,088</u>	<u>9,510,257</u>	<u>17,172,345</u>
 Total Assets	 \$ <u>16,676,844</u>	 <u>12,946,841</u>	 <u>29,623,685</u>
<b>LIABILITIES:</b>			
Accounts Payable	\$ 140,860	114,484	255,344
Accrued Wages and Benefits	87,279	9,806	97,085
Due to Other Governments	51,464	-	51,464
Accrued Interest Payable	12,467	51,764	64,231
Unearned Revenue	668,900	-	668,900
Noncurrent Liabilities:			
Due Within One Year	452,365	219,436	671,801
Due In More Than One Year	<u>1,786,316</u>	<u>3,685,759</u>	<u>5,472,075</u>
 Total Liabilities	 <u>3,199,651</u>	 <u>4,081,249</u>	 <u>7,280,900</u>
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt	6,853,808	6,327,710	13,181,518
Restricted for:			
Public Safety	913,760	-	913,760
Indigent Driver	48,853	-	48,853
Computerization Upgrade	19,860	-	19,860
Special Projects	120,628	-	120,628
Streets and Highways	246,110	-	246,110
Capital Improvement	3,386,044	-	3,386,044
Perpetual Care:			
Nonexpendable	20,000	-	20,000
Unrestricted	<u>1,868,130</u>	<u>2,537,882</u>	<u>4,406,012</u>
 Total Net Assets	 \$ <u>13,477,193</u>	 <u>8,865,592</u>	 <u>22,342,785</u>

See accompanying notes to the basic financial statements.



**CITY OF EATON**  
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Balance Sheet  
Governmental Funds  
December 31, 2011

	General Fund	Public Safety Fund	Capital Improvement Fund
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,716,338	853,541	3,110,315
Investments	-	-	-
Receivables (net of allowance for uncollectibles):			
Taxes	805,996	214,006	253,917
Accounts	24,704	-	-
Special Assessments	-	-	20,783
Due from Other Governments	157,342	11,215	-
Due from Other Funds	-	-	-
Materials and Supplies Inventory	3,000	-	-
	<u>3,000</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>2,707,380</u>	<u>1,078,762</u>	<u>3,385,015</u>
<b>LIABILITIES:</b>			
Accounts Payable	\$ 99,968	9,197	18,487
Accrued Wages and Benefits	54,279	26,261	2,761
Due to Other Governments	43,839	7,625	-
Due to Other Funds	18,043	-	-
Deferred Revenue	790,445	50,949	81,922
	<u>790,445</u>	<u>50,949</u>	<u>81,922</u>
Total Liabilities	<u>1,006,574</u>	<u>94,032</u>	<u>103,170</u>
<b>FUND BALANCES:</b>			
Nonspendable	3,000	-	-
Restricted	23,140	984,730	3,251,286
Assigned	8,979	-	30,559
Unassigned	1,665,687	-	-
	<u>1,665,687</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,700,806</u>	<u>984,730</u>	<u>3,281,845</u>
Total Liabilities and Fund Balances	\$ <u>2,707,380</u>	<u>1,078,762</u>	<u>3,385,015</u>

See accompanying notes to the basic financial statements.

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Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
December 31, 2011

Nonmajor Governmental Funds	Total Governmental Funds		
631,921	6,312,115	Total Governmental Fund Balances	\$ 6,657,922
20,089	20,089	Amounts reported for governmental activities in the Statement of Net Assets are different because:	
152,000	1,425,919	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	8,487,748
3,868	28,572		
-	20,783	Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	582,671
210,061	378,618		
18,043	18,043	Long-term liabilities, including Issue II loans payable, are not due and payable in the current period and therefore are not reported in the funds:	
-	3,000	Issue II Loans Payable	(318,750)
1,035,982	8,207,139	OPWC Note Payable	(412,500)
		TIF Loans Payable	(188,824)
		General Obligation Bonds Payable	(713,866)
		Accrued Interest on Long-Term Debt	(12,467)
		Compensated Absences	(604,741)
		Net Assets of Governmental Activities	\$ <u>13,477,193</u>
13,208	140,860		
3,978	87,279		
-	51,464		
-	18,043		
328,255	1,251,571		
345,441	1,549,217		
10,000	13,000		
680,541	4,939,697		
-	39,538		
690,541	6,657,922		
1,035,982	8,207,139		

**CITY OF EATON**  
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Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2011

	General Fund	Public Safety Fund	Capital Improvement Fund
<b>REVENUES:</b>			
Property Taxes	\$ 530,351	-	-
Municipal Income Taxes	966,924	1,147,503	1,328,081
Intergovernmental Revenue	705,821	138,118	-
Charges for Services	111,659	528,299	-
Licenses and Permits	59,861	-	-
Fees, Fines and Forfeitures	541,544	-	-
Special Assessments	-	-	93,152
Investment Income	9,202	-	-
Other Revenue	55,284	2,603	-
	<u>2,980,646</u>	<u>1,816,523</u>	<u>1,421,233</u>
Total Revenues			
<b>EXPENDITURES:</b>			
Current:			
General Government	1,361,449	35,299	157,246
Public Safety	1,247,368	1,601,568	-
Public Health	27,129	-	-
Transportation	313,446	-	333,951
Community Development	192,254	-	-
Culture and Recreation	110,592	-	5,220
Capital Outlay	995	83,575	205,469
Debt Service:			
Principal	-	-	92,500
Interest	-	-	-
	<u>3,253,233</u>	<u>1,720,442</u>	<u>794,386</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>(272,587)</u>	<u>96,081</u>	<u>626,847</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from Sale of Capital Assets	450	-	-
Transfers In	-	-	82,839
Transfers Out	(40,000)	-	-
	<u>(39,550)</u>	<u>-</u>	<u>82,839</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(312,137)	96,081	709,686
Fund Balance, Beginning of Year, as restated	<u>2,012,943</u>	<u>888,649</u>	<u>2,572,159</u>
Fund Balance, End of Year	\$ <u>1,700,806</u>	<u>984,730</u>	<u>3,281,845</u>

See accompanying notes to the basic financial statements.



**CITY OF EATON  
PREBLE 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, 2011

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>			
172,105	702,456	Total Net Change in Fund Balances - Governmental Funds	\$	580,002
-	3,442,508			
959,547	1,803,486	Amounts reported for governmental activities in the statement of activities are different because:		
21,893	661,851			
1,090	60,951	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
265,978	807,522			
-	93,152	Capital Asset Additions		321,980
188	9,390	Current Year Depreciation		(579,977)
<u>69,119</u>	<u>127,006</u>			
<u>1,489,920</u>	<u>7,708,322</u>			
271,124	1,825,118	Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		255,448
2,151	2,851,087			
143,334	170,463	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues on the funds.		143,229
425,765	1,073,162			
-	192,254	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
81,500	197,312	Compensated Absences		(13,738)
228,533	518,572	Accrued Interest Payable		<u>1,929</u>
162,948	255,448			
<u>45,354</u>	<u>45,354</u>	Change in Net Assets of Governmental Activities	\$	<u>708,873</u>
<u>1,360,709</u>	<u>7,128,770</u>			
129,211	579,552			
-	450			
40,000	122,839			
<u>(82,839)</u>	<u>(122,839)</u>			
<u>(42,839)</u>	<u>450</u>			
86,372	580,002			
<u>604,169</u>	<u>6,077,920</u>			
<u>690,541</u>	<u>6,657,922</u>			

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Statement of Net Assets  
Proprietary Funds  
December 31, 2011

	Water	Sewer & Sewer Disposal	Refuse	Non-Major Enterprise Fund	Total
<b>ASSETS:</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 1,421,503	769,161	172,385	7,242	2,370,291
Receivables:					
Accounts	195,840	173,081	113,254	-	482,175
Due from Other Governments	<u>1,210</u>	<u>800</u>	<u>-</u>	<u>-</u>	<u>2,010</u>
Total Current Assets	<u>1,618,553</u>	<u>943,042</u>	<u>285,639</u>	<u>7,242</u>	<u>2,854,476</u>
Capital Assets:					
Land	532,271	30,500	19,337	-	582,108
Capital Assets, net of accumulated depreciation	<u>5,744,700</u>	<u>3,765,557</u>	<u>-</u>	<u>-</u>	<u>9,510,257</u>
Total Capital Assets	<u>6,276,971</u>	<u>3,796,057</u>	<u>19,337</u>	<u>-</u>	<u>10,092,365</u>
Total Assets	<u>\$ 7,895,524</u>	<u>4,739,099</u>	<u>304,976</u>	<u>7,242</u>	<u>12,946,841</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts Payable	\$ 40,739	29,890	43,855	-	114,484
Accrued Wages and Benefits	4,353	4,970	483	-	9,806
Accrued Compensated Absences	15,557	17,920	2,872	-	36,349
Accrued Interest	51,764	-	-	-	51,764
Loan Payable	<u>183,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,087</u>
Total Current Liabilities	<u>295,500</u>	<u>52,780</u>	<u>47,210</u>	<u>-</u>	<u>395,490</u>
Noncurrent Liabilities:					
Accrued Compensated Absences	47,382	47,861	8,948	-	104,191
Loan Payable	<u>3,581,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,581,568</u>
Total Noncurrent Liabilities	<u>3,628,950</u>	<u>47,861</u>	<u>8,948</u>	<u>-</u>	<u>3,685,759</u>
Total Liabilities	<u>3,924,450</u>	<u>100,641</u>	<u>56,158</u>	<u>-</u>	<u>4,081,249</u>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	2,512,316	3,796,057	19,337	-	6,327,710
Unrestricted	<u>1,458,758</u>	<u>842,401</u>	<u>229,481</u>	<u>7,242</u>	<u>2,537,882</u>
Total Net Assets	<u>3,971,074</u>	<u>4,638,458</u>	<u>248,818</u>	<u>7,242</u>	<u>8,865,592</u>
Total Liabilities and Net Assets	<u>\$ 7,895,524</u>	<u>4,739,099</u>	<u>304,976</u>	<u>7,242</u>	<u>12,946,841</u>

See accompanying notes to the basic financial statements.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2011

	Water	Sewer & Sewer Disposal	Refuse	Non-Major Enterprise Fund	Total
<b>OPERATING REVENUES:</b>					
Charges for Services	\$ 1,308,736	1,083,242	610,925	863	3,003,766
Total Operating Revenues	<u>1,308,736</u>	<u>1,083,242</u>	<u>610,925</u>	<u>863</u>	<u>3,003,766</u>
<b>OPERATING EXPENSES:</b>					
Personnel Services	302,964	341,795	38,667	-	683,426
Fringe Benefits	137,481	152,619	16,585	-	306,685
Contractual Services	124,003	112,976	508,018	-	744,997
Materials and Supplies	186,467	45,752	2,280	-	234,499
Utilities	96,398	198,717	1,764	-	296,879
Other Operating Expenses	1,111	-	-	-	1,111
Depreciation	291,658	267,179	-	-	558,837
Total Operating Expenses	<u>1,140,082</u>	<u>1,119,038</u>	<u>567,314</u>	<u>-</u>	<u>2,826,434</u>
Operating Income (Loss)	<u>168,654</u>	<u>(35,796)</u>	<u>43,611</u>	<u>863</u>	<u>177,332</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Capital Grants	-	65,000	-	-	65,000
Gain on Sale of Capital Assets	3,800	-	-	-	3,800
Interest Expense	<u>(46,025)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,025)</u>
Total Non-Operating Revenues (Expenses)	<u>(42,225)</u>	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>22,775</u>
Change in Net Assets	126,429	29,204	43,611	863	200,107
Net Assets, Beginning of Year	<u>3,844,645</u>	<u>4,609,254</u>	<u>205,207</u>	<u>6,379</u>	<u>8,665,485</u>
Net Assets, End of Year	\$ <u>3,971,074</u>	<u>4,638,458</u>	<u>248,818</u>	<u>7,242</u>	<u>8,865,592</u>

See accompanying notes to the basic financial statements.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2011

	Water	Sewer & Sewer Disposal	Refuse	Non-Major Enterprise Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received from Customers	\$ 1,332,154	1,109,865	597,941	863	3,040,823
Cash Paid for Personnel and Benefits	(434,767)	(486,707)	(53,282)	-	(974,756)
Cash Paid to Goods and Services	(386,286)	(347,815)	(510,933)	-	(1,245,034)
Other Operating Expenses	(1,111)	-	-	-	(1,111)
Net Cash Provided by Operating Activities	<u>509,990</u>	<u>275,343</u>	<u>33,726</u>	<u>863</u>	<u>819,922</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from the Sale of Capital Assets	3,800	-	-	-	3,800
Principal Paid on Long-Term Liabilities	(178,154)	-	-	-	(178,154)
Interest Paid	(107,210)	-	-	-	(107,210)
Acquisition of Capital Assets	(17,681)	(478,263)	-	-	(495,944)
Net Cash Used by Capital and Related Financing Activities	<u>(299,245)</u>	<u>(478,263)</u>	<u>-</u>	<u>-</u>	<u>(777,508)</u>
Increase (Decrease) in Cash and Cash Equivalents	210,745	(202,920)	33,726	863	42,414
Cash and Cash Equivalents, Beginning of Year	<u>1,210,758</u>	<u>972,081</u>	<u>138,659</u>	<u>6,379</u>	<u>2,327,877</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,421,503</u>	<u>769,161</u>	<u>172,385</u>	<u>7,242</u>	<u>2,370,291</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ 168,654	(35,796)	43,611	863	177,332
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation	291,658	267,179	-	-	558,837
Changes in Assets and Liabilities:					
Accounts Receivable	23,718	27,423	(12,984)	-	38,157
Due from Other Governments	(300)	(800)	-	-	(1,100)
Accounts Payable	20,582	9,630	1,129	-	31,341
Accrued Wages & Benefits	323	450	2	-	775
Accrued Compensated Absences	5,355	7,257	1,968	-	14,580
Net Cash Provided by Operating Activities	<u>\$ 509,990</u>	<u>275,343</u>	<u>33,726</u>	<u>863</u>	<u>819,922</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>					
Capital Contributions through Grants	<u>\$ -</u>	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>65,000</u>

See accompanying notes to the basic financial statements.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Statement of Fiduciary Net Assets  
Fiduciary Fund  
December 31, 2011

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	<u>Agency Fund</u>
<b>ASSETS:</b>	
Due from Other Governments	\$ <u>2,579</u>
<b>LIABILITIES:</b>	
Accounts Payable	\$ <u>2,579</u>

See accompanying notes to the basic financial statements.

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**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

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**NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY**

The City of Eaton (the City) is a municipal corporation established under the laws of the State of Ohio, which operates under its own charter. The City was incorporated on July 1, 1961 and operates under a Council/Manager form of government. The council members are elected by separate ballot from the municipality at large for four-year terms. Council elects one of their members to serve as Mayor annually. As a council member, the Mayor has the right to vote on all issues before council. Council appoints the City Manager, Director of Finance and Director of Law. The City Manager appoints all department managers of the City.

**Reporting Entity**

The 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 of Eaton, this includes public safety (police, fire and emergency rescue), highway and streets, sanitation, water distribution, parks and recreation, public improvements, community development, building and zoning, public health and welfare, and general administrative services. Council and the City Manager have 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 organizations. 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 blended or discretely presented component units at December 31, 2011.

In 2010, the City of Eaton entered into an agreement with the Washington Township Trustees for the City to assume total control and financial responsibility for Mound Hill Cemetery, The Cemetery had been operated under joint control between the City and Township for many years in accordance with Ohio Revised Code Section 795.27 through 759.48. Upon the request of the Washington Township Trustees and in accordance with Ohio Revised Code Section 759.39, the City assumed control upon passage of Ordinance 10-05 on April 19, 2010. The Cemetery is now Mound Hill Cemetery and is under the oversight of the Public Maintenance Division.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Eaton 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 governmental accounting and financial reporting principles. The City follows GASB guidance as applicable to its governmental and business-type activities, and Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board opinions, and Accounting Research Board bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements or that have been made applicable by the GASB. The City has elected to follow GASB guidance for business-type activities and enterprise funds rather than FASB guidance issued after November 30, 1989.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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 fiduciary funds. Eliminations have been made to minimize the “doubling up” of revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental 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 of the City. 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues that 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 business segment or 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 and enterprise fund 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. Fiduciary funds are reported by type.

**B. 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.



**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Measurement Focus** (Continued)

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 that contains a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Agency funds report only assets and liabilities; therefore, do not have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

**C. 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 in accordance with the Charter and legislation of the City of Eaton and/or the general laws of the State of Ohio.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Fund Accounting** (Continued)

Public Safety Fund – The Public Safety fund accounts for 1/2% income tax revenues that is approved by the voters of the City every three years and ambulance removal fees and contracts with townships for Fire and EMS services.

Capital Improvement Fund – The Capital Improvement fund accounts for that portion of municipal income tax designated by Council for the purpose of improving, constructing, maintaining, and purchasing those items necessary to enhance the operation of the City.

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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 has no internal service funds.

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 are the City's major enterprise funds:

Water Fund – To account for the provision of water treatment and distribution to the residents and commercial users of the City and some residents of the County.

Sewer & Sewer Disposal Fund – To account for sanitary services provided to the residents and commercial users of the City.

Refuse Fund – To account for the collection and disposal of refuse by 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: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City 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 has no trust funds. The agency fund accounts for receipts to be transferred to the County Law Library. The City's agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the 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 nonexchange transactions must also be available before it can be recognized.

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

Unearned Revenue/Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of December 31, 2011, but which were levied to finance year 2011 operations, have been recorded as unearned revenue.

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

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Basis of Accounting** (Continued)

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 the governmental funds.

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

Cash balances of the City's funds are pooled in order to provide improved cash management. For presentation on the statement of cash flows the enterprise fund portions of pooled cash and investments is considered a cash equivalent because the City is able to withdraw revenues from these funds without prior notice or penalty. All invested funds are pooled so they are available for withdrawal at any time.

During fiscal year 2011, investments of the City were limited to certificates of deposit and the State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2011. The fair value of the City's investment in the STAR Ohio pool is equal to its position in the pool.

For purposes of presentation on the statement of net assets/balance sheet, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents. Investments with an original maturity of greater than three months are reported as "Investments".

**F. Materials and Supplies Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items are recorded as expenditures in the governmental fund types when purchased. There was no change in the supplies inventory from 2010 to 2011.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**G. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of enterprise capital assets is also capitalized.

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 were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and Systems	15 – 45 years
Infrastructure	20 years
Equipment	3 – 15 years

**H. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

**I. 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.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**I. Compensated Absences** (Continued)

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. The City records a liability for accumulated unused sick leave for all employees after three years of accumulated service.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, expenditures are recognized for compensated absences when the liability for the employee has matured or is due. These amounts are recorded in the account "accrued compensated absences" in the fund from which the employees who have accumulated leave are paid. At December 31, 2011, there was no liability recognized in the fund financial statements. The noncurrent portion of the liability is not reported in the fund financial statements. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**J. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund expenditures are recorded when the liability is incurred. However, claims and judgments, and compensated absences, which will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they mature or are due for payment during the current year. Long-term loans are recognized as a liability on the fund financial statements when due.

**K. Fund Balance Reserves/Restrictions**

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is "bound to honor constraints on the specific purposes for which amounts in the fund can be spent" in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The five fund classifications are as follows:

Nonspendable – The nonspendable classification includes amounts that cannot be spent because they are not in a spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**K. Fund Balance Reserves/Restrictions** (Continued)

Committed – The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the City Council. The committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund assigned amounts represent intended uses established by City Council.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report the deficit fund balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

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

**L. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any 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 first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**M. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for wastewater treatment, water and sewer services, and collection and disposal of refuse. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.



**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**N. Contributions of Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

**O. 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 – ACCOUNTABILITY/RESTATEMENT**

For 2011, the City has implemented GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

As a result, certain funds previously reported as Special Revenue Funds were reclassified to the General Fund. The adjustments had the following effects on beginning fund balances:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>
Fund Balance, January 1, 2011	\$ 1,996,716	620,396
Fund Reclassifications:		
Recreation	8,981	(8,981)
Swimming Pool	7,246	(7,246)
Fund Balance, January 1, 2011, as restated	<u>\$ 2,012,943</u>	<u>604,169</u>

**NOTE 4 – FUND BALANCE**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds.



**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
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**NOTE 4 – FUND BALANCE** (Continued)

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General Fund	Public Safety Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable for:					
Materials and Supplies Inventory	\$ 3,000	-	-	-	3,000
Prepays	-	-	-	-	-
Endowments	-	-	-	10,000	10,000
<b>Total Nonspendable</b>	<b>3,000</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>13,000</b>
Restricted for:					
Public Safety	-	984,730	-	36,311	1,021,041
Public Health	-	-	-	265,412	265,412
Transportation	-	-	-	112,276	112,276
Community Development	-	-	-	85,624	85,624
Culture and Recreation	23,140	-	-	33,924	57,064
Capital Outlays	-	-	3,251,286	108,635	3,359,921
Debt Service	-	-	-	38,359	38,359
<b>Total Restricted</b>	<b>23,140</b>	<b>984,730</b>	<b>3,251,286</b>	<b>680,541</b>	<b>4,939,697</b>
Assigned for:					
Capital Outlays	-	-	30,559	-	30,559
Unpaid Obligations	8,979	-	-	-	8,979
<b>Total Assigned</b>	<b>8,979</b>	<b>-</b>	<b>30,559</b>	<b>-</b>	<b>39,538</b>
Unassigned	1,665,687	-	-	-	1,665,687
<b>Total Fund Balance</b>	<b>\$ 1,700,806</b>	<b>984,730</b>	<b>3,281,845</b>	<b>690,541</b>	<b>6,657,922</b>

**NOTE 5 – CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Protection of the City’s deposits is provided by the Federal Deposit Insurance Company (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

State statutes require the classification of monies held by the City into three categories.

Active Monies – Those monies required to be kept in “cash” or “near-cash” statuses for the immediate use of the City. Such monies must be maintained either as cash in the treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive Monies – Those monies not required for use within the current five-year period of designation of depositories. Inactive monies may be deposited or invested as certificate of deposit maturing no later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

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**NOTE 5 – CASH AND CASH EQUIVALENTS AND INVESTMENTS** (Continued)

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City has no deposit policy for custodial risk beyond the requirements of State statute. By Ohio law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds on deposit with that specific institution. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions. At December 31, 2011, the carrying amount of the City's deposits was \$5,829,514 and the bank balance was \$6,118,911. Of the bank balance, \$1,377,146 was covered by federal depository insurance and \$4,908,782 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name.

Investments

Pursuant to the City Charter, the City is authorized to invest funds, in compliance with the Ohio Revised Code, in bonds or notes guaranteed by the United States, bonds or obligations of the State of Ohio, the State Treasurer's investment pool or deposits in eligible institutions. Maturities must be less than two years.

Interest rate risk – The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. In practice, the City manages its exposure to declines in fair values by limiting the maximum maturity of its investment portfolio to approximately two years.

Credit Risk – Per the City's policy, investments are limited to those explicitly guaranteed by the U.S. government, to STAR Ohio (rated AAAM by Standard & Poor's), or to high yield cash investments with authorized banks which pledge pooled securities as collateral.

Concentration of credit risk – The City places no limit on the amount that it may invest with any one issuer.

At December 31, 2011, the City's only investments were amounts on deposit with STAR Ohio, with a fair value of \$2,855,471, which is included in the "Equity in Pooled Cash and Cash Equivalents" and certificates of deposit in the amount of \$20,089, which is included as "Investments" on the Statement of Net Assets.

**NOTE 6 – PROPERTY TAXES**

Property taxes are levied against all real, public utilities and tangible (used in business) property located in the City.

Revenues from property taxes are used by the City pursuant to state statutes for General Fund operations and as a partial provision for payment of accrued police and fire pension costs.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

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**NOTE 6 – PROPERTY TAXES** (Continued)

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% (10 mills) of assessed value without a vote of the people. Under current procedures, the City's Share is .460% (4.6 mills) of assessed value.

Real property and public utility taxes collected during 2011 were levied in October 2010 on assessed values listed as of January 1, 2010, the lien date. One-half of these taxes were due in February 2011, with the remaining balance due in July 2011.

Assessed values on real property are established by state law at 35% of appraised market value. A revaluation of all property is required to be completed no less than every six years with equalization adjustments in the third year following reappraisal. The last revaluation was completed in 2007. Public utility property taxes are assessed on tangible personal property as well as land and improvements at taxable value (approximately 88% of cost). Tangible personal property assessments are 25% of true value. The assessed value for 2009 upon which the 2010 collections were based was approximately \$160,486,840. The assessed value for 2010 upon which the 2011 collection was based was approximately \$147,221,420.

The Preble County Treasurer collects property taxes on behalf of all taxing districts including the City of Eaton. The County Auditor periodically remits to the City its portion of taxes collected. Property taxes may be paid on either an annual or semi-annual basis.

**NOTE 7 – INCOME TAXES**

Municipalities within the State of Ohio are permitted by state statute to levy an income tax up to a maximum rate of 1% subject to the approval of the local legislative body. Any rate in excess of 1% requires the approval of a majority of the eligible voters residing within the municipal corporation. The city income tax of 1.5% is levied, by ordinance. One percent (1%) of the tax is levied indefinitely and .5% was renewed by the voters of the City in November 2011. The .5% tax will expire December 31, 2013. This tax is applicable to substantially all income earned within the City. Employers within the City are required to withhold income tax on employee compensation and remit this withholding quarterly. Corporations, partnerships, and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the City. Residents of the City are required to pay City income taxes on income they earn outside the City; however, credit is allowed for all income taxes paid to other municipalities.

The City has a contract with the City of Hamilton, Ohio which collects income taxes for the City of Eaton for a fee equal to three and one-half percent (3 1/2%) of the gross income tax proceeds in any one year, with a \$2,500 minimum charge.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

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**NOTE 8 – RECEIVABLES**

Receivables at December 31, 2011 consisted of current and delinquent property taxes, special assessments, accounts, intergovernmental grants, accrued interest on investments and interfund transactions. All receivables are considered collectible in full due to the ability to foreclose for nonpayment of taxes and the stable condition of State programs. A summary of Due from Other Governments follows:

	<u>Amount</u>
<b>Governmental Activities:</b>	
Local Government and Local Government Revenue Assistance	\$ 98,843
State Grants	27,854
Homestead and Rollback	35,813
Gasoline and Excise Tax	171,405
Motor Vehicle License Fees	33,338
Public Safety	11,215
Other	<u>150</u>
Total Governmental Activities	<u>378,618</u>
 <b>Business-Type Activities:</b>	
Water	1,210
Sewer & Sewer Disposal	<u>800</u>
Total Business-Type Activities	<u>2,010</u>
Total	\$ <u><u>380,628</u></u>

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**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

**NOTE 9 - INTERFUND TRANSFERS AND BALANCES**

Interfund transfers for the year ended December 31, 2011, consisted of the following:

	Transfer Out		
Transfer In	General Fund	Nonmajor Governmental Funds	Total
Capital Improvement Fund	\$ -	82,839	82,839
Nonmajor Governmental Funds	\$ 40,000	-	40,000
Total	\$ 40,000	82,839	122,839

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

The City had no transfers that either do not occur on a regular basis or were inconsistent with the purpose of the fund making the transfer.

Interfund balances at December 31, 2011, consisted of the following amounts and represent charges for services or reimbursable expenses approved and authorized in 2011 but not made until 2011. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. All are expected to be paid within one year.

	Due From Nonmajor Governmental Funds
Due To General Fund	\$ 18,043

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

**NOTE 10 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2011, was as follows:

	<u>Balance</u> 12/31/10	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 12/31/11
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>				
<b><u>Capital Assets, not being depreciated</u></b>				
Land	\$ 820,439	-	-	820,439
Construction in Progress	63,100	166,136	(224,015)	5,221
	<u>883,539</u>	<u>166,136</u>	<u>(224,015)</u>	<u>825,660</u>
<b><u>Capital Assets, being depreciated</u></b>				
Buildings	4,084,490	-	-	4,084,490
Infrastructure	4,730,143	244,015	-	4,974,158
Furniture and Equipment	5,004,133	135,844	(60,660)	5,079,317
	<u>13,818,766</u>	<u>379,859</u>	<u>(60,660)</u>	<u>14,137,965</u>
<b><u>Less: Accumulated Depreciation</u></b>				
Buildings	(1,411,481)	(116,854)	-	(1,528,335)
Infrastructure	(880,706)	(203,183)	-	(1,083,889)
Furniture and Equipment	(3,664,373)	(259,940)	60,660	(3,863,653)
	<u>(5,956,560)</u>	<u>(579,977) *</u>	<u>60,660</u>	<u>(6,475,877)</u>
Capital Assets, being depreciated, net	<u>7,862,206</u>	<u>(200,118)</u>	<u>-</u>	<u>7,662,088</u>
Capital Assets, net	<u>\$ 8,745,745</u>	<u>(33,982)</u>	<u>(224,015)</u>	<u>8,487,748</u>
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>				
<b><u>Capital Assets, not being depreciated</u></b>				
Land	\$ 582,108	-	-	582,108
<b><u>Capital Assets, being depreciated</u></b>				
Buildings and Systems	14,309,242	540,413	-	14,849,655
Furniture and Equipment	4,153,492	20,531	(20,195)	4,153,828
	<u>18,462,734</u>	<u>560,944</u>	<u>(20,195)</u>	<u>19,003,483</u>
<b><u>Less: Accumulated Depreciation</u></b>				
Buildings and Systems	(5,927,317)	(419,322)	-	(6,346,639)
Furniture and Equipment	(3,027,267)	(139,515)	20,195	(3,146,587)
	<u>(8,954,584)</u>	<u>(558,837)</u>	<u>20,195</u>	<u>(9,493,226)</u>
Capital Assets, being depreciated, net	<u>9,508,150</u>	<u>2,107</u>	<u>-</u>	<u>9,510,257</u>
Capital Assets, net	<u>\$ 10,090,258</u>	<u>2,107</u>	<u>-</u>	<u>10,092,365</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

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**NOTE 10 - CAPITAL ASSETS** (Continued)

\* Depreciation expense was charged to governmental functions as follows:

General Government	\$	78,119
Public Safety		156,362
Transportation		77,228
Community Development		203,183
Culture and Recreation		<u>65,085</u>
Total Depreciation Expense	\$	<u><u>579,977</u></u>

**NOTE 11 – DEFINED BENEFIT PENSION PLANS**

Both the Ohio Police and Fire Pension Fund and the Ohio Public Employees Retirement System are reported using GASB Statement No. 27 “Accounting for Pensions by State and Local Governmental Employers”. Substantially all City employees are covered by one of the two cost-sharing multiple-employer defined benefit pension plans, namely, the Ohio Police and Fire Pension Fund or the Ohio Public Employees Retirement System. Both funds provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

**A. Ohio Public Employees Retirement System**

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

1. **The Traditional Pension Plan** — a cost sharing, multiple-employer defined benefit pension plan.
2. **The Member-Directed Plan** — 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 any investment earnings.
3. **The Combined Plan** — a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

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**NOTE 11 – DEFINED BENEFIT PENSION PLANS** (Continued)

**A. Ohio Public Employees Retirement System** (Continued)

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The 2011 member contribution rates were 10.0% of their annual covered salary to fund pension's obligations. The employer contribution rate was 14.0% of covered payroll. The City's contributions, representing 100% of employer contributions for the periods ended December 31, 2011, 2010, and 2009 were \$402,653, \$395,119, and \$384,899, respectively.

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

The City of Eaton contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined pension plan. OP&F provides retirement and disability 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 24.0% respectively for police officers and firefighters. The City's contributions to OP&F, representing 100% of employer contributions for the periods ended December 31, 2011, 2010, and 2009 were \$212,656, \$201,677, and \$193,978, respectively.

**NOTE 12 – POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

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

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



**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
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For the Year Ended December 31, 2011

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**NOTE 12 – POSTEMPLOYMENT BENEFITS** (Continued)

**A. Ohio Public Employees Retirement System** (Continued)

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.00% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to the health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to the health care for members in the Combined Plan was 6.05%. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The portion of City's contributions that were used to fund post-employment benefits was \$115,038.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

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**NOTE 12 – POSTEMPLOYMENT BENEFITS** (Continued)

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

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by the OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

**Funding Policy.** The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefits pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2011, the employer contribution allocated to the healthcare plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's contributions for health care to OP&F for the years ending December 31, 2011, 2010, and 2009 were \$70,476, \$66,768, and \$64,248, respectively, which were equal to the required contributions for each year.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

**NOTE 13 – COMPENSATED ABSENCES**

In accordance with GASB 16, the City accrues unpaid vacation as it is earned and certain portions of sick leave pay as payment becomes probable.

Vacation is accumulated based upon length of service as follows:

<u>Employee Service</u>	<u>35-40 Hr/Wk Employee Hours Earned/Month</u>
0 thru 5	8.0
5 thru 10	10.7
10 thru 15	12.0
15 thru 30	13.3
Over 30 years	16.0

Appointed employees, which include all department heads and division heads, shall receive 20 days vacation per year.

No more than the amount of vacation accrued in the previous twenty-four month period can be carried forward into the next calendar year without written consent of the City Manager. Without this approval, any excess is eliminated from the employee's leave balance. In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation up to a maximum of the two-year accrual. Amounts in excess of the two-year accrual are paid currently. Therefore, the entire liability as determined by the above policy is recognized for each fund.

All employees earn sick leave at the rate of 10 hours for each month of work completed and appointed employees receive 15 days sick leave per year.

It is the policy of the City that an employee with at least three years' service who terminates employment or whose employment is terminated with the City (for other than disciplinary reasons) is entitled to receive payment on the basis of one day's pay for each two days of accrued sick leave not to exceed 120 days for a maximum of 60 days paid. Sick leave is recorded as a long-term obligation, unless there is an indication that the obligation will be liquidated with expendable available financial resources within one year (e.g. announced retirement date).

As of December 31, 2011, the accrued liability for unpaid compensated absences was \$745,281 for all funds. The liability for unpaid compensated absences liability will be paid from the General Fund, the Public Safety, the Computerization Upgrade, the Street Construction, Maintenance and Repair, the State Highway Improvement, the Recreation Fund and the Fort St. Clair Fund special revenue funds, the Capital Improvement capital project fund and the Water, the Sewer and Sewer Disposal and the Refuse enterprise funds.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

**NOTE 14 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2011, the City contracted with the Houston Casualty Insurance Company to provide conventional insurance protection.

The type of coverage and deductible for each is as follows:

<u>Type of Coverage</u>	<u>Per Occurrence</u>	<u>Deductible</u>
Property insurance	\$ 25,442,324	1,000
General liability	1,000,000/3,000,000	1,000
Police liability	1,000,000/1,000,000	2,500
Umbrella	5,000,000	2,500
Employee dishonesty	100,000	250
Crime	25,000	250
Inland marine	1,762,986	1,000
Automobile	3,668,895	1,000*

\* \$500 for comprehensive, \$1,000 on collision

There have been no significant reductions in coverage as compared to the prior year. Settled claims have not exceeded this commercial coverage in any of the past five years.

The City joined a workers' compensation group rating plan, which allows local governments to group the experience of employers for workers' compensation rating purposes. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

**NOTE 15 – LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligation activity by fund type for the year ended December 31, 2011:

	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/11</u>	<u>Due within</u> <u>One Year</u>
<b><u>Governmental Activities:</u></b>					
Compensated Absences	\$ 591,003	281,498	267,760	604,741	190,004
Issue II - Washington	467,500	-	55,000	412,500	55,000
Issue II - Downtown	356,250	-	37,500	318,750	37,500
Eaton Municipal Court					
Facility Bond	805,827	-	91,961	713,866	96,324
TIF - WJ/ Auk	259,811	-	70,987	188,824	73,537
	<u>2,480,391</u>	<u>281,498</u>	<u>523,208</u>	<u>2,238,681</u>	<u>452,365</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

**NOTE 15 – LONG-TERM OBLIGATIONS** (Continued)

Business-Type Activities:

Compensated Absences	125,960	65,652	51,072	140,540	36,349
OWDA Loan Payable	3,942,809	-	178,154	3,764,655	183,087
	<u>4,068,769</u>	<u>65,652</u>	<u>229,226</u>	<u>3,905,195</u>	<u>219,436</u>
\$	<u>6,549,160</u>	<u>347,150</u>	<u>752,434</u>	<u>6,143,876</u>	<u>671,801</u>

Long-term obligations of the City at December 31, 2011 are as follows:

<u>Issue</u>	<u>Rate %</u>	<u>Issued</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>
Issue II - Downtown	0.0%	7-1-1997	1-1-2020	\$ 318,750
Issue II – Washington	0.0%	7-1-2008	1-1-2019	\$ 412,500
TIF Loan	3.56%	5-1-2005	4-20-2014	\$ 188,824
Eaton Municipal Court Facility Bond	4.69%	3-5-2004	3-1-2018	\$ 713,866
OWDA Loan	2.75%	1-1-2007	1-1-2027	\$ 3,764,655

Compensated absences are liquidated from the fund in which the employee is paid.

On July 1, 1997, the City entered into a loan agreement with the Ohio Public Works Commission (Issue II) for renovation of the City’s downtown area. This loan was approved for a total of \$750,000 with a 0% interest rate. Proceeds were drawn down as funds were expended. As of December 31, 1999, the City had drawn down the entire \$750,000 of this loan. The repayment of this debt began in 2000. Annual required payments are \$37,500 and are paid out of the Capital Improvement Fund.

On March 5, 2003, the City issued bonds in the amount of \$1,375,000 for the purpose of paying costs of constructing the new Eaton Municipal Court Facility, including landscaping, utility and other site improvements, and furniture and equipment. The bonds carry an interest rate of 4.69% per annum and mature on March 1, 2018. The 2011 debt service payment, which includes interest, was \$128,689 and was paid out of the Municipal Court Special Projects Fund.

On April 20, 2004, the City borrowed \$550,000 under the State of Ohio Tax Increment Financing (TIF) program for the purpose of paying costs for the extension of Washington, Jackson and Aukerman Streets. The loan carries an interest rate of 3.56% per annum and will mature on April 20, 2014. Annual debt payments, which include interest, are \$79,613 and are paid out of the TIF Fund.

On January 1, 2007, the City entered into a loan agreement with the Ohio Water Development Authority (OWDA) for the construction of a new 1.5 million gallon water tower and the renovation of the main water treatment plant. This loan was approved for eligible project costs for an amount not to exceed \$5,247,302 at an interest rate of 2.75%, payable in semi-annual installments for 20 years. Established as a draw loan, the final loan amount was \$4,367,476. Debt payment began on July 1, 2008 with a 20 year repayment. The 2011 debt service payment, which includes interest, was \$285,364 and was paid out of the Water Fund.

On July 1, 2008, the City entered into a loan agreement with the Ohio Public Works Commission (Issue II) for the reconstruction of Washington-Jackson Road. The loan was for \$550,000 at 0% interest rate. Proceeds were drawn down as funds were expended on the project and repayment began July 1, 2010. Annual payments are \$55,000 and are paid out of the Capital Improvement Fund.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011

**NOTE 15 – LONG-TERM OBLIGATIONS** (Continued)

As of December 31, 2011, the City's legal debt margin (the ability to issue additional principal amounts of general obligation bonded debt) was approximately \$15.46 million. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2011 are as follows:

	Governmental Activities					
	Issue II Loan	Issue II Loan	Eaton Municipal Court Facility Bond		TIF Loan	
	Principal	Principal	Principal	Interest	Principal	Interest
2012	\$ 55,000	37,500	96,324	32,364	73,537	6,073
2013	55,000	37,500	100,895	27,794	76,178	3,432
2014	55,000	37,500	105,682	23,006	39,109	696
2015	55,000	37,500	110,697	17,991	-	-
2016	55,000	37,500	115,949	12,739	-	-
2017-2020	137,500	131,250	184,319	8,711	-	-
	<u>\$ 412,500</u>	<u>318,750</u>	<u>713,866</u>	<u>122,605</u>	<u>188,824</u>	<u>10,201</u>
	<b>Business-Type Activities</b>					
	<b>OWDA Loan</b>					
	Principal	Interest				
2012	\$ 183,087	102,278				
2013	188,156	97,208				
2014	193,366	91,999				
2015	198,720	86,644				
2016	204,223	81,142				
2017-2021	1,109,133	317,692				
2022-2028	1,687,970	166,901				
	<u>\$ 3,764,655</u>	<u>943,864</u>				

**NOTE 16 – CONTINGENT LIABILITIES**

Under the terms of federal grants, periodic audits are required and certain expenditures may be questioned as not appropriate under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that any questioned costs will be resolved in favor of the City and that reimbursement, if any, will not have a material effect on the City's financial position.

The City was a defendant in a number of lawsuits pertaining to matters, which are incidental to performing routine governmental and other functions. Legal counsel cannot estimate exposure, if any, in these suits. All cases are being defended vigorously by the City. It is the opinion of management and the City's legal counsel that sufficient resources will be available for the payment of such claims, if any, upon ultimate settlement.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
General Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property Taxes	\$ 520,000	520,000	530,351	10,351
Municipal Income Taxes	940,000	940,000	970,067	30,067
Intergovernmental Revenue	423,300	423,300	712,774	289,474
Charges for Services	35,000	35,000	80,131	45,131
Licenses and Permits	65,000	65,000	59,861	(5,139)
Investment Income	5,150	5,150	9,207	4,057
Fees, Fines and Forfeitures	525,800	525,800	528,924	3,124
Other Revenue	140,000	140,000	158,823	18,823
<b>Total Revenues</b>	<u>2,654,250</u>	<u>2,654,250</u>	<u>3,050,138</u>	<u>395,888</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	2,409,361	2,229,661	1,483,573	746,088
Public Safety	1,375,500	1,375,500	1,246,294	129,206
Public Health	27,150	27,150	27,129	21
Transportation	425,000	425,000	316,737	108,263
Community Development	286,500	286,500	195,323	91,177
<b>Total Expenditures</b>	<u>4,523,511</u>	<u>4,343,811</u>	<u>3,269,056</u>	<u>1,074,755</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	<u>(1,869,261)</u>	<u>(1,689,561)</u>	<u>(218,918)</u>	<u>1,470,643</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Capital Assets	-	-	450	450
Transfers Out	-	(179,700)	(150,000)	29,700
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(179,700)</u>	<u>(149,550)</u>	<u>30,150</u>
Net Change in Fund Balance	(1,869,261)	(1,869,261)	(368,468)	1,500,793
Fund Balance, Beginning of Year	1,862,761	1,862,761	1,862,761	-
Prior Year Encumbrances Appropriated	6,500	6,500	6,500	-
Fund Balance, End of Year	\$ <u>-</u>	<u>-</u>	<u>1,500,793</u>	<u>1,500,793</u>

See accompanying notes to the required supplementary information.



**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Public Safety Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Municipal Income Taxes	\$ 970,000	970,000	1,150,921	180,921
Intergovernmental Revenue	122,000	122,000	154,090	32,090
Charges for Services	430,000	430,000	520,430	90,430
Other Revenue	-	-	2,603	2,603
Total Revenues	<u>1,522,000</u>	<u>1,522,000</u>	<u>1,828,044</u>	<u>306,044</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	305,072	305,072	41,108	263,964
Public Safety	<u>1,971,050</u>	<u>1,971,050</u>	<u>1,688,940</u>	<u>282,110</u>
Total Expenditures	<u>2,276,122</u>	<u>2,276,122</u>	<u>1,730,048</u>	<u>546,074</u>
Net Change in Fund Balance	(754,122)	(754,122)	97,996	852,118
Fund Balance, Beginning of Year	753,112	753,112	753,112	-
Prior Year Encumbrances Appropriated	<u>1,010</u>	<u>1,010</u>	<u>1,010</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>-</u>	<u>852,118</u>	<u>852,118</u>

See accompanying notes to the required supplementary information.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2011

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Basis of Budgeting

Basis of budgeting refers to when revenues and expenditures or expenses are recognized in the accounts. The City of Eaton's (the City) budget for all legislated funds are prepared on a cash-encumbrance basis wherein transactions are recorded when cash is received or disbursed, or when a commitment has been recorded as an encumbrance against an applicable appropriation. All annual appropriations lapse at year end to the extent they have not been expended or lawfully encumbered. Fund balances shown are unencumbered cash balances. This basis is utilized for all interim financial statements issued during the year.

The basis of budgeting differs from generally accepted accounting principles (GAAP) used for the City's year-end financial statements contained in the Comprehensive Annual Financial Report (CAFR). Under that basis of accounting, revenues are generally recognized when the obligation to the City arises; the budget basis however, recognizes revenue only when cash has been received. In the CAFR, expenditures are generally recognized in the period in which they are incurred. Under the budget basis, expenditures are recognized when cash has been disbursed or when an encumbrance has been placed against an appropriation.

General Budget Policies

By July 15, the City Manager submits an annual operating budget for all funds of the City, except for the Municipal Court agency fund, for the following fiscal year to the City Council for consideration and passage. No later than July 20, the adopted budget is submitted to the County Auditor for presentation to the County Budget Commission.

The County Budget Commission certifies its actions relative to the annual budget to the City by September 1. As part of this certification, the City receives an Official Certificate of Estimated Resources that states projected revenues by fund. On or about January 1, this certificate is amended to include any unencumbered fund balances from the preceding year. Prior to December 31, the City must revise its budget so that the total estimated expenditures from any fund during the ensuing fiscal year would not exceed the amount as stated on the Amended Official Certificate of Resources. The revised budget then serves as the basis of the annual appropriation ordinance.

An appropriation ordinance to control the level of expenditures must be legally enacted on or about January 1. The ordinance may be temporary in nature in that its effectiveness applies from the date on which it is enacted to the date on which a permanent appropriation ordinance must be passed. Ohio law requires the permanent appropriation ordinance to be passed no later than April 1, of the fiscal year for which it applies.

Expenditures may not exceed appropriations at the department (i.e., Administration, Council, Municipal Court, Public Maintenance, Police, Headquarters, Fire, EMS, Public Safety, etc.) level within the General Fund and at the fund level for all other budgeted funds.

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

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Notes to the Required Supplementary Information  
For the Year Ended December 31, 2011

General Budget Policies (Continued)

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

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

- ❖ Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- ❖ Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- ❖ Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to reservation of fund balance (GAAP).

Reconciliation of GAAP Basis to Budgetary Basis

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

	<u>General Fund</u>	<u>Public Safety Fund</u>
Net Change in Fund		
Balance - GAAP Basis	\$ (312,137)	96,081
Increase/(Decrease):		
Due to Revenues	76,997	11,521
Due to Expenditures	(137,008)	(11,029)
Encumbrances	10,593	1,423
Funds Budgeted as Special Revenue	<u>(6,913)</u>	<u>-</u>
Net Change in Fund		
Balance - Budgetary Basis	\$ <u>(368,468)</u>	<u>97,996</u>

## **SUPPLEMENTARY INFORMATION**

***CITY OF EATON  
PREBLE COUNTY, OHIO***

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 in accordance with the Charter and legislation of the City of Eaton and/or the general laws of the State of Ohio.

**Public Safety Fund** – The Public Safety fund accounts for 1/2% income tax revenues that is approved by the voters of the City every three years and ambulance removal fees and contracts with townships for Fire and EMS services.

**Capital Improvement Fund** – The Capital Improvement fund accounts for that portion of municipal income tax designated by Council for the purpose of improving, constructing, maintaining, and purchasing those items necessary to enhance the operation of the City.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
General Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property Taxes:				
General	\$ 520,000	520,000	529,723	9,723
Tangible Personal	-	-	628	628
Total Property Taxes	<u>520,000</u>	<u>520,000</u>	<u>530,351</u>	<u>10,351</u>
Municipal Income Taxes	<u>940,000</u>	<u>940,000</u>	<u>970,067</u>	<u>30,067</u>
Intergovernmental Revenue:				
Local Government Revenue	201,000	201,000	202,302	1,302
Homestead/Rollback	70,000	70,000	72,864	2,864
State Levied Shared Taxes	140,000	140,000	82,643	(57,357)
Inheritance	-	-	341,968	341,968
Cigarette Licenses	300	300	563	263
Liquor and Beer Permits	9,000	9,000	8,754	(246)
Police Firing Range	3,000	3,000	3,680	680
Total Intergovernmental Revenue	<u>423,300</u>	<u>423,300</u>	<u>712,774</u>	<u>289,474</u>
Charges for Services:				
General Government-Cable Franchise	35,000	35,000	80,125	45,125
Miscellaneous	-	-	6	6
Total Charges for Services	<u>35,000</u>	<u>35,000</u>	<u>80,131</u>	<u>45,131</u>
Licenses and Permits	<u>65,000</u>	<u>65,000</u>	<u>59,861</u>	<u>(5,139)</u>
Investment Income	<u>5,150</u>	<u>5,150</u>	<u>9,207</u>	<u>4,057</u>
Fees, Fines and Forfeitures	<u>525,800</u>	<u>525,800</u>	<u>528,924</u>	<u>3,124</u>
Other Revenue	<u>140,000</u>	<u>140,000</u>	<u>158,823</u>	<u>18,823</u>
Total Revenues	<u>2,654,250</u>	<u>2,654,250</u>	<u>3,050,138</u>	<u>395,888</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Administration:				
Personal Services	540,550	542,550	501,179	41,371
Operating Expenses	1,094,651	912,951	252,647	660,304
Council:				
Personal Services	9,810	9,810	7,216	2,594
Operating Expenses	3,000	3,000	730	2,270
Municipal Court:				
Personal Services	660,000	660,000	631,290	28,710
Operating Expenses	101,350	101,350	90,511	10,839
Total General Government	<u>2,409,361</u>	<u>2,229,661</u>	<u>1,483,573</u>	<u>746,088</u>

(Continued)

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
General Fund  
For the Year Ended December 31, 2011  
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public Safety:				
Police Division:				
Personal Services	1,171,000	1,171,000	1,069,620	101,380
Operating Expenses	140,500	140,500	117,448	23,052
Headquarters:				
Personal Services	64,000	64,000	59,226	4,774
Total Public Safety	<u>1,375,500</u>	<u>1,375,500</u>	<u>1,246,294</u>	<u>129,206</u>
Public Health:				
Administration:				
Operating Expenses	27,150	27,150	27,129	21
Total Public Health	<u>27,150</u>	<u>27,150</u>	<u>27,129</u>	<u>21</u>
Transportation:				
Traffic Lights:				
Operating Expenses	52,500	52,500	15,840	36,660
Public Maintenance:				
Personal Services	274,500	274,500	206,456	68,044
Operating Expenses	98,000	98,000	94,441	3,559
Total Transportation	<u>425,000</u>	<u>425,000</u>	<u>316,737</u>	<u>108,263</u>
Community Development:				
Building and Zoning:				
Personal Services	238,700	238,700	164,997	73,703
Operating Expenses	47,800	47,800	30,326	17,474
Total Building and Zoning	<u>286,500</u>	<u>286,500</u>	<u>195,323</u>	<u>91,177</u>
Total Expenditures	<u>4,523,511</u>	<u>4,343,811</u>	<u>3,269,056</u>	<u>1,074,755</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>(1,869,261)</u>	<u>(1,689,561)</u>	<u>(218,918)</u>	<u>1,470,643</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Capital Assets	-	-	450	450
Transfers Out	-	(179,700)	(150,000)	29,700
Total Other Financing Sources (Uses)	<u>-</u>	<u>(179,700)</u>	<u>(149,550)</u>	<u>30,150</u>
Net Change in Fund Balance	(1,869,261)	(1,869,261)	(368,468)	1,500,793
Fund Balance, Beginning of Year	1,862,761	1,862,761	1,862,761	-
Prior Year Encumbrances Appropriated	6,500	6,500	6,500	-
Fund Balance, End of Year	<u>\$ -</u>	<u>-</u>	<u>1,500,793</u>	<u>1,500,793</u>

**CITY OF EATON  
PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Public Safety Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Municipal Income Taxes	\$ 970,000	970,000	1,150,921	180,921
Intergovernmental Revenue:				
Federal Grants	-	-	11,217	11,217
Other Grants	-	-	500	500
Fire Contracts	42,000	42,000	47,061	5,061
Ambulance Contracts	80,000	80,000	95,312	15,312
Total Intergovernmental Revenue	122,000	122,000	154,090	32,090
Charges for Services:				
Ambulance Removal Fees	430,000	430,000	520,430	90,430
Total Charges for Services	430,000	430,000	520,430	90,430
Other Revenue	-	-	2,603	2,603
Total Revenues	1,522,000	1,522,000	1,828,044	306,044
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Administration:				
Operating Expenses	305,072	305,072	41,108	263,964
Total General Government	305,072	305,072	41,108	263,964
Public Safety:				
Police Division:				
Personal Services	235,000	235,000	216,743	18,257
Operating Expenses	128,300	128,300	112,137	16,163
Headquarters:				
Personal Services	342,000	342,000	275,869	66,131
Operating Expenses	22,000	22,000	19,007	2,993
Fire Division:				
Personal Services	487,500	487,500	426,877	60,623
Operating Expenses	149,850	149,850	74,425	75,425
EMS Division:				
Personal Services	465,500	465,500	439,715	25,785
Operating Expenses	140,900	140,900	124,167	16,733
Total Public Safety	1,971,050	1,971,050	1,688,940	282,110
Total Expenditures	2,276,122	2,276,122	1,730,048	546,074

(Continued)



**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Public Safety Fund  
For the Year Ended December 31, 2011  
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Net Change in Fund Balance	(754,122)	(754,122)	97,996	852,118
Fund Balance, Beginning of Year	753,112	753,112	753,112	-
Prior Year Encumbrances Appropriated	<u>1,010</u>	<u>1,010</u>	<u>1,010</u>	<u>-</u>
Fund Balance, End of Year	\$ <u>-</u>	<u>-</u>	<u>852,118</u>	<u>852,118</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Capital Improvement Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Municipal Income Taxes	\$ 1,025,000	1,025,000	1,331,774	306,774
Special Assessments	10,000	10,000	93,152	83,152
Total Revenues	<u>1,035,000</u>	<u>1,035,000</u>	<u>1,424,926</u>	<u>389,926</u>
<b>EXPENDITURES:</b>				
Capital Outlay:				
Personal Services	312,500	312,500	299,934	12,566
Operating Expenses	3,129,713	2,970,013	468,942	2,501,071
Debt Service:				
Principal Payments	-	92,500	92,500	-
Total Expenditures	<u>3,442,213</u>	<u>3,375,013</u>	<u>861,376</u>	<u>2,513,637</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>(2,407,213)</u>	<u>(2,340,013)</u>	<u>563,550</u>	<u>2,903,563</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	82,839	82,839
Transfers Out	-	(67,200)	-	67,200
Total Other Financing Sources (Uses)	<u>-</u>	<u>(67,200)</u>	<u>82,839</u>	<u>150,039</u>
Net Change in Fund Balance	(2,407,213)	(2,407,213)	646,389	3,053,602
Fund Balance, Beginning of Year	2,258,150	2,258,150	2,258,150	-
Prior Year Encumbrances Appropriated	149,063	149,063	149,063	-
Fund Balance, End of Year	<u>\$ -</u>	<u>-</u>	<u>3,053,602</u>	<u>3,053,602</u>

Combining Statements – Nonmajor Governmental Funds

***NONMAJOR SPECIAL REVENUE FUNDS***

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Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than amounts relating to permanent funds or for major capital projects) that are legally restricted to expenditures for specified purposes.

**Indigent Driver Fund** – Required by the Ohio Revised Code to account for DUI fines designated for education and training of indigent DUI offenders.

**Enforcement & Education Fund** – Required by the Ohio Revised Code to account for DUI fines designated for use by law enforcement agencies for officer drug and alcohol education and/or enforcement.

**Law Enforcement Fund** – To account for fines designated by a court of law for use by law enforcement agencies.

**Computerization Upgrade Fund** – To account for fees collected by the municipal court to fund computer related expenditures.

**Municipal Court Special Projects Fund** – To account for additional court costs which are to be used for construction and maintenance of a new Court building and other related Court services.

**Drivers Interlock & Alcohol Monitoring Fund** – Required by the Ohio Revised Code for the exclusive purpose of funding interlock and SCRAM for indigent defenders.

**Street Construction, Maintenance & Repair Fund** – The street construction, maintenance & repair funds is required by the Ohio Revised Code and accounts for the portion of the state gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

**State Highway Improvement Fund** – Required by the Ohio Revised Code to account for that portion of the state gasoline and motor vehicle registration fees designated for maintenance of state highways within the City.

**Cemetery Fund** – To account for the operations of the Mound Hill Cemetery.

**Recreation Fund** – To account for monies received through charges for services for cultural and recreational events provided for public enjoyment. For financial reporting purposes, other than budgetary, this fund is included within the General Fund.

**Swimming Pool Fund** – To account for the operations of the City owned swimming pool. For financial reporting purposes, other than budgetary, this fund is included within the General Fund.

**Robert’s Bridge Fund** – To account for funds set aside to maintain a local landmark.

**Bicentennial Park Fund** – To account for funds set aside to maintain Bicentennial Park.

Combining Statements – Nonmajor Governmental Funds  
(Continued)

***NONMAJOR SPECIAL REVENUE FUNDS*** (Continued)

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**Fort St. Clair Fund** – To account for the operation of Fort St. Clair Park that is owned by the Ohio Historical Society.

**Small Cities Fund** – To account for small cities block grant funds received from the State of Ohio.

**Community Housing Fund** – To account for grant funds from the State of Ohio for the rehabilitation of rental properties for low-to-moderate income families.

**HOME Investment Fund** – To account for grant funds from the State of Ohio for emergency housing assistance payments for low-to-moderate income families.

***NONMAJOR CAPITAL PROJECTS FUNDS***

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

**Preble Dr. Extension Issue II Fund** – To account for funds received from the State of Ohio for the extension of Preble Drive.

**TIF Fund** – To maintain and account for revenues associated with the Tax Incremental Financing for capital projects of the City.

***NONMAJOR PERMANENT FUND***

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Permanent Fund are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

**Francis Trust Fund** – To account for the donation received from Richard E. Francis. The principal amount donated is to remain intact with the interest revenue to be used for the general care and maintenance of the Mound Hill Union Cemetery.

Since there is only one nonmajor Permanent Fund, the **Francis Trust Fund**, no individual fund information is presented.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
 Combined Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2011

	Special Revenue Funds	Capital Project Funds	Permanent Fund	Total Nonmajor Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 550,067	81,854	-	631,921
Investments	-	-	20,089	20,089
Receivables (net of allowance for uncollectibles):				
Taxes	37,000	115,000	-	152,000
Accounts	3,868	-	-	3,868
Due from Other Governments	210,061	-	-	210,061
Due from Other Funds	<u>18,043</u>	<u>-</u>	<u>-</u>	<u>18,043</u>
 Total Assets	 <u>\$ 819,039</u>	 <u>196,854</u>	 <u>20,089</u>	 <u>1,035,982</u>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 13,208	-	-	13,208
Accrued Wages and Benefits	3,978	-	-	3,978
Deferred Revenue	<u>213,255</u>	<u>115,000</u>	<u>-</u>	<u>328,255</u>
 Total Liabilities	 <u>230,441</u>	 <u>115,000</u>	 <u>-</u>	 <u>345,441</u>
<b>FUND BALANCE:</b>				
Nonspendable	-	-	10,000	10,000
Restricted	<u>588,598</u>	<u>81,854</u>	<u>10,089</u>	<u>680,541</u>
 Total Fund Balance	 <u>588,598</u>	 <u>81,854</u>	 <u>20,089</u>	 <u>690,541</u>
 Total Liabilities and Fund Balance	 <u>\$ 819,039</u>	 <u>196,854</u>	 <u>20,089</u>	 <u>1,035,982</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2011

	<u>Indigent Driver</u>	<u>Enforcement &amp; Education</u>	<u>Law Enforcement</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 48,863	3,491	9,107
Receivables (net of allowance for uncollectibles):			
Taxes	-	-	-
Accounts	-	-	-
Due from Other Governments	-	-	-
Due from Other Funds	<u>854</u>	<u>371</u>	<u>-</u>
 Total Assets	 <u>\$ 49,717</u>	 <u>3,862</u>	 <u>9,107</u>
<b>LIABILITIES:</b>			
Accounts Payable	\$ -	146	-
Accrued Wages and Benefits	-	-	-
Deferred Revenue	<u>-</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>-</u>	 <u>146</u>	 <u>-</u>
<b>FUND BALANCE:</b>			
Restricted	<u>49,717</u>	<u>3,716</u>	<u>9,107</u>
 Total Fund Balance	 <u>49,717</u>	 <u>3,716</u>	 <u>9,107</u>
 Total Liabilities and Fund Balance	 <u>\$ 49,717</u>	 <u>3,862</u>	 <u>9,107</u>

<u>Computerization Upgrade</u>	<u>Municipal Court Special Projects Fund</u>	<u>Drivers Interlock &amp; Alcohol Monitoring</u>	<u>Street Construction, Maintenance &amp; Repair</u>	<u>State Highway Improvement</u>
21,269	28,667	22,725	75,367	11,861
-	-	-	-	-
-	-	-	250	-
-	-	150	192,707	15,356
<u>6,513</u>	<u>9,692</u>	<u>613</u>	<u>-</u>	<u>-</u>
<u>27,782</u>	<u>38,359</u>	<u>23,488</u>	<u>268,324</u>	<u>27,217</u>
810	-	-	6,745	-
191	-	-	2,291	235
-	-	-	161,326	13,081
<u>1,001</u>	<u>-</u>	<u>-</u>	<u>170,362</u>	<u>13,316</u>
<u>26,781</u>	<u>38,359</u>	<u>23,488</u>	<u>97,962</u>	<u>13,901</u>
<u>26,781</u>	<u>38,359</u>	<u>23,488</u>	<u>97,962</u>	<u>13,901</u>
<u>27,782</u>	<u>38,359</u>	<u>23,488</u>	<u>268,324</u>	<u>27,217</u>

(Continued)

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2011  
(Continued)

	<u>Cemetery</u>	<u>Robert's Bridge</u>	<u>Bicentennial Park</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 207,296	413	273
Receivables (net of allowance for uncollectibles):			
Taxes	37,000	-	-
Accounts	-	-	-
Due from Other Governments	1,848	-	-
Due from Other Funds	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	\$ <u>246,144</u>	<u>413</u>	<u>273</u>
<b>LIABILITIES:</b>			
Accounts Payable	\$ 867	-	-
Accrued Wages and Benefits	823	-	-
Deferred Revenue	38,848	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>40,538</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE:</b>			
Restricted	<u>205,606</u>	<u>413</u>	<u>273</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balance	<u>205,606</u>	<u>413</u>	<u>273</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balance	\$ <u>246,144</u>	<u>413</u>	<u>273</u>



Fort St. Clair	Small Cities	Community Housing	Home Investment	Total Special Revenue Funds
35,111	-	85,624	-	550,067
-	-	-	-	37,000
3,618	-	-	-	3,868
-	-	-	-	210,061
-	-	-	-	18,043
<u>38,729</u>	<u>-</u>	<u>85,624</u>	<u>-</u>	<u>819,039</u>
4,640	-	-	-	13,208
438	-	-	-	3,978
-	-	-	-	213,255
<u>5,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,441</u>
<u>33,651</u>	<u>-</u>	<u>85,624</u>	<u>-</u>	<u>588,598</u>
<u>33,651</u>	<u>-</u>	<u>85,624</u>	<u>-</u>	<u>588,598</u>
<u>38,729</u>	<u>-</u>	<u>85,624</u>	<u>-</u>	<u>819,039</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2011

	Preble Dr. Extension Issue II	TIF	Total Capital Projects Funds
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ -	81,854	81,854
Receivables (net of allowance for uncollectibles):			
Taxes	<u>-</u>	<u>115,000</u>	<u>115,000</u>
Total Assets	<u>\$ -</u>	<u>196,854</u>	<u>196,854</u>
<b>LIABILITIES:</b>			
Deferred Revenue	<u>\$ -</u>	<u>115,000</u>	<u>115,000</u>
Total Liabilities	<u>-</u>	<u>115,000</u>	<u>115,000</u>
<b>FUND BALANCE:</b>			
Restricted	<u>-</u>	<u>81,854</u>	<u>81,854</u>
Total Fund Balance	<u>-</u>	<u>81,854</u>	<u>81,854</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>196,854</u>	<u>196,854</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended December 31, 2011

	Special Revenue Funds	Capital Project Funds	Permanent Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>				
Property Taxes	\$ 35,066	137,039	-	172,105
Intergovernmental Revenue	714,409	245,138	-	959,547
Charges for Services	21,893	-	-	21,893
Licenses and Permits	1,090	-	-	1,090
Fees, Fines and Forfeitures	265,978	-	-	265,978
Investment Income	-	-	188	188
Other Revenue	69,119	-	-	69,119
	<u>1,107,555</u>	<u>382,177</u>	<u>188</u>	<u>1,489,920</u>
Total Revenues				
<b>EXPENDITURES:</b>				
Current:				
General Government	241,926	29,198	-	271,124
Public Safety	2,151	-	-	2,151
Public Health	143,235	-	99	143,334
Transportation	424,382	1,383	-	425,765
Culture and Recreation	81,500	-	-	81,500
Capital Outlay	67,617	160,916	-	228,533
Debt Service:				
Principal	91,961	70,987	-	162,948
Interest	36,728	8,626	-	45,354
	<u>1,089,500</u>	<u>271,110</u>	<u>99</u>	<u>1,360,709</u>
Total Expenditures				
Excess (Deficit) of Revenues Over/ (Under) Expenditures	<u>18,055</u>	<u>111,067</u>	<u>89</u>	<u>129,211</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	40,000	-	-	40,000
Transfers Out	-	(82,839)	-	(82,839)
	<u>40,000</u>	<u>(82,839)</u>	<u>-</u>	<u>(42,839)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	58,055	28,228	89	86,372
Fund Balance, Beginning of Year	<u>530,543</u>	<u>53,626</u>	<u>20,000</u>	<u>604,169</u>
Fund Balance, End of Year	\$ <u>588,598</u>	<u>81,854</u>	<u>20,089</u>	<u>690,541</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2011

	Indigent Driver	Enforcement & Education	Law Enforcement
<b>REVENUES:</b>			
Property Taxes	\$ -	-	-
Intergovernmental Revenue	-	-	-
Charges for Services	-	-	-
Licenses and Permits	-	-	-
Fees, Fines and Forfeitures	11,995	2,563	3,955
Other Revenue	-	-	-
	<u>11,995</u>	<u>2,563</u>	<u>3,955</u>
Total Revenues	<u>11,995</u>	<u>2,563</u>	<u>3,955</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	-	-	-
Public Safety	-	2,151	-
Public Health	1,594	-	-
Transportation	-	-	-
Culture and Recreation	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
	<u>1,594</u>	<u>2,151</u>	<u>-</u>
Total Expenditures	<u>1,594</u>	<u>2,151</u>	<u>-</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	<u>10,401</u>	<u>412</u>	<u>3,955</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	10,401	412	3,955
Fund Balance, Beginning of Year	<u>39,316</u>	<u>3,304</u>	<u>5,152</u>
Fund Balance, End of Year	\$ <u>49,717</u>	<u>3,716</u>	<u>9,107</u>

<u>Computerization Upgrade</u>	<u>Municipal Court Special Projects Fund</u>	<u>Drivers Interlock &amp; Alcohol Monitoring</u>	<u>Street Construction, Maintenance &amp; Repair</u>	<u>State Highway Improvement</u>
-	-	-	-	-
-	-	-	355,475	28,409
-	-	-	21,893	-
-	-	-	1,090	-
71,364	106,644	9,373	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>279</u>	<u>-</u>
<u>71,364</u>	<u>106,644</u>	<u>9,373</u>	<u>378,737</u>	<u>28,409</u>
63,987	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	397,218	27,164
-	-	-	-	-
2,617	-	-	-	-
-	91,961	-	-	-
<u>-</u>	<u>36,728</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>66,604</u>	<u>128,689</u>	<u>-</u>	<u>397,218</u>	<u>27,164</u>
<u>4,760</u>	<u>(22,045)</u>	<u>9,373</u>	<u>(18,481)</u>	<u>1,245</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4,760	(22,045)	9,373	(18,481)	1,245
<u>22,021</u>	<u>60,404</u>	<u>14,115</u>	<u>116,443</u>	<u>12,656</u>
<u>26,781</u>	<u>38,359</u>	<u>23,488</u>	<u>97,962</u>	<u>13,901</u>

(Continued)

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2011  
(Continued)

	Cemetery	Robert's Bridge	Bicentennial Park
<b>REVENUES:</b>			
Property Taxes	\$ 35,066	-	-
Intergovernmental Revenue	13,025	-	-
Charges for Services	-	-	-
Licenses and Permits	-	-	-
Fees, Fines and Forfeitures	60,084	-	-
Other Revenue	25,918	-	-
	<u>134,093</u>	<u>-</u>	<u>-</u>
Total Revenues			
<b>EXPENDITURES:</b>			
Current:			
General Government	-	-	-
Public Safety	-	-	-
Public Health	141,641	-	-
Transportation	-	-	-
Culture and Recreation	-	-	823
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
	<u>141,641</u>	<u>-</u>	<u>823</u>
Total Expenditures			
Excess (Deficit) of Revenues Over/ (Under) Expenditures	<u>(7,548)</u>	<u>-</u>	<u>(823)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(7,548)	-	(823)
Fund Balance, Beginning of Year	<u>213,154</u>	<u>413</u>	<u>1,096</u>
Fund Balance, End of Year	<u>\$ 205,606</u>	<u>413</u>	<u>273</u>

<u>Fort St. Clair</u>	<u>Small Cities</u>	<u>Community Housing</u>	<u>Home Investment</u>	<u>Total Special Revenue Funds</u>
-	-	-	-	35,066
-	65,000	252,500	-	714,409
-	-	-	-	21,893
-	-	-	-	1,090
-	-	-	-	265,978
<u>42,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,119</u>
<u>42,922</u>	<u>65,000</u>	<u>252,500</u>	<u>-</u>	<u>1,107,555</u>
-	-	169,620	8,319	241,926
-	-	-	-	2,151
-	-	-	-	143,235
-	-	-	-	424,382
80,677	-	-	-	81,500
-	65,000	-	-	67,617
-	-	-	-	91,961
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,728</u>
<u>80,677</u>	<u>65,000</u>	<u>169,620</u>	<u>8,319</u>	<u>1,089,500</u>
<u>(37,755)</u>	<u>-</u>	<u>82,880</u>	<u>(8,319)</u>	<u>18,055</u>
<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
2,245	-	82,880	(8,319)	58,055
<u>31,406</u>	<u>-</u>	<u>2,744</u>	<u>8,319</u>	<u>530,543</u>
<u>33,651</u>	<u>-</u>	<u>85,624</u>	<u>-</u>	<u>588,598</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2011

	Preble Dr. Extension Issue II	TIF	Total Capital Projects Funds
<b>REVENUES:</b>			
Property Taxes	\$ -	137,039	137,039
Intergovernmental Revenue	<u>245,138</u>	<u>-</u>	<u>245,138</u>
Total Revenues	<u>245,138</u>	<u>137,039</u>	<u>382,177</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	-	29,198	29,198
Transportation	1,383	-	1,383
Capital Outlay	160,916	-	160,916
Debt Service:			
Principal	-	70,987	70,987
Interest	<u>-</u>	<u>8,626</u>	<u>8,626</u>
Total Expenditures	<u>162,299</u>	<u>108,811</u>	<u>271,110</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	<u>82,839</u>	<u>28,228</u>	<u>111,067</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers Out	<u>(82,839)</u>	<u>-</u>	<u>(82,839)</u>
Total Other Financing Sources (Uses)	<u>(82,839)</u>	<u>-</u>	<u>(82,839)</u>
Net Change in Fund Balance	-	28,228	28,228
Fund Balance, Beginning of Year	<u>-</u>	<u>53,626</u>	<u>53,626</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>81,854</u>	<u>81,854</u>



**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Statement of Changes in Assets  
and Liabilities - Agency Fund  
For the Year Ended December 31, 2011

	Balance 12/31/10	Additions	Deductions	Balance 12/31/11
<u>State Patrol Transfer Fund</u>				
Assets:				
Cash and Cash Equivalents	\$ -	25,494	25,494	-
Due from Other Governments	1,756	2,579	1,756	2,579
<b>Total Assets</b>	<b>\$ 1,756</b>	<b>28,073</b>	<b>27,250</b>	<b>2,579</b>
Liabilities:				
Accounts Payable	\$ 1,756	28,073	27,250	2,579
<b>Total Liabilities</b>	<b>\$ 1,756</b>	<b>28,073</b>	<b>27,250</b>	<b>2,579</b>
<u>OBBS Assessment Fund</u>				
Assets:				
Cash and Cash Equivalents	\$ -	1,225	1,225	-
<b>Total Assets</b>	<b>\$ -</b>	<b>1,225</b>	<b>1,225</b>	<b>-</b>
Liabilities:				
Due to Others	\$ -	1,225	1,225	-
<b>Total Liabilities</b>	<b>\$ -</b>	<b>1,225</b>	<b>1,225</b>	<b>-</b>
<u>Total Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$ -	26,719	26,719	-
Due from Other Governments	1,756	2,579	1,756	2,579
<b>Total Assets</b>	<b>\$ 1,756</b>	<b>29,298</b>	<b>28,475</b>	<b>2,579</b>
Liabilities:				
Accounts Payable	\$ 1,756	28,073	27,250	2,579
Due to Others	-	1,225	1,225	-
<b>Total Liabilities</b>	<b>\$ 1,756</b>	<b>29,298</b>	<b>28,475</b>	<b>2,579</b>

**CITY OF EATON  
PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Indigent Driver Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fees, Fines and Forfeitures	\$ 5,000	5,000	11,938	6,938
<b>EXPENDITURES:</b>				
Public Health:				
Operating Expenses	44,404	44,404	2,479	41,925
Change in Fund Balance	(39,404)	(39,404)	9,459	48,863
Fund Balance, Beginning of Year	39,404	39,404	39,404	-
Fund Balance, End of Year	\$ -	-	48,863	48,863

**CITY OF EATON  
PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Enforcement & Education Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fees, Fines and Forfeitures	\$ 1,500	1,500	2,377	877
<b>EXPENDITURES:</b>				
Public Safety:				
Operating Expenses	4,619	4,619	2,104	2,515
Change in Fund Balance	(3,119)	(3,119)	273	3,392
Fund Balance, Beginning of Year	3,119	3,119	3,119	-
Fund Balance, End of Year	\$ -	-	3,392	3,392

**CITY OF EATON  
PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Law Enforcement Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fees, Fines and Forfeitures	\$ -	-	3,954	3,954
<b>EXPENDITURES:</b>				
Public Safety:				
Operating Expenses	5,353	5,353	200	5,153
Change in Fund Balance	(5,353)	(5,353)	3,754	9,107
Fund Balance, Beginning of Year	5,153	5,153	5,153	-
Prior Year Encumbrances Appropriated	200	200	200	-
Fund Balance, End of Year	\$ -	-	9,107	9,107

**CITY OF EATON  
PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Computerization Upgrade Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fees, Fines and Forfeitures	\$ 65,000	65,000	70,199	5,199
Total Revenues	65,000	65,000	70,199	5,199
<b>EXPENDITURES:</b>				
General Government:				
Personal Services	25,500	25,500	25,157	343
Operating Expenses	57,616	57,616	41,889	15,727
Total Expenditures	83,116	83,116	67,046	16,070
Change in Fund Balance	(18,116)	(18,116)	3,153	21,269
Fund Balance, Beginning of Year	17,786	17,786	17,786	-
Prior Year Encumbrances Appropriated	330	330	330	-
Fund Balance, End of Year	\$ -	-	21,269	21,269

**CITY OF EATON  
PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Municipal Court Special Projects Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fees, Fines and Forfeitures	\$ 105,000	103,000	104,971	1,971
Total Revenues	105,000	103,000	104,971	1,971
<b>EXPENDITURES:</b>				
General Government:				
Operating Expenses	157,384	26,689	-	26,689
Debt Service:				
Principal Payments	-	91,965	91,961	4
Interest	-	36,730	36,727	3
Total Expenditures	157,384	155,384	128,688	26,696
Net Change in Fund Balance	(52,384)	(52,384)	(23,717)	28,667
Fund Balance, Beginning of Year	52,384	52,384	52,384	-
Fund Balance, End of Year	\$ -	-	28,667	28,667

**CITY OF EATON  
PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Drivers Interlock & Alcohol Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fees, Fines and Forfeitures	\$ 5,000	5,000	9,920	4,920
<b>EXPENDITURES:</b>				
General Government:				
Operating Expenses	17,805	17,805	-	17,805
Net Change in Fund Balance	(12,805)	(12,805)	9,920	22,725
Fund Balance, Beginning of Year	12,805	12,805	12,805	-
Fund Balance, End of Year	\$ -	-	22,725	22,725

**CITY OF EATON  
PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Street Construction, Maintenance and Repair Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 347,000	347,000	352,895	5,895
Charges for Services	-	-	21,643	21,643
Licenses and Permits	-	-	1,090	1,090
Other Revenue	-	-	279	279
Total Revenues	<u>347,000</u>	<u>347,000</u>	<u>375,907</u>	<u>28,907</u>
<b>EXPENDITURES:</b>				
Transportation:				
Personal Services	287,000	287,000	264,618	22,382
Operating Expenses	<u>161,320</u>	<u>161,320</u>	<u>138,558</u>	<u>22,762</u>
Total Expenditures	<u>448,320</u>	<u>448,320</u>	<u>403,176</u>	<u>45,144</u>
Net Change in Fund Balance	(101,320)	(101,320)	(27,269)	74,051
Fund Balance, Beginning of Year	100,959	100,959	100,959	-
Prior Year Encumbrances Appropriated	<u>361</u>	<u>361</u>	<u>361</u>	<u>-</u>
Fund Balance, End of Year	\$ <u>-</u>	\$ <u>-</u>	<u>74,051</u>	<u>74,051</u>

**CITY OF EATON  
PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
State Highway Improvement Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 27,500	27,500	28,469	969
<b>EXPENDITURES:</b>				
Transportation:				
Personal Services	28,450	28,450	27,161	1,289
Operating Expenses	<u>9,603</u>	<u>9,603</u>	<u>-</u>	<u>9,603</u>
Total Expenditures	<u>38,053</u>	<u>38,053</u>	<u>27,161</u>	<u>10,892</u>
Change in Fund Balance	(10,553)	(10,553)	1,308	11,861
Fund Balance, Beginning of Year	<u>10,553</u>	<u>10,553</u>	<u>10,553</u>	<u>-</u>
Fund Balance, End of Year	\$ <u>-</u>	\$ <u>-</u>	<u>11,861</u>	<u>11,861</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Cemetery Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property Taxes	\$ 35,000	35,000	35,066	66
Intergovernmental	30,000	30,000	13,025	(16,975)
Fees, Fines and Forfeitures	45,000	45,000	60,084	15,084
Other Revenue	-	-	25,919	25,919
Total Revenues	<u>110,000</u>	<u>110,000</u>	<u>134,094</u>	<u>24,094</u>
<b>EXPENDITURES:</b>				
Public Health:				
Personal Services	109,000	116,000	110,310	5,690
Operating Expenses	<u>216,837</u>	<u>209,837</u>	<u>32,325</u>	<u>177,512</u>
Total Expenditures	<u>325,837</u>	<u>325,837</u>	<u>142,635</u>	<u>183,202</u>
Net Change in Fund Balance	(215,837)	(215,837)	(8,541)	207,296
Fund Balance, Beginning of Year	<u>215,837</u>	<u>215,837</u>	<u>215,837</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>-</u>	<u>207,296</u>	<u>207,296</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Recreation Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for Services	\$ 5,000	7,000	7,505	505
Total Revenues	<u>5,000</u>	<u>7,000</u>	<u>7,505</u>	<u>505</u>
<b>EXPENDITURES:</b>				
Culture and Recreation:				
Personal Services	95,000	72,000	68,653	3,347
Operating Expenses	<u>41,217</u>	<u>36,217</u>	<u>21,338</u>	<u>14,879</u>
Total Expenditures	<u>136,217</u>	<u>108,217</u>	<u>89,991</u>	<u>18,226</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(131,217)	(101,217)	(82,486)	18,731
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	<u>120,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Net Change in Fund Balance	(11,217)	(11,217)	7,514	18,731
Fund Balance, Beginning of Year	10,247	10,247	10,247	-
Prior Year Encumbrances Appropriated	<u>970</u>	<u>970</u>	<u>970</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>-</u>	<u>18,731</u>	<u>18,731</u>

**CITY OF EATON  
PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Swimming Pool Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Total Revenues	\$ -	-	-	-
<b>EXPENDITURES:</b>				
Culture and Recreation:				
Operating Expenses	<u>27,354</u>	<u>27,354</u>	<u>21,476</u>	<u>5,878</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(27,354)	(27,354)	(21,476)	5,878
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net Change in Fund Balance	(7,354)	(7,354)	(1,476)	5,878
Fund Balance, Beginning of Year	<u>7,354</u>	<u>7,354</u>	<u>7,354</u>	<u>-</u>
Fund Balance, End of Year	\$ <u>-</u>	<u>-</u>	<u>5,878</u>	<u>5,878</u>

**CITY OF EATON  
PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Roberts Bridge Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Total Revenues	\$ -	-	-	-
<b>EXPENDITURES:</b>				
Culture and Recreation:				
Operating Expenses	<u>413</u>	<u>413</u>	<u>-</u>	<u>413</u>
Net Change in Fund Balance	(413)	(413)	-	413
Fund Balance, Beginning of Year	<u>413</u>	<u>413</u>	<u>413</u>	<u>-</u>
Fund Balance, End of Year	\$ <u>-</u>	<u>-</u>	<u>413</u>	<u>413</u>



**CITY OF EATON  
PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Bicentennial Park Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Total Revenues	\$ -	-	-	-
<b>EXPENDITURES:</b>				
Culture and Recreation:				
Operating Expenses	1,096	1,096	823	273
Net Change in Fund Balance	(1,096)	(1,096)	(823)	273
Fund Balance, Beginning of Year	1,096	1,096	1,096	-
Fund Balance, End of Year	\$ -	-	273	273

**CITY OF EATON  
PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Fort St. Clair Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Other Revenue	\$ 25,000	25,000	40,947	15,947
Total Revenues	25,000	25,000	40,947	15,947
<b>EXPENDITURES:</b>				
Culture and Recreation:				
Personal Services	53,250	47,250	46,405	845
Operating Expenses	47,970	53,970	37,809	16,161
Total Expenditures	101,220	101,220	84,214	17,006
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(76,220)	(76,220)	(43,267)	32,953
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	39,700	39,700	40,000	300
Total Other Financing Sources (Uses)	39,700	39,700	40,000	300
Net Change in Fund Balance	(36,520)	(36,520)	(3,267)	33,253
Fund Balance, Beginning of Year	34,972	34,972	34,972	-
Prior Year Encumbrances Appropriated	1,548	1,548	1,548	-
Fund Balance, End of Year	\$ -	-	33,253	33,253

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Small Cities Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental Revenue	\$ 59,000	65,000	65,000	-
<b>EXPENDITURES:</b>				
Capital Outlay	59,000	65,000	65,000	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	-	-	-

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Community Housing Improvement Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental Revenue	\$ 409,000	252,500	252,500	-
<b>EXPENDITURES:</b>				
General Government:				
Operating Expenses	411,744	255,244	169,620	85,624
Net Change in Fund Balance	(2,744)	(2,744)	82,880	85,624
Fund Balance, Beginning of Year	2,744	2,744	2,744	-
Fund Balance, End of Year	\$ -	-	85,624	85,624

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Home Investment Partnership Grant Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental Revenue	\$ 99,000	8,000	8,000	-
<b>EXPENDITURES:</b>				
General Government:				
Operating Expenses	114,599	23,599	23,599	-
Net Change in Fund Balance	(15,599)	(15,599)	(15,599)	-
Fund Balance, Beginning of Year	15,599	15,599	15,599	-
Fund Balance, End of Year	\$ -	-	-	-

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Preble Dr. Extension Issue II Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental Revenue	\$ 142,800	245,139	245,139	-
<b>EXPENDITURES:</b>				
Capital Outlay:				
Operating Expenses	<u>210,000</u>	<u>162,300</u>	<u>162,300</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>(67,200)</u>	<u>82,839</u>	<u>82,839</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	67,200	-	-	-
Transfers Out	<u>-</u>	<u>(82,839)</u>	<u>(82,839)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>67,200</u>	<u>(82,839)</u>	<u>(82,839)</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	(160,626)	(160,626)	(160,626)	-
Prior Year Encumbrances Appropriated	<u>160,626</u>	<u>160,626</u>	<u>160,626</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
TIF Fund  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property Taxes	\$ 115,000	115,000	137,040	22,040
Total Revenues	115,000	115,000	137,040	22,040
<b>EXPENDITURES:</b>				
Capital Outlay:				
Operating Expenses	168,626	89,010	29,199	59,811
Debt Service:				
Principal Payments	-	70,990	70,987	3
Interest	-	8,626	8,626	-
Total Expenditures	168,626	168,626	108,812	59,814
Net Change in Fund Balance	(53,626)	(53,626)	28,228	81,854
Fund Balance, Beginning of Year	53,626	53,626	53,626	-
Fund Balance, End of Year	\$ -	-	81,854	81,854

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**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

**Statistical Tables**

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

**Contents**

**Financial Trends** S-3 – S-9  
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.

**Revenue Capacity** S-10 – S-15  
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue sources, the property tax and income tax.

**Debt Capacity** S-16 – S-18  
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

**Economic and Demographic Information** S-19 – S-20  
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

**Operating Information** S-21 – S-23  
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.

**Sources Note:**

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
 Net Assets by Component,  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Governmental Activities:</b>										
Invested in capital assets, net of related debt	\$ 6,853,808	6,856,357	5,943,323	6,106,769	5,169,206	4,931,849	5,002,316	3,550,036	3,016,949	4,003,628
Restricted for:										
Debt Service	-	-	-	-	-	-	10,388	29,968	-	-
Special Revenue	1,349,211	1,262,693	1,292,106	1,310,038	1,672,796	1,285,819	1,237,373	1,044,279	1,071,313	382,501
Capital Projects	3,386,044	2,667,706	2,858,273	2,582,544	2,695,609	2,737,759	2,147,810	2,267,020	2,392,615	1,694,187
Nonexpendable	20,000	20,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Unrestricted	1,868,130	1,961,564	2,212,656	2,554,563	2,405,108	1,708,875	1,054,211	1,829,189	1,920,539	2,099,002
Total governmental activities net assets	\$ 13,477,193	12,768,320	12,316,358	12,563,914	11,952,719	10,674,302	9,462,098	8,730,492	8,411,416	8,189,318
<b>Business-Type Activities:</b>										
Invested in capital assets, net of related debt	\$ 6,327,710	6,147,449	6,260,604	5,918,787	5,225,983	5,112,690	4,982,708	4,797,377	4,487,336	4,089,355
Unrestricted	2,537,882	2,518,036	2,405,607	2,753,872	3,272,465	2,888,212	2,220,903	1,732,586	1,273,897	1,291,933
Total business-type activities net assets	\$ 8,865,592	8,665,485	8,666,211	8,672,659	8,498,448	8,000,902	7,203,611	6,529,963	5,761,233	5,381,288
<b>Primary Government</b>										
Invested in capital assets, net of related debt	\$ 13,181,518	13,003,806	12,203,927	12,025,556	10,395,189	10,044,539	9,985,024	8,347,413	7,504,285	8,092,983
Restricted	4,755,255	3,950,399	4,160,379	3,902,582	4,378,405	4,033,578	3,405,571	3,351,267	3,473,928	2,086,688
Unrestricted	4,406,012	4,479,600	4,618,263	5,308,435	5,677,573	4,597,087	3,275,114	3,561,775	3,194,436	3,390,935
	\$ 22,342,785	21,433,805	20,982,569	21,236,573	20,451,167	18,675,204	16,665,709	15,260,455	14,172,649	13,570,606

Source: City of Eaton, Ohio Finance Department

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Changes in Net Assets,  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2011	2010	2009	2008
<b>Expenses:</b>				
Governmental Activities:				
General Government	\$ 2,109,879	2,297,249	2,157,151	2,226,446
Public Safety	3,006,991	3,001,151	2,870,220	2,777,561
Public Health	170,463	148,582	163,844	277,929
Transportation	1,142,535	1,167,174	976,734	1,415,615
Community Development	395,965	426,204	456,028	326,122
Culture and Recreation	273,870	196,863	235,175	173,279
Interest Expense	43,425	50,097	56,518	62,658
Total Governmental Activities Expenses	<u>7,143,128</u>	<u>7,287,320</u>	<u>6,915,670</u>	<u>7,259,610</u>
Business-Type Activities:				
Water	1,186,107	1,356,617	1,119,633	1,292,642
Sewer	1,119,038	1,126,990	1,255,315	1,095,245
Refuse	567,314	567,725	601,201	582,746
Other Business-Type Activities	-	202	3,372	-
Total Business-Type Activities Expenses	<u>2,872,459</u>	<u>3,051,534</u>	<u>2,979,521</u>	<u>2,970,633</u>
Total Primary Government Expenses	<u>\$ 10,015,587</u>	<u>10,338,854</u>	<u>9,895,191</u>	<u>10,230,243</u>
<b>Program Revenues:</b>				
Governmental Activities:				
Charges for Services:				
General Government	\$ 846,964	803,120	869,559	937,611
Public Safety	674,611	736,448	737,388	657,378
Public Health	74,642	59,264	16,188	13,747
Community Development	151,885	81,555	160,976	105,295
Culture and Recreation	7,505	7,415	3,755	3,675
Total Charges for Services	<u>1,755,607</u>	<u>1,687,802</u>	<u>1,787,866</u>	<u>1,717,706</u>
Operating Grants and Contributions:				
Public Safety	4,860	62,482	3,405	5,960
Transportation	-	-	-	-
Community Development	252,500	302,500	195,000	29,308
Culture and Recreation	-	-	13,520	18,413
Total Operating Grants and Contributions	<u>257,360</u>	<u>364,982</u>	<u>211,925</u>	<u>53,681</u>
Capital Grants and Contributions:				
Public Safety	-	-	-	-
Public Health	-	-	-	-
Transportation	245,138	302,448	120,939	200,000
Community Development	65,000	-	29,000	30,000
Culture and Recreation	-	-	-	-
Total Capital Grants and Contributions	<u>310,138</u>	<u>302,448</u>	<u>149,939</u>	<u>230,000</u>
Total Governmental Activities				
Program Revenues	<u>2,323,105</u>	<u>2,355,232</u>	<u>2,149,730</u>	<u>2,001,387</u>

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
2,450,191	2,292,327	1,841,644	2,109,868	1,847,486	1,787,812
2,580,232	2,499,063	2,391,588	2,171,369	2,180,635	2,069,768
154,688	149,790	137,836	171,062	148,194	155,547
1,249,885	1,140,312	954,615	450,405	967,800	986,280
349,374	562,329	338,883	683,209	208,519	193,767
86,872	105,966	127,088	196,266	268,863	169,256
70,438	72,797	77,514	73,212	52,923	-
<u>6,941,680</u>	<u>6,822,584</u>	<u>5,869,168</u>	<u>5,855,391</u>	<u>5,674,420</u>	<u>5,362,430</u>
1,003,774	799,655	962,433	674,554	749,140	751,735
993,485	997,632	927,580	797,216	759,188	743,713
620,992	481,251	475,803	462,213	506,051	489,692
17	120	12,147	15,589	27,636	30,644
<u>2,618,268</u>	<u>2,278,658</u>	<u>2,377,963</u>	<u>1,949,572</u>	<u>2,042,015</u>	<u>2,015,784</u>
<u>9,559,948</u>	<u>9,101,242</u>	<u>8,247,131</u>	<u>7,804,963</u>	<u>7,716,435</u>	<u>7,378,214</u>
1,054,233	869,171	798,013	768,181	846,408	814,805
711,487	123,144	130,849	130,667	165,807	206,305
11,191	9,101	11,668	9,019	8,144	18,195
114,901	337,472	207,122	230,617	159,612	137,191
3,900	16,509	8,805	44,288	38,077	69,716
<u>1,895,712</u>	<u>1,355,397</u>	<u>1,156,457</u>	<u>1,182,772</u>	<u>1,218,048</u>	<u>1,246,212</u>
7,000	4,825	1,000	-	-	-
-	-	-	-	10,463	-
295,751	220,869	-	-	-	-
14,030	19,489	16,602	14,931	17,990	25,100
<u>316,781</u>	<u>245,183</u>	<u>17,602</u>	<u>14,931</u>	<u>28,453</u>	<u>25,100</u>
-	511,305	117,365	29,654	-	-
-	-	-	-	19,602	-
-	127,565	129,064	257,542	-	-
31,000	35,000	37,000	36,828	176,562	111,073
-	-	137,719	-	-	-
<u>31,000</u>	<u>673,870</u>	<u>421,148</u>	<u>324,024</u>	<u>196,164</u>	<u>111,073</u>
<u>2,243,493</u>	<u>2,274,450</u>	<u>1,595,207</u>	<u>1,521,727</u>	<u>1,442,665</u>	<u>1,382,385</u>

(Continued)

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Changes in Net Assets,  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(Continued)

	Fiscal Year			
	2011	2010	2009	2008
Business-Type Activities:				
Charges for Services:				
Water	1,308,736	1,322,995	1,293,590	1,351,776
Sewer	1,083,242	1,138,134	1,057,454	1,132,523
Refuse	610,925	588,039	589,867	583,552
Other Business-Type Activities	863	1,640	2,162	1,580
Total Charges for Services	<u>3,003,766</u>	<u>3,050,808</u>	<u>2,943,073</u>	<u>3,069,431</u>
Capital Grants and Contributions:				
Water	-	-	-	-
Sewer	65,000	-	30,000	67,712
Total Capital Grants and Contributions	<u>65,000</u>	<u>-</u>	<u>30,000</u>	<u>67,712</u>
Total Business-Type Activities				
Program Revenues	<u>3,068,766</u>	<u>3,050,808</u>	<u>2,973,073</u>	<u>3,137,143</u>
Total Primary Government				
Program Revenues	<u>5,391,871</u>	<u>5,406,040</u>	<u>5,122,803</u>	<u>5,138,530</u>
<b>Net (Expense)/Revenue:</b>				
Governmental Activities	(4,820,023)	(4,932,088)	(4,765,940)	(5,258,223)
Business-Type Activities	<u>196,307</u>	<u>(726)</u>	<u>(6,448)</u>	<u>166,510</u>
Total Primary Government				
Net (Expense)/Revenue	<u>(4,623,716)</u>	<u>(4,932,814)</u>	<u>(4,772,388)</u>	<u>(5,091,713)</u>
<b>General Revenues and Other Changes in Net Assets:</b>				
Governmental Activities:				
Taxes:				
Property Taxes, Levied for:				
General Purposes	530,350	555,171	526,299	555,204
Cemetery	35,066	40,420	35,247	42,871
Community Development	137,040	128,444	117,829	210,976
Municipal Income	3,505,100	3,291,119	2,771,305	3,556,558
Grants and Contributions not				
Restricted to Specific Programs	1,069,494	1,051,308	982,181	1,116,326
Investment Income	9,390	10,999	22,399	204,656
Gain (Loss) on Sale of Capital Assets	450	3,615	300	20,540
Other Revenue	<u>127,006</u>	<u>302,974</u>	<u>62,824</u>	<u>162,287</u>
Total General Revenues,				
Governmental Activities	<u>5,413,896</u>	<u>5,384,050</u>	<u>4,518,384</u>	<u>5,869,418</u>
Business-Type Activities:				
Gain on Sale of Capital Assets	<u>3,800</u>	<u>-</u>	<u>-</u>	<u>7,701</u>
Total General Revenues,				
Business-Type Activities	<u>3,800</u>	<u>-</u>	<u>-</u>	<u>7,701</u>
<b>Change in Net Assets:</b>				
Governmental Activities	593,873	451,962	(247,556)	611,195
Business-Type Activities	<u>200,107</u>	<u>(726)</u>	<u>(6,448)</u>	<u>174,211</u>
Total Change in Net Assets,				
Primary Government	\$ <u>793,980</u>	<u>451,236</u>	<u>(254,004)</u>	<u>785,406</u>

Source: City of Eaton, Ohio Finance Department

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
1,385,725	1,336,688	1,245,084	1,099,204	1,052,010	812,272
1,136,155	1,138,587	1,231,520	959,627	803,960	813,870
579,618	513,757	527,259	491,855	492,123	479,400
1,116	3,245	10,748	17,627	22,405	27,645
<u>3,102,614</u>	<u>2,992,277</u>	<u>3,014,611</u>	<u>2,568,313</u>	<u>2,370,498</u>	<u>2,133,187</u>
-	-	-	2,828	51,462	17,131
-	83,672	37,000	147,161	-	96,450
-	83,672	37,000	149,989	51,462	113,581
<u>3,102,614</u>	<u>3,075,949</u>	<u>3,051,611</u>	<u>2,718,302</u>	<u>2,421,960</u>	<u>2,246,768</u>
<u>5,346,107</u>	<u>5,350,399</u>	<u>4,646,818</u>	<u>4,240,029</u>	<u>3,864,625</u>	<u>3,629,153</u>
(4,698,187)	(4,548,134)	(4,273,961)	(4,333,664)	(4,231,755)	(3,980,045)
484,346	797,291	673,648	768,730	379,945	230,984
<u>(4,213,841)</u>	<u>(3,750,843)</u>	<u>(3,600,313)</u>	<u>(3,564,934)</u>	<u>(3,851,810)</u>	<u>(3,749,061)</u>
591,086	702,920	593,900	608,928	572,948	581,914
50,337	57,589	64,072	68,162	62,689	-
19,026	-	-	-	-	-
3,810,742	3,812,240	3,343,517	3,053,495	2,809,463	2,498,138
985,586	828,139	788,963	846,990	918,067	814,859
435,262	329,882	181,468	62,328	59,086	78,132
1,251	2,748	-	-	-	(41,144)
83,314	26,820	33,647	12,837	31,600	19,672
<u>5,976,604</u>	<u>5,760,338</u>	<u>5,005,567</u>	<u>4,652,740</u>	<u>4,453,853</u>	<u>3,951,571</u>
13,200	-	-	-	-	500
<u>13,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>
1,278,417	1,212,204	731,606	319,076	222,098	(28,474)
497,546	797,291	673,648	768,730	379,945	231,484
<u>1,775,963</u>	<u>2,009,495</u>	<u>1,405,254</u>	<u>1,087,806</u>	<u>602,043</u>	<u>203,010</u>

CITY OF EATON

PREBLE COUNTY, OHIO

Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>General Fund:</b>										
Reserved	\$ N/A	6,447	4,904	21,816	12,200	3,737	5,493	5,105	5,105	15,882
Unreserved	N/A	1,990,269	2,303,907	2,644,461	2,541,303	1,901,458	1,247,574	1,352,774	1,832,260	2,534,598
Nonspendable	3,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Restricted	23,140	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Assigned	8,979	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unassigned	1,665,687	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total General Fund</b>	<b>\$ 1,700,806</b>	<b>1,996,716</b>	<b>2,308,811</b>	<b>2,666,277</b>	<b>2,553,503</b>	<b>1,905,195</b>	<b>1,253,067</b>	<b>1,357,879</b>	<b>1,837,365</b>	<b>2,550,480</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ N/A	261,208	168,795	219,566	203,587	239,943	62,526	315,577	376,349	145,280
Unreserved, reported in:										
Special Revenue Funds	N/A	1,435,409	1,320,502	1,134,813	1,503,283	951,162	998,100	840,195	764,079	305,750
Debt Service Fund	N/A	-	-	-	-	-	10,388	29,968	-	-
Capital Projects Fund	N/A	2,374,587	2,653,176	2,287,706	2,261,002	2,357,206	2,040,796	2,430,576	2,142,362	1,502,068
Permanent Fund	N/A	10,000	1	-	-	25	-	-	-	-
Nonspendable	10,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Restricted	4,916,557	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Assigned	30,559	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unassigned	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total All Other Governmental Funds</b>	<b>\$ 4,957,116</b>	<b>4,081,204</b>	<b>4,142,474</b>	<b>3,642,085</b>	<b>3,967,872</b>	<b>3,548,336</b>	<b>3,111,810</b>	<b>3,616,316</b>	<b>3,282,790</b>	<b>1,953,098</b>
<b>Total Governmental Funds</b>	<b>\$ 6,657,922</b>	<b>6,077,920</b>	<b>6,451,285</b>	<b>6,308,362</b>	<b>6,521,375</b>	<b>5,453,531</b>	<b>4,364,877</b>	<b>4,974,195</b>	<b>5,120,155</b>	<b>4,503,578</b>

Note:  
The City implemented Governmental Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. As a result fund balance classifications were changed as of December 31, 2011.

Source: City of Eaton, Ohio Finance Department

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Changes in Fund Balance, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Revenues:</b>										
Property Taxes	\$ 702,456	724,035	679,375	809,051	660,449	760,509	657,972	675,172	635,637	581,914
Municipal Income Taxes	3,442,508	3,327,213	2,913,006	3,585,896	3,703,958	3,782,344	3,331,069	3,016,876	2,859,663	2,663,915
Intergovernmental Revenue	1,803,486	1,912,894	1,529,042	1,560,123	1,339,744	1,335,068	1,331,407	1,276,622	1,173,456	1,020,739
Charges for Services	661,851	614,527	654,349	545,956	756,303	540,843	174,829	84,439	78,689	108,628
Licenses and Permits	60,951	95,848	162,066	107,074	159,949	133,518	157,333	160,156	163,977	138,471
Fees, Fines and Forfeitures	807,522	784,576	790,790	916,650	1,034,110	857,555	718,834	724,765	813,335	830,729
Special Assessments	93,152	34,985	24,577	23,671	25,144	55,774	71,679	69,380	68,740	69,087
Investment Income	9,390	10,999	22,399	204,656	435,262	329,882	181,468	62,329	59,086	78,132
Other Revenue	127,006	302,975	76,348	180,699	83,314	63,890	76,430	97,516	27,466	122,702
Total Revenues	7,708,322	7,808,052	6,851,952	7,933,776	8,198,233	7,859,383	6,701,021	6,167,255	5,880,049	5,614,317
<b>Expenditures</b>										
Current:										
General Government	1,825,118	2,044,647	1,712,787	1,884,405	1,851,892	1,694,048	1,606,632	1,774,623	1,534,544	1,507,695
Public Safety	2,851,087	2,770,211	2,664,229	2,597,045	2,425,488	2,367,151	2,231,878	1,955,748	2,137,702	1,796,840
Public Health	170,463	148,582	163,844	277,929	154,688	149,790	137,836	27,129	148,193	155,547
Transportation	1,073,162	1,098,164	899,529	1,313,280	1,030,897	1,126,438	910,360	516,551	550,809	480,413
Community Development	192,254	204,942	317,687	208,361	238,791	457,345	239,624	619,470	157,179	138,655
Culture and Recreation	197,312	150,064	141,510	101,737	88,466	70,664	91,786	145,853	128,657	156,221
Capital Outlay	518,572	1,467,624	536,482	2,088,793	1,099,687	692,281	1,906,490	1,659,692	1,881,144	1,217,587
Debt Service:										
Principal	255,448	248,821	214,968	181,377	175,538	140,450	107,131	103,977	69,600	37,500
Interest	45,354	51,977	58,293	64,402	70,260	75,310	78,602	70,673	32,244	-
Total Expenditures	7,128,770	8,185,032	6,709,329	8,717,329	7,135,707	6,773,477	7,310,339	6,873,716	6,640,072	5,490,458
Excess (Deficiency) of Revenues Over Expenditures	579,552	(376,980)	142,623	(783,553)	1,062,526	1,085,906	(609,318)	(706,461)	(760,023)	123,859
<b>Other Financing Sources(Uses)</b>										
Sale of Capital Assets	450	3,615	300	20,540	5,318	2,748	-	10,501	1,600	35,932
General Long-Term Debt Issued	-	-	-	550,000	-	-	-	550,000	1,375,000	-
Transfers In	122,839	923,803	482,573	659,194	88,434	91,028	561,727	584,637	124,425	106,635
Transfers Out	(122,839)	(923,803)	(482,573)	(659,194)	(88,434)	(91,028)	(561,727)	(584,637)	(124,425)	(106,635)
Total Other Financing Sources/(Uses)	450	3,615	300	570,540	5,318	2,748	-	560,501	1,376,600	35,932
Net Changes in Fund Balances	580,002	(373,365)	142,923	(213,013)	1,067,844	1,088,654	(609,318)	(145,960)	616,577	159,791
Debt service as a percentage of noncapital expenditures	5.16%	4.37%	4.19%	3.58%	3.76%	3.32%	3.41%	3.25%	1.96%	0.79%

Source: City of Eaton, Ohio Finance Department

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Schedule 5

Income Tax by Payer Type and Income Tax Rate  
Last Ten Fiscal Years  
(cash basis of accounting)

<u>Year</u>	<u>Individual</u>		<u>Total Individual</u>	<u>Corporate</u>	<u>Total</u>	<u>Income Tax Rate</u>
	<u>Withholding</u>	<u>Non- Withholding</u>				
2002	\$ 2,434,807.00	\$ 168,986.00	\$ 2,603,793.00	\$ 216,681.00	\$ 2,820,474.00	1.50%
2003	2,547,464.00	266,974.00	2,814,438.00	186,669.00	3,001,107.00	1.50%
2004	2,570,271.00	243,090.00	2,813,361.00	194,438.00	3,007,799.00	1.50%
2005	2,768,063.00	239,968.00	3,008,031.00	348,846.00	3,356,877.00	1.50%
2006	2,873,181.00	242,559.00	3,115,740.00	523,392.00	3,639,132.00	1.50%
2007	3,073,442.00	247,607.00	3,321,049.00	518,758.00	3,839,807.00	1.50%
2008	3,068,385.00	290,357.00	3,358,742.00	409,133.00	3,767,875.00	1.50%
2009	2,670,771.00	294,683.00	2,965,454.00	210,341.00	3,175,795.00	1.50%
2010	2,782,319.00	282,246.00	3,064,565.00	330,893.00	3,395,458.00	1.50%
2011	2,848,350.00	258,798.00	3,107,148.00	387,274.00	3,494,422.00	1.50%

**Source:** City of Eaton, Ohio, Finance Department

The City income tax of 1.5% is levied, by ordinance. One percent (1%) of the tax is levied indefinitely and .5% was renewed by the voters of the City in November 2010. The .5% tax will expire December 31, 2013. This tax is applicable to substantially all income earned within the City. Employers within the City are required to withhold income tax on employee compensation and remit this withholding quarterly. Corporations, partnerships, and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the City. Residents of the City are required to pay City income taxes on income they earn outside the City; however, credit is allowed for all income taxes paid to other municipalities.



**CITY OF EATON**

**Schedule 6**

**PREBLE COUNTY, OHIO**

Ranking of Top Ten Income Tax Withholders  
Current Year and Nine Years Ago

2011		2002	
Taxpayer	Rank	Taxpayer	Rank
Henny Penny Corporation	1	Neaton Auto Products	1
Neaton Auto Products Mfg. Inc.	2	Henny Penny Corporation	2
Silfex	3	Parker Hannifin	3
Eaton Community Schools	4	Preble County Auditor	4
Preble County Auditor	5	Eaton Community Schools	5
Parker Hannifin	6	Bullen Ultrasonics Inc.	6
International Paper	7	Weyerhaeuser Company	7
Wal Mart Associates, Inc.	8	CBS Personnel Services, LLC	8
City of Eaton	9	City of Eaton	9
Bullen Ultrasonics Inc.	10	Greenbriar Nursing Center	10
Combined percentage of Total Income Taxes	48.0%	Combined percentage of Total Income Taxes	52.5%

**Source:** City of Eaton, Ohio Finance Department

Due to legal restriction and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer. The City chose not to disclose percentages and number of filers by income level because the City does not require all taxpayers to file a return., therefore it does not have, nor can it obtain, this type of information.

**CITY OF EATON  
PREBLE COUNTY, OHIO**

Assessed and Estimated Actual Value of Taxable Property,  
Last Ten Fiscal Years

Tax Year	Collection Year	Real Property <sup>1</sup>		Personal Property <sup>2</sup>		Public Utilities <sup>2</sup>		Total Direct Tax Rate	Total		Assessed Value as a Percent of Estimated Actual Value
		Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual		Assessed	Estimated Actual	
2010	2011	\$ 142,566,670	\$ 407,333,343	\$ -	\$ -	\$ 4,654,750	\$ 5,289,489	4.60%	\$ 147,221,420	\$ 412,622,831	35.68%
2009	2010	\$ 155,930,770	\$ 445,516,486	\$ -	\$ -	\$ 4,556,070	\$ 5,177,352	4.60%	\$ 160,486,840	\$ 450,693,838	35.61%
2008	2009	\$ 154,491,460	\$ 441,404,171	\$ -	\$ -	\$ 4,361,500	\$ 4,956,250	4.60%	\$ 158,852,960	\$ 446,360,421	35.59%
2007	2008	\$ 153,009,310	\$ 437,169,457	\$ -	\$ -	\$ 4,458,350	\$ 5,066,307	4.60%	\$ 157,467,660	\$ 442,235,764	35.61%
2006	2007	\$ 148,344,040	\$ 423,840,114	\$ 20,846,340	\$ 166,770,720	\$ 4,410,320	\$ 5,011,727	4.60%	\$ 173,600,700	\$ 595,622,561	29.15%
2005	2006	\$ 144,398,120	\$ 412,566,057	\$ 29,712,540	\$ 158,466,880	\$ 4,937,670	\$ 5,610,989	4.60%	\$ 179,048,330	\$ 576,643,926	31.05%
2004	2005	\$ 143,000,620	\$ 408,573,200	\$ 28,483,467	\$ 113,933,868	\$ 5,061,830	\$ 5,752,080	4.60%	\$ 176,545,917	\$ 528,259,148	33.42%
2003	2004	\$ 128,601,780	\$ 367,433,657	\$ 37,808,150	\$ 151,232,600	\$ 5,073,340	\$ 5,765,159	4.60%	\$ 171,483,270	\$ 524,431,416	32.70%
2002	2003	\$ 126,090,110	\$ 360,257,457	\$ 37,179,340	\$ 148,717,360	\$ 5,325,800	\$ 6,052,045	4.60%	\$ 168,595,250	\$ 515,026,862	32.74%
2001	2002	\$ 123,174,090	\$ 351,925,971	\$ 38,263,490	\$ 153,053,960	\$ 5,431,310	\$ 6,171,943	4.60%	\$ 166,868,890	\$ 511,151,875	32.65%

Source: Preble County Auditor

<sup>1</sup> The estimated actual values for real estate property were derived by 35% of the assessed values of real estate property.

<sup>2</sup> The estimated actual values for personal property and public utility were derived from an average rate of the assessed values (the average rate consists of varying rates for manufacturing equipment, inventory and other equipment) for the ten fiscal years presented.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
 Property Tax Levies and Collections,  
 Last Ten Fiscal Years

Fiscal Year Ended December 31,	Total Tax Levy	Current Tax Collections	Percent of		Delinquent Tax Collections	Total Tax Collections	Percent of		Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Total Tax Levy
			Current Tax Collections to Tax Levy	Delinquent Tax Collections to Tax Levy			Total Tax Collections to Tax Levy	Total Tax Collections to Tax Levy		
2011	\$ 578,592	547,100	94.56%	17,674	564,774	97.61%	31,492	5.44%		
2010	573,756	538,771	93.90%	25,023	563,794	98.26%	34,985	6.10%		
2009	564,294	540,010	95.70%	16,563	556,573	98.63%	24,284	4.30%		
2008	546,655	523,331	95.73%	24,094	547,425	100.14%	23,324	4.27%		
2007	612,558	584,444	95.41%	16,826	601,270	98.16%	28,114	4.59%		
2006	605,615	579,781	95.73%	14,483	594,264	98.13%	25,834	4.27%		
2005	452,213	436,027	96.42%	13,637	449,664	99.44%	24,032	5.31%		
2004	474,130	453,492	95.65%	29,614	483,106	101.89%	19,150	4.04%		
2003	441,177	423,711	96.04%	20,344	444,055	100.65%	28,126	6.38%		
2002	414,749	388,281	93.62%	11,627	399,908	96.42%	31,004	7.48%		

**Source:** Preble County Auditor

**Note:** The County does not identify delinquent collections by the year for which the tax was levied.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Schedule 9

Direct and Overlapping Property Tax Rates,  
(rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rates			Overlapping Rates		
	General Fund	Pension Trust Funds	Total Direct Rate	Eaton School District	Preble County	Total Tax Rate
2011	4.00	0.60	4.60	41.30	9.03	52.03
2010	4.00	0.60	4.60	38.30	9.13	52.03
2009	4.00	0.60	4.60	38.30	9.13	52.03
2008	4.00	0.60	4.60	38.30	8.13	51.03
2007	4.00	0.60	4.60	38.30	8.13	51.03
2006	4.00	0.60	4.60	38.30	8.13	51.03
2005	4.00	0.60	4.60	38.30	7.78	50.68
2004	4.00	0.60	4.60	38.30	7.78	50.68
2003	4.00	0.60	4.60	38.60	7.78	50.98
2002	4.00	0.60	4.60	38.60	7.88	51.08

**Source:** Preble County Auditor

**Notes:** The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Overlapping rates are those of local and county governments that apply to property owners within the City.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Principal Property Tax Payers,  
Current Year and Nine Years Ago

Schedule 10

<u><b>Taxpayer</b></u>	<b>2011</b>			<b>2002</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Neaton Auto Products	\$ 3,748,430	1	2.55%	\$ 11,560,220	1	6.93%
Henny Penny Corporation	3,644,970	2	2.48%	7,013,480	2	4.20%
Wal-Mart Real Estate Business Trust	2,940,700	3	2.00%			
Bullen Semi-Conductor Corp	2,557,040	4	1.74%	5,853,290	3	3.51%
Preble County Youth Foundation	2,203,200 #	5	1.50%			
Durbin Eaton Property LLC	1,899,260	6	1.29%	2,302,390	8	1.38%
Dayton Power & Light	1,501,080	7	1.02%	3,758,770	6	2.25%
Maronda Homes	1,367,060 #	8	0.93%			
Miami Valley Psycho-Logical Svcs Inc.	1,208,380	9	0.82%			
Continental 51 Fund	1,050,000	10	0.71%	2,123,420	9	1.27%
Eaton 122 LTD	937,440		0.64%	3,345,810		2.01%
IP Eat Five LLC (fka Weyerhauser Co)	825,180		0.56%	4,160,710	5	2.49%
Timken Company	418,080		0.28%	4,632,240	4	2.78%
Parker Hannifin	74,400		0.05%	3,345,810	7	2.01%
<b>Total</b>	<b>\$ 24,375,220</b>		<b>16.56%</b>	<b>48,096,140</b>		<b>28.82%</b>
<b>Total assessed valuation of City</b>	<b>\$ 147,221,420</b>			<b>\$ 166,868,890</b>		

**Source:** Preble County Auditor's Office

A. Property assessed at 35 percent of fair market value.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
 Computation of Legal Debt Margin  
 Last Ten Fiscal Years

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Total assessed valuation	\$ 147,221,420	160,486,840	158,852,960	157,425,460	173,600,700	179,048,330	176,545,917	171,483,270	168,595,250	166,868,890
Overall debt limitation 10 1/2% of assessed valuation	15,458,249	16,851,118	16,679,561	16,529,673	18,228,074	18,800,075	18,537,321	18,005,743	17,702,501	17,521,233
Gross indebtedness	5,398,595	5,832,197	6,254,372	6,624,817	6,142,727	2,160,092	2,330,542	2,407,673	1,961,650	863,355
Less: Debt outside limitations	5,398,595	5,832,197	6,254,372	6,624,817	6,142,727	2,160,092	2,330,542	2,407,673	1,961,650	863,355
Debt within 10 1/2% limitation	-	-	-	-	-	-	-	-	-	-
Less: Debt Service Fund balance	-	-	-	-	-	-	10,388	29,968	-	-
Net debt within 10 1/2% limitation	-	-	-	-	-	-	(10,388)	(29,968)	-	-
Legal debt margin within 10 1/2% limitation	\$ 15,458,249	16,851,118	16,679,561	16,529,673	18,228,074	18,800,075	18,547,709	18,035,711	17,702,501	17,521,233
Unvoted debt limitation 5 1/2% of assessed valuation	\$ 8,097,178	8,826,776	8,736,913	8,658,400	9,548,039	9,847,658	9,710,025	9,431,580	9,272,739	9,177,789
Gross indebtedness authorized by Council	5,398,595	5,832,197	6,254,372	6,624,817	6,142,727	2,160,092	2,330,542	2,407,673	1,961,650	863,355
Less: Debt outside limitations	5,398,595	5,832,197	6,254,372	6,624,817	6,142,727	2,160,092	2,330,542	2,407,673	1,961,650	863,355
Debt within 5 1/2% limitation	-	-	-	-	-	-	-	-	-	-
Less: Bond Retirement Fund balance	-	-	-	-	-	-	10,388	29,968	-	-
Net debt within 5 1/2% limitation	-	-	-	-	-	-	(10,388)	(29,968)	-	-
Legal debt margin within 5 1/2% limitation	\$ 8,097,178	8,826,776	8,736,913	8,658,400	9,548,039	9,847,658	9,720,413	9,461,548	9,272,739	9,177,789

Source: City of Eaton, Finance Department

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
 Ratio of Outstanding Debt by Type  
 Last Ten Fiscal Years

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Governmental Activities <sup>(1)</sup></b>										
General Obligation Bonds Payable	\$ 713,866	805,827	893,622	977,440	1,057,461	1,133,857	1,206,792	1,276,423	1,342,900	-
Issue II Loan Payable	731,250	823,750	916,250	981,250	468,750	506,250	543,750	581,250	618,750	656,250
Tax Incremental Financing Loan Payable	188,824	259,811	328,337	394,487	458,343	519,985	550,000	550,000	-	-
Total Governmental Activities	\$ 1,633,940	1,889,388	2,138,209	2,353,177	1,984,554	2,160,092	2,300,542	2,407,673	1,961,650	656,250
<b>Business-Type Activities <sup>(1)</sup></b>										
OWDA Loan Payable	\$ 3,764,655	3,942,809	4,116,163	4,271,640	4,158,173	-	-	-	-	207,105
Total Primary Government	\$ 5,398,595	5,832,197	6,254,372	6,624,817	6,142,727	2,160,092	2,300,542	2,407,673	1,961,650	863,355
<b>Population <sup>(2)</sup></b>										
City of Eaton	8,407	8,407	8,133	8,133	8,133	8,133	8,133	8,133	8,133	8,133
Outstanding Debt per Capita	\$ 642	694	769	815	755	266	283	296	241	106
<b>Income <sup>(3)</sup></b>										
Personal (in thousands)	259,188	262,635	254,075	250,700	240,639	231,197	223,666	216,151	203,927	194,582
Percentage of Personal Income	2.08%	2.22%	2.46%	2.64%	2.55%	0.93%	1.03%	1.11%	0.96%	0.44%

**Sources:**

- (1) City of Eaton, Finance Department
  - (2) U.S. Bureau of Census
  - (3) U.S. Department of Commerce, Bureau of Economic Analysis, Regional FACT Sheets.
- (a) Per Capita Income is only available by County. The Personal Income amount is a calculation.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
 Computation of Direct and Overlapping Debt  
 December 31, 2011

Schedule 13

	Net Debt Outstanding	Percentage Applicable to City of Eaton	Amount Applicable to City of Eaton
Direct:			
City of Eaton	\$ 5,398,595	100.0%	\$ 5,398,595
Subtotal	\$ 5,398,595	100.0%	\$ 5,398,595
Overlapping:			
Preble County	\$ 3,117,358	18.4%	\$ 574,969
Subtotal	\$ 3,117,358	18.4%	\$ 574,969
Total	\$ 8,515,953		\$ 5,973,564

**Source:** City of Eaton, Finance Department and Preble County Auditor

Note: The percentage of overlapping debt applicable to the City of Eaton is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.



**CITY OF EATON  
PREBLE COUNTY, OHIO**

**Schedule 14**

Demographic Statistics  
December 31, 2011

	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>
Population	6,070	6,839	7,396	8,133	8,407
Personal Income (in thousands)	\$ 20,274	46,799	82,184	136,399	262,635
Unemployment Rate (Preble County)	4.1%	7.1%	5.9%	3.8%	10.8%
Per capita income	\$ 3,340	6,843	11,112	16,771	31,240
Number of dwelling units	2,193	2,840	2,920	3,274	3,274
Persons per household	2.76	2.48	2.45	2.37	2.37
Median age	34.80	32.40	33.40	38.10	38.10
Percentage owner-occupied dwelling units	67%	64%	69%	67.3%	67.3%
Median family income	\$ 8,246	17,905	28,773	42,241	42,241
Family income distribution:					
\$0 - 9,999	816	876	174	91	91
\$10,000 - 14,999	555	482	177	122	122
\$15,000 - 24,999	268	723	453	204	204
\$25,000 and over	<u>51</u>	<u>612</u>	<u>1,228</u>	<u>1,729</u>	<u>1,729</u>
Total families	<u>1,690</u>	<u>2,693</u>	<u>2,032</u>	<u>2,146</u>	<u>2,146</u>
Education distribution/grades years completed:					
0 - 8	1,001	699	465	335	335
9 - 11	609	690	781	775	775
12	1,340	1,979	2,432	2,533	2,533
13 - 15	319	484	859	1,211	1,211
16 or more	291	385	323	559	559
High school graduates	1,950	2,848	3,614	4,303	4,303

**Source:** 2000 Federal Census and Ohio Labor Market Information

Note: Annual information for demographic statistics is not available. Therefore, information from the 2010 Federal census is presented.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Principal Employers,  
Current Year and Nine Years Ago

Schedule 15

<u>Employer</u>	<u>2011</u>		<u>2002</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Neaton Auto Products Mfg, Inc	580	1	675	1
Henny Penny Corp	572	2	513	3
Parker Hannifin	290	3	575	2
Eaton Community Schools	412	4	*	
Preble County	355	5	350	4
Silfex, FKA Bullen Semiconductor, Inc.	295	6	115	
Wal-Mart Associates Inc	197	7	*	
International Paper, FKA Weyerhauser	104	8	111	
Bullen Ultrasonics Inc	81	9	*	
City of Eaton	71	10	64	
Total	2,957		2,403	

**Source:** City of Eaton, Finance Department

\* - Not all information for 2002 employment figures is available.

Note: Total employment figures are not available.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Full-Time City Government Employees by Function/Program  
Last Ten Fiscal Years

<u>Function/Program</u>	Full-time-Equivalent Employees as of December 31									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government	12	12	12	12	12	13	12	13	11	11
Municipal Court	9	10	10	12	12	12	12	13	12	12
Police	15	15	14	14	14	14	14	15	15	15
Fire & Emergency Medical	5	5	5	5	5	3	3	3	2	2
Public Safety/Dispatch	5	6	6	6	6	6	7	6	7	7
Water & Sewer	12	12	11	11	10	11	12	12	12	12
Public Maintenance	13	13	13	14	13	12	12	13	13	13
<b>Total</b>	<b>71</b>	<b>73</b>	<b>71</b>	<b>74</b>	<b>72</b>	<b>71</b>	<b>72</b>	<b>75</b>	<b>72</b>	<b>72</b>

Source: City of Eaton, Finance Department

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**

Capital Assets and Infrastructure Statistics by Function  
Last Ten Fiscal Years

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Governmental Activities</b>										
General Government										
Area (square acres)	3,994	3,994	3,994	3,938	3,938	3,938	3,938	3,884	3,820	3,820
Public Safety										
Fire protection and emergency rescue:										
Number of stations	2	2	2	2	2	2	2	2	2	2
Number of firemen and EMS personnel (volunteer)	48	43	24	46	41	58	65	65	65	68
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of sworn police officers	15	15	14	14	14	14	14	14	14	13
Transportation										
Miles of streets	43	43	43	43	43	43	43	43	42	41
Number of street lights	619	619	616	616	613	590	590	568	568	566
Community Development										
Buildings:										
Permits issued	68	71	100	76	120	133	137	118	134	130
Valuation of construction	\$11,578,159	\$3,764,661	\$11,667,750	\$5,430,805	\$23,972,847	\$10,670,057	\$8,594,911	\$15,118,269	\$34,133,502	\$9,427,935
Culture and Recreation										
Number of parks	9	9	9	9	9	9	9	9	9	9
Number of tennis courts	5	5	5	5	5	5	5	3	3	3
Number of baseball diamonds	10	10	10	10	10	10	10	10	10	10
Number of swimming pools	1	1	1	1	1	1	1	1	1	1
<b>Business-Type Activities</b>										
Water										
Number of consumers	3,487	3,500	3,493	3,511	3,515	3,486	3,461	3,418	3,373	3,352
Average daily production (gallons)	1,148,667	1,138,072	1,163,727	1,123,337	1,305,822	1,292,306	1,277,794	1,217,244	1,364,369	1,400,766
Miles of water mains	55	55	55	55	55	55	55	55	55	55
Sewer										
Miles of storm sewers	18	18	18	18	18	18	18	18	18	18
Miles of sanitary sewers	41	41	41	41	41	41	41	41	41	41

Source: City of Eaton, Finance Department

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
 Operating Indicators by Function  
 Last Ten Fiscal Years

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Governmental Activities</b>										
General Government:										
Municipal Court cases	7,060	7,439	8,143	9,768	10,658	9,141	9,303	9,025	11,736	12,961
Public Safety:										
Police calls	10,162	9,017	7,751	6,770	7,052	8,035	9,723	10,767	11,318	11,298
Arrests	620	719	598	682	687	748	723	571	588	700
Fire calls	1,006	888	892	1,252	892	462	427	480	440	518
EMS calls	2,033	2,040	2,035	2,152	2,066	1,873	1,965	1,884	2,026	2,093
Community Development:										
# of permits issued	359	490	990	437	603	618	609	678	643	692
# of inspections	588	825	1,115	732	1,267	1,471	1,487	1,793	1,638	1,465
<b>Business-Type Activities</b>										
Water:										
Average daily production	1,148,667	1,138,072	1,163,727	1,123,337	1,305,822	1,292,306	1,277,794	1,217,243	1,364,369	1,400,766
# of new service connections	7	19	15	19	33	46	40	44	43	34
Sewer:										
Average daily treatment	1,595,200	1,186,900	1,126,233	1,264,600	1,328,634	1,587,900	1,502,104	1,357,567	1,555,942	1,620,104
# of new service connections	7	17	11	20	34	43	40	44	42	31

**Source:** City of Eaton, Finance Department

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# Dave Yost • Auditor of State

CITY OF EATON

PREBLE 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  
SEPTEMBER 25, 2012