



Mary Taylor, CPA  
Auditor of State



CITY OF EATON  
PREBLE COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' 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 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, Ohio (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 28, 2010. 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 28, 2010.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

June 28, 2010

**CITY OF EATON  
PREBLE COUNTY, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Year Ended December 31, 2009**

**Prepared By:  
Department of Finance  
Leslie H. Renner, Director**

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## **INTRODUCTORY SECTION**

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**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
**Comprehensive Annual Financial Report**  
**For the Year Ended December 31, 2009**

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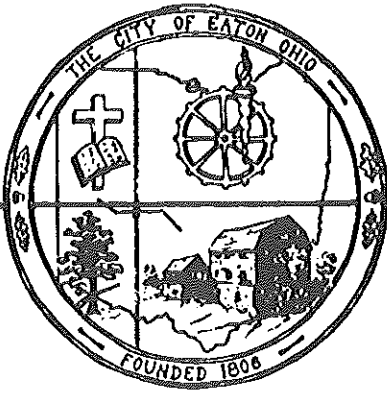
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# City of Eaton

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

June 28, 2010

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, 2009 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, 2009, by Auditor of State, Mary Taylor. The Auditor of State 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.

## **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 2000, had a population of 8,133.

## **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 13 full-time sworn officers, a data management officer and five radio dispatchers, under the direction of the Chief of Police. The division provides law enforcement related service involving the protection of lives and property within the corporation limits. During 2009 the division responded to 7,751 calls. The five dispatchers received 10,771 public safety calls, of which 1,571 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 been seen in the last three 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 three surrounding townships. During 2009, the Fire Division responded to 892 calls, of which 22 were structure fires and 30 were other significant fires. The EMS Division responded to 2,035 calls, resulting in the transport of 1,387 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 and as



such has a number of contracts with area jurisdictions. In 2009, the division issued 7 permits for the construction of new single family homes, which required 46 inspections. Residential additions, garages and sheds accounted for another 59 permits and 113 inspections. There were 34 commercial/industrial permits issued for both new construction and additions which required 77 inspections. A total of 890 miscellaneous permits were issued for electrical, HVAC, sprinklers, pools, roofing, fire alarms, signs, fencing, demolitions, and certificates of occupancy which required 879 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 11 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 3,498 residential, commercial and industrial users. In 2009 the City pumped 424.8 million gallons of water from its operating wells and treated 411.08 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 and all municipal owned buildings. 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 part-time magistrate, one full-time bailiff, three part-time bailiff/security, and six 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 2009, the court handled 8,143 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 government maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the government'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**

Conservative financial management was the key to 2009 as we held off on major projects. This allowed us to assess our economic position and maintain essential functions to our residents as we tried to ride out the recession. This served us well and we were still able to continue with our annual paving program and several smaller projects. Sanitary sewer lines were upgraded on West Decatur Street as part of our CDBG program and we replaced approximately 2,000 linear feet of water lines on East Somers Street.

### **Economic Conditions and Outlook**

Looking forward into 2010, the City has plans to proceed with two major projects, both involving Issue 2 funding. The first project is the installation of sidewalks along Hillcrest Drive, connecting the sidewalk from the south part of town out to the new high school. The second project is the renovation of West Lexington Road, with the addition of sidewalk, curb and gutter. This will be a nice addition to the residents of Greenbrier Nursing Home and the assisted living facility.

**Debt administration:** At December 31, 2009, the City had five debt issues outstanding: two Ohio Public Works Commission Issue II interest-free loans, one for \$522,500, the other for \$393,750; bond indebtedness with U.S. Bank in the amount of \$893,623; bond indebtedness for \$328,336, also with U.S. Bank; and an OWDA loan with an outstanding balance of \$4,116,163. For further information on debt and long-term obligations, the reader is asked to refer to Note 13 found on page 43.

**Cash management:** Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, and the State Treasury Asset Reserve of Ohio (STAROhio). The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized.

## **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, 2008. 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 we are submitting it to GFOA.

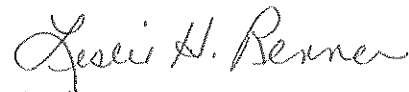
**Acknowledgments:** The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Department of Finance and other City departments. We express our sincere appreciation for the contributions made in the preparation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

Sincerely,



David A. Daily  
City Manager



Leslie H. Renner  
Director of Finance

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

LISTING OF PRINCIPAL CITY OFFICIALS  
December 31, 2009

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**ELECTED OFFICIALS**

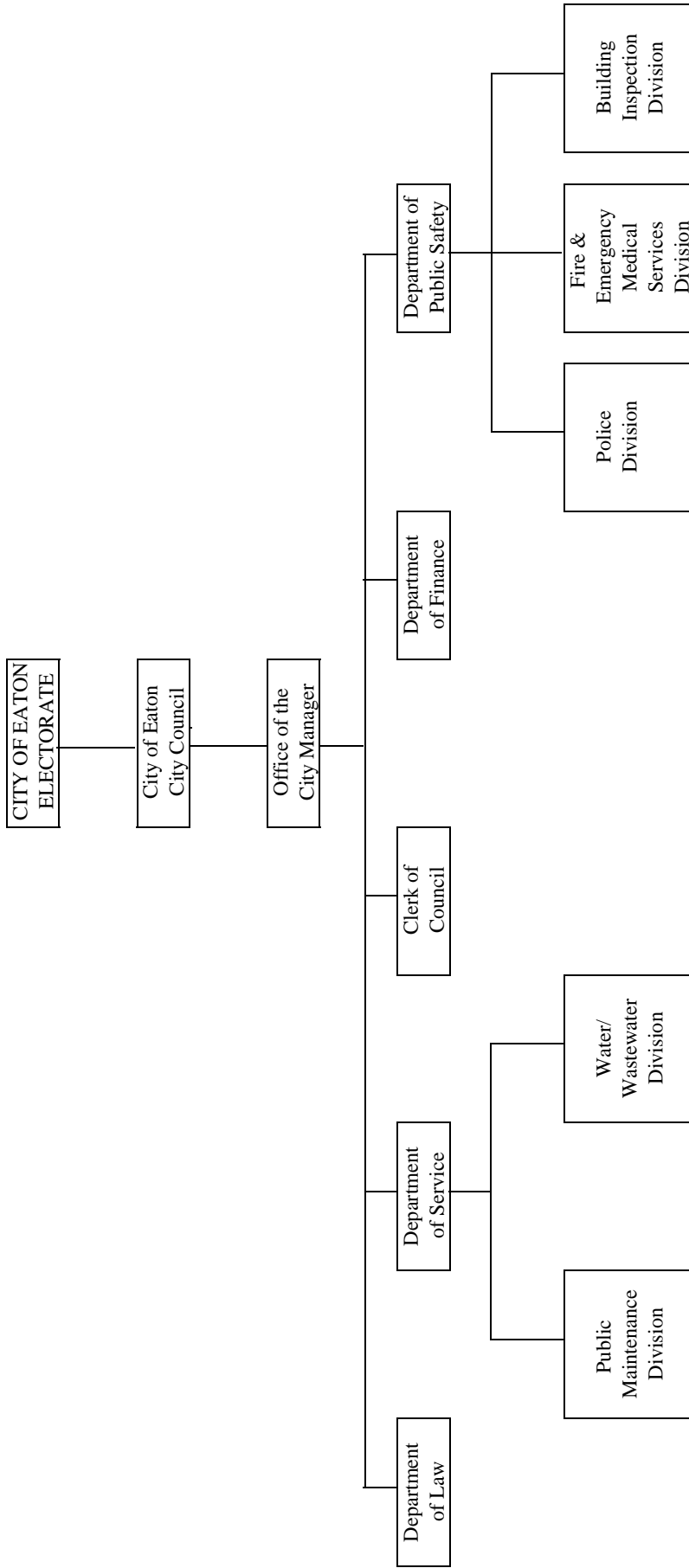
Mayor	Gary Wagner
Vice-Mayor	Ben Maffett
Council Member	Dave Kirsch
Council Member	Bob Brower
Council Member	Andrew Siehl
Municipal Judge	Paul D. Henry

**APPOINTED OFFICIALS**

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

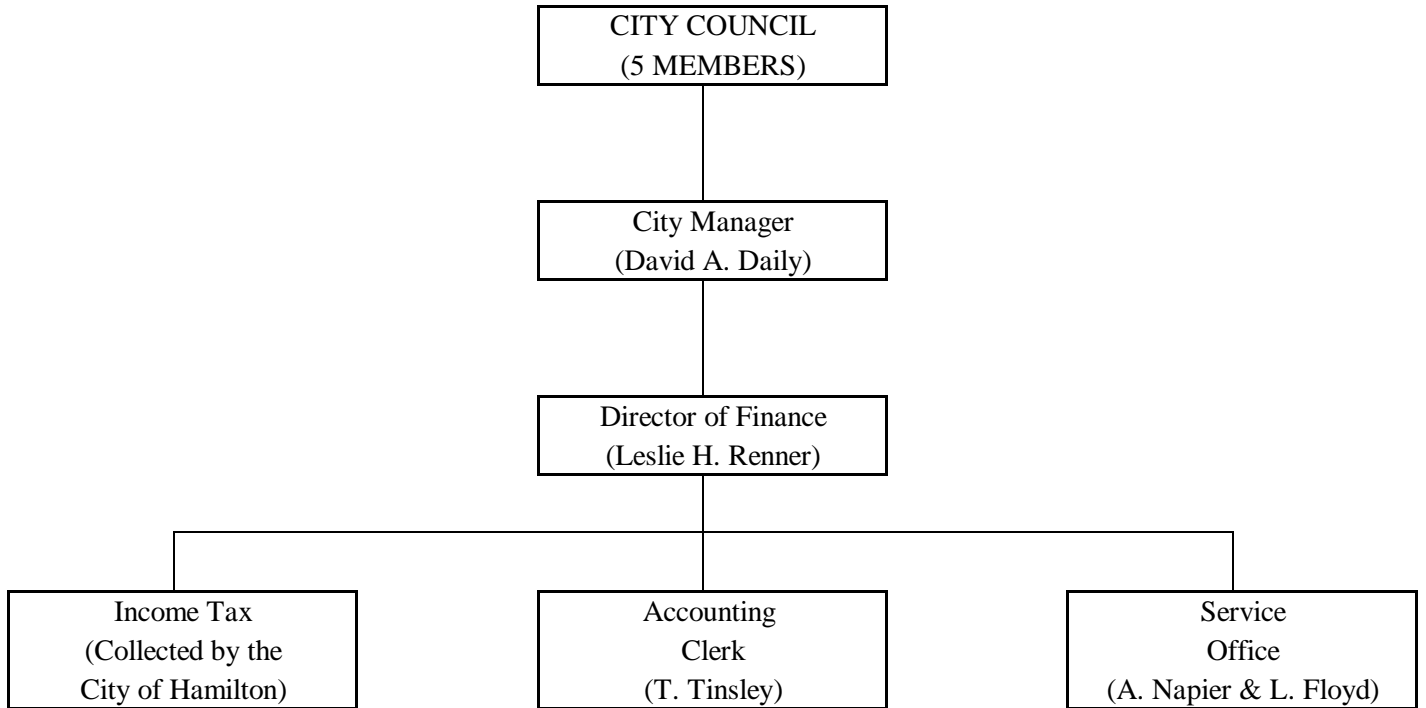
**CITY OF EATON  
PREBLE COUNTY, OHIO**

CITY ORGANIZATION  
as of December 31, 2009



**CITY OF EATON  
PREBLE COUNTY, OHIO**

DEPARTMENT OF FINANCE  
as of December 31, 2009



# 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, 2008

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.



A large, stylized handwritten signature in black ink, appearing to be "J.R. Emer".

President

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Executive Director

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## **FINANCIAL SECTION**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

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 City of Eaton, Preble County, Ohio (the City), as of and for the year ended December 31, 2009, 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 City of Eaton, Preble County, Ohio, as of December 31, 2009, 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 28, 2010, 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 read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis and the respective budgetary comparisons for the General and Public Safety Funds are not required parts of the basic financial statements but are supplementary information accounting principles generally accepted in the United States of America requires. We have

applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining non-major fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining non-major fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. 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 tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 28, 2010

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

Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
(Unaudited)

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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, 2009. 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 2009 are as follows:

- Governmental activities reported a negative net change in net assets of \$247,556, a 1.97% decrease.
- Business-type activities reported a negative net change in net assets of \$6,448, a 0.07% decrease.
- The General Fund reported a fund balance of \$2,308,811 which represents an decrease of \$357,466, or 13.41%.
- Expenditures and other uses exceeded revenues on a budgetary basis in the General Fund by \$365,703, which decreases the unencumbered cash balance to \$2,142,105.

**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 2009?" 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.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
(Unaudited)

---

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, 2009 as compared to December 31, 2008.

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

	2009			2008		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
<b>Assets:</b>						
Current and Other Assets	\$ 7,940,543	2,907,667	10,848,210	7,993,896	3,066,493	11,060,389
Capital Assets	8,081,532	10,376,767	18,458,299	8,459,946	10,190,427	18,650,373
Total Assets	<u>16,022,075</u>	<u>13,284,434</u>	<u>29,306,509</u>	<u>16,453,842</u>	<u>13,256,920</u>	<u>29,710,762</u>
<b>Liabilities:</b>						
Current and Other Liabilities	993,707	361,637	1,355,344	1,007,620	183,590	1,191,210
Long-term Liabilities	2,712,010	4,256,586	6,968,596	2,882,308	4,400,671	7,282,979
Total Liabilities	<u>3,705,717</u>	<u>4,618,223</u>	<u>8,323,940</u>	<u>3,889,928</u>	<u>4,584,261</u>	<u>8,474,189</u>
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	5,943,323	6,260,604	12,203,927	6,106,769	5,918,787	12,025,556
Restricted	4,160,379	-	4,160,379	3,902,582	-	3,902,582
Unrestricted	2,212,656	2,405,607	4,618,263	2,554,563	2,753,872	5,308,435
Total Net Assets	<u>\$ 12,316,358</u>	<u>8,666,211</u>	<u>20,982,569</u>	<u>12,563,914</u>	<u>8,672,659</u>	<u>21,236,573</u>

The amount by which the City's assets exceeded its liabilities is called net assets. As of December 31, 2009, the City's net assets were \$20.98 million. Of this amount, \$12.20 million was invested in capital assets, net of related debt as compared to \$12.03 in 2008. Restricted net assets, those that are subject to external restrictions, increased slightly to \$4.16 million from the \$3.90 million reported in 2008. Unrestricted net assets, the amount that may be used to meet the City's ongoing obligations to citizens and creditors decreased to \$4.62 million in 2009 from \$5.31 million in 2008. The business-type activities unrestricted net assets decreased from \$2.75 million in 2008 to \$2.41 million in 2009. This decrease is a

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result of more depreciation being expensed along with a slight decrease in user charges in the water and sewer systems in 2009. The governmental activities unrestricted net assets decreased to \$2.21 million from \$2.55 million in 2008. This decrease is largely due to a decrease in the amount of municipal income tax collections due in part to the decline of the overall economy.

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

	2009			2008		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
<b>REVENUES:</b>						
Program Revenues:						
Charges for Services	\$ 1,787,866	2,943,073	4,730,939	1,717,706	3,069,431	4,787,137
Operating Grants and Contributions	211,925	-	211,925	53,681	-	53,681
Capital Grants and Contributions	149,939	30,000	179,939	230,000	67,712	297,712
General Revenues:						
Property Taxes	679,375	-	679,375	809,051	-	809,051
Municipal Income Taxes	2,771,305	-	2,771,305	3,556,558	-	3,556,558
Grants and Contributions not Restricted	982,181	-	982,181	1,116,326	-	1,116,326
Investment Income	22,399	-	22,399	204,656	-	204,656
Gain on Sale of Capital Assets	300	-	300	20,540	7,701	28,241
Other Revenue	62,824	-	62,824	162,287	-	162,287
Total Revenue	<u>6,668,114</u>	<u>2,973,073</u>	<u>9,641,187</u>	<u>7,870,805</u>	<u>3,144,844</u>	<u>11,015,649</u>
<b>EXPENSES:</b>						
General Government	2,157,151	-	2,157,151	2,226,446	-	2,226,446
Public Safety	2,870,220	-	2,870,220	2,777,561	-	2,777,561
Public Health	163,844	-	163,844	277,929	-	277,929
Transportation	976,734	-	976,734	1,415,615	-	1,415,615
Community Development	456,028	-	456,028	326,122	-	326,122
Culture and Recreation	235,175	-	235,175	173,279	-	173,279
Water	-	1,119,633	1,119,633	-	1,292,642	1,292,642
Sewer	-	1,255,315	1,255,315	-	1,095,245	1,095,245
Refuse	-	601,201	601,201	-	582,746	582,746
Other Business-Type Activities	-	3,372	3,372	-	-	-
Interest Expense	56,518	-	56,518	62,658	-	62,658
Total Expenses	<u>6,915,670</u>	<u>2,979,521</u>	<u>9,895,191</u>	<u>7,259,610</u>	<u>2,970,633</u>	<u>10,230,243</u>
Change in Net Assets	(247,556)	(6,448)	(254,004)	611,195	174,211	785,406
Net Assets, Beginning of Year	<u>12,563,914</u>	<u>8,672,659</u>	<u>21,236,573</u>	<u>11,952,719</u>	<u>8,498,448</u>	<u>20,451,167</u>
Net Assets, End of Year	\$ <u>12,316,358</u>	<u>8,666,211</u>	<u>20,982,569</u>	<u>12,563,914</u>	<u>8,672,659</u>	<u>21,236,573</u>

The City's net assets decreased by \$254,004 of which \$247,556 is from governmental activities and \$6,448 is from the business-type activities. The decrease in governmental activities is largely due to a decrease in the amount of municipal income tax collections and amount of investment income earned on



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the City's investments as a direct result from the downturn of the economy. The City's total expenses for governmental activities shows a decrease of \$343,940 from 2008, with the biggest reduction in Transportation, due to completion of infrastructure during 2009. In the business-type activities, charges for services saw a decrease of 4.12%. The Water Fund saw a 13.38% decrease in operating expenses as 2008 included costs for professional services engineering on the plant and tower that not paid in 2009. The Refuse Fund saw an increase of \$18,455 in operating expenses as the City is in the final stages of work on the reconstruction of a closed landfill.

***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 taxpayers triennially. Allowing for one-third of the municipal income tax dollars, or \$971,000, to be credited to the Public Safety program, we see that nearly 46% of the net expense of \$2,129,427 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 \$1,287,592.

***Business-Type Activities***

Overall, the City's business-type activities generated \$2.94 million in operating revenues, which is slightly less than the cost of doing business of \$2.98 million. An increase in depreciation expense from 2008 to 2009 accounted for this deficiency.

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

	<b>2009</b>		<b>2008</b>	
	<b>Total Cost of Service</b>	<b>Net Cost of Service</b>	<b>Total Cost of Service</b>	<b>Net Cost of Service</b>
<b>GOVERNMENTAL ACTIVITIES:</b>				
General Government	\$ 2,157,151	(1,287,592)	2,226,446	(1,288,835)
Public Safety	2,870,220	(2,129,427)	2,777,561	(2,114,223)
Public Health	163,844	(147,656)	277,929	(264,182)
Transportation	976,734	(855,795)	1,415,615	(1,215,615)
Community Development	456,028	(71,052)	326,122	(161,519)
Culture and Recreation	235,175	(217,900)	173,279	(151,191)
Interest Expense	56,518	(56,518)	62,658	(62,658)
Total Expenses	<u>\$ 6,915,670</u>	<u>(4,765,940)</u>	<u>7,259,610</u>	<u>(5,258,223)</u>

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	<u>2009</u>		<u>2008</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	\$ 1,119,633	173,957	1,292,642	59,134
Sewer	1,255,315	(167,861)	1,095,245	104,990
Refuse	601,201	(11,334)	582,746	806
Other Business-Type Activities	<u>3,372</u>	<u>(1,210)</u>	<u>-</u>	<u>1,580</u>
Total Expenses	<u>\$ 2,979,521</u>	<u>(6,448)</u>	<u>2,970,633</u>	<u>166,510</u>

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 \$6.45 million, of which \$6.28 million is unreserved. Revenues and expenditures are reflected on pages 16 – 17. The net change in the fund balances was an increase of \$142,923.

The General Fund balance decreased by \$357,466, which was a result of a decrease in property tax revenues and municipal income taxes.

Fund balance in the Public Safety Fund increased \$5,495 to \$908,402; due to management's diligence in controlling expenditures.

The Capital Improvement Fund reported a fund balance of \$2,752,040 at December 31, 2009 up from \$2,079,857. This balance increase is partly due to the close out of an Issue II fund after the completion of that project at the beginning of the year and the transfer of those funds to this fund. Also, due to the economic uncertainty, the City put all major capital projects on hold through 2009 in order to accrue more funds and to avoid a financial crisis of our own. In keeping with management's policy of providing essential services first and foremost, these projects are scheduled to begin mid-year 2010.

In 2009, Governmental funds reported expenditures of \$2,008,000 or 23.04% less than those reported in 2008. This decrease was related to the acquisition and construction of capital assets in 2008.

The proprietary funds showed a net operating income of \$68,498. The Water Fund is currently involved in a major expansion project and the Sewer Fund will be looking at a major expansion project, so we have been setting aside funds toward these projects. User fees have been increased in both the Water and Sewer Funds to pay for the debt service that will be 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.

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**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 down from 2008 with the biggest reduction in municipal income taxes and property taxes. The other sources of revenues were relatively flat in comparing to 2008.

Expenditure variances were from projects that were put on hold in 2009 due to the economic uncertainty. With that decision, the City expected the positive variance and will bring these funds forward to be budgeted in 2010 for these projects once the economy stabilizes.

**CAPITAL ASSETS AND INFRASTRUCTURE**

At December 31, 2009, the City has invested in land, construction in progress, infrastructure, buildings and equipment with amounts totaling \$8.08 million and \$10.38 million in governmental activities and business-type activities, respectively. Table 4 shows December 31, 2009 balances compared to December 31, 2008 amounts. Additional information regarding the City's capital assets can be found in the Notes to the Basic Financial Statements in Note 8.

**TABLE 4**  
Capital Assets, December 31

	2009			2008		
	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	111,584	-	111,584	1,008,956	-	1,008,956
Infrastructure	3,786,912	-	3,786,912	2,835,711	-	2,835,711
Buildings and Systems	3,951,937	14,187,658	18,139,595	3,951,937	13,501,564	17,453,501
Furniture and Equipment	4,859,962	4,104,399	8,964,361	4,963,448	3,937,168	8,900,616
Less: Accumulated						
Depreciation	(5,449,302)	(8,497,398)	(13,946,700)	(5,120,545)	(7,830,413)	(12,950,958)
Totals	\$ <u>8,081,532</u>	<u>10,376,767</u>	<u>18,458,299</u>	<u>8,459,946</u>	<u>10,190,427</u>	<u>18,650,373</u>

Overall, capital assets decreased \$192,074 from December 31, 2008. The decrease in capital assets related primarily to the additional depreciation related to assets placed in service during 2009 and those assets transferred completed from construction of progress and placed in service.

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**DEBT ADMINISTRATION**

At December 31, 2009, 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	\$ 393,750
Issue II – Washington	0.0%	7-1-2008	1-1-2019	\$ 522,500
TIF Loan	3.56%	5-1-2005	4-20-2014	\$ 328,337
Eaton Municipal Court Facility Bond	4.69%	3-5-2004	3-1-2018	\$ 893,622
OWDA Loan	2.75%	1-1-2007	1-1-2027	\$ 4,116,163

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, 2009, the City has no general obligation bonded debt.

The City's overall legal debt margin at December 31, 2009 was \$16,679,561. See Note 13 of the Notes to the Basic Financial Statements for more detailed information on long-term debt of the City.

**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 Leslie Renner, Finance Director, City of Eaton, 328 North Maple Street, P.O. Box 27, Eaton, Ohio 45320.

## **BASIC FINANCIAL STATEMENTS**

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Statement of Net Assets  
December 31, 2009

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 6,149,670	2,412,558	8,562,228
Investments	10,001	-	10,001
Receivables (net of allowances for uncollectibles):			
Taxes	1,265,433	-	1,265,433
Accounts	26,575	494,564	521,139
Special Assessments	70,975	-	70,975
Accrued Interest	327	-	327
Due from Other Governments	414,562	545	415,107
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	111,584	-	111,584
Capital assets, net of accumulated depreciation	<u>7,149,509</u>	<u>9,794,659</u>	<u>16,944,168</u>
 Total Assets	 <u>\$ 16,022,075</u>	 <u>13,284,434</u>	 <u>29,306,509</u>
<b>LIABILITIES:</b>			
Accounts Payable	\$ 163,486	296,378	459,864
Accrued Wages and Benefits	78,058	8,662	86,720
Due to Other Governments	66,987	-	66,987
Accrued Interest Payable	16,276	56,597	72,873
Unearned Revenue	668,900	-	668,900
Noncurrent Liabilities:			
Due Within One Year	426,496	206,378	632,874
Due In More Than One Year	<u>2,285,514</u>	<u>4,050,208</u>	<u>6,335,722</u>
 Total Liabilities	 <u>3,705,717</u>	 <u>4,618,223</u>	 <u>8,323,940</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	5,943,323	6,260,604	12,203,927
Restricted for:			
Public Safety	842,000	-	842,000
Indigent Driver	29,647	-	29,647
Computerization Upgrade	5,789	-	5,789
Special Projects	153,587	-	153,587
Streets and Highways	261,083	-	261,083
Capital Improvement	2,858,273	-	2,858,273
Perpetual Care:			
Nonexpendable	10,000	-	10,000
Unrestricted	<u>2,212,656</u>	<u>2,405,607</u>	<u>4,618,263</u>
 Total Net Assets	 <u>\$ 12,316,358</u>	 <u>8,666,211</u>	 <u>20,982,569</u>

See accompanying notes to the basic financial statements.

**CITY OF EATON**  
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Statement of Activities  
For the Year Ended December 31, 2009

<b>Functions/Programs:</b>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$ 2,157,151	869,559	-	-	(1,287,592)		(1,287,592)
Public Safety	2,870,220	737,388	3,405	-	(2,129,427)		(2,129,427)
Public Health	163,844	16,188	-	-	(147,656)		(147,656)
Transportation	976,734	-	-	120,939	(855,795)		(855,795)
Community Development	456,028	160,976	195,000	29,000	(71,052)		(71,052)
Culture and Recreation	235,175	3,755	13,520	-	(217,900)		(217,900)
Interest Expense	56,518	-	-	-	(56,518)		(56,518)
Total Governmental Activities	<u>6,915,670</u>	<u>1,787,866</u>	<u>211,925</u>	<u>149,939</u>	<u>(4,765,940)</u>		<u>(4,765,940)</u>
<b>Business-Type Activities:</b>							
Water	1,119,633	1,293,590	-	-		173,957	173,957
Sewer	1,255,315	1,057,454	-	30,000		(167,861)	(167,861)
Refuse	601,201	589,867	-	-		(11,334)	(11,334)
Other Business-Type Activities	<u>3,372</u>	<u>2,162</u>	<u>-</u>	<u>-</u>		<u>(1,210)</u>	<u>(1,210)</u>
Total Business-Type Activities	<u>2,979,521</u>	<u>2,943,073</u>	<u>-</u>	<u>30,000</u>		<u>(6,448)</u>	<u>(6,448)</u>
Total	\$ <u>9,895,191</u>	<u>4,730,939</u>	<u>211,925</u>	<u>179,939</u>	<u>(4,765,940)</u>	<u>(6,448)</u>	<u>(4,772,388)</u>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes Levied for:							
General Purposes					526,299	-	526,299
Cemetery					35,247	-	35,247
Community Development					117,829	-	117,829
Municipal Income					2,771,305	-	2,771,305
Grants and Contributions not Restricted to Specific Programs					982,181	-	982,181
Investment Income					22,399	-	22,399
Gain on Sale of Capital Assets					300	-	300
Other Revenue					<u>62,824</u>	<u>-</u>	<u>62,824</u>
Total General Revenues					<u>4,518,384</u>	<u>-</u>	<u>4,518,384</u>
Change in Net Assets					(247,556)	(6,448)	(254,004)
Net Assets, Beginning of Year					<u>12,563,914</u>	<u>8,672,659</u>	<u>21,236,573</u>
Net Assets, End of Year					\$ <u>12,316,358</u>	<u>8,666,211</u>	<u>20,982,569</u>

See accompanying notes to the basic financial statements.

**CITY OF EATON  
PREBLE COUNTY, OHIO**

Balance Sheet  
Governmental Funds  
December 31, 2009

	General Fund	Public Safety Fund	Capital Improvement Fund
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 2,312,976	821,154	2,573,103
Investments	-	-	-
Receivables (net of allowance for uncollectibles):			
Taxes	793,861	198,844	235,728
Accounts	22,082	3,913	-
Special Assessments	-	-	70,975
Accrued Interest	315	-	-
Due from Other Governments	185,544	1,197	7,229
Due from Other Funds	-	-	-
Materials and Supplies Inventory	3,000	-	-
	<u>3,000</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>3,317,778</u>	<u>1,025,108</u>	<u>2,887,035</u>
<b>LIABILITIES:</b>			
Accounts Payable	\$ 99,578	38,337	10,778
Accrued Wages and Benefits	43,915	28,428	2,702
Due to Other Governments	59,162	7,825	-
Due to Other Funds	16,207	-	-
Deferred Revenue	790,105	42,116	121,515
	<u>790,105</u>	<u>42,116</u>	<u>121,515</u>
Total Liabilities	<u>1,008,967</u>	<u>116,706</u>	<u>134,995</u>
<b>FUND BALANCES:</b>			
Reserved for:			
Encumbrances	1,904	1,545	156,743
Materials and Supplies Inventory	3,000	-	-
Permanent Fund	-	-	-
Unreserved, Undesignated:			
General Fund	2,303,907	-	-
Special Revenue Funds	-	906,857	-
Capital Projects Fund	-	-	2,595,297
Permanent Fund	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>2,308,811</u>	<u>908,402</u>	<u>2,752,040</u>
Total Liabilities and Fund Balances	\$ <u>3,317,778</u>	<u>1,025,108</u>	<u>2,887,035</u>

See accompanying notes to the basic financial statements.



**CITY OF EATON  
PREBLE COUNTY, OHIO**

Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
December 31, 2009

Nonmajor Governmental Funds	Total Governmental Funds		
		Total Governmental Fund Balances	\$ 6,451,285
442,437	6,149,670	Amounts reported for governmental	
10,001	10,001	activities in the Statement of Net Assets	
		are different because:	
37,000	1,265,433	Capital assets used in governmental	
580	26,575	activities are not financial resources and	
-	70,975	therefore are not reported in the funds.	8,081,532
12	327		
220,592	414,562	Other long-term assets are not available to	
16,207	16,207	pay for current period expenditures and	
-	3,000	therefore are deferred in the funds.	511,827
<u>726,829</u>	<u>7,956,750</u>		
		Long-term liabilities, including Issue II loans	
14,793	163,486	payable, are not due and payable in the current	
3,013	78,058	period and therefore are not reported in the funds:	
-	66,987	Issue II Loans Payable	(393,750)
-	16,207	OPWC Note Payable	(522,500)
<u>226,991</u>	<u>1,180,727</u>	TIF Loans Payable	(328,337)
		General Obligation Bonds Payable	(893,622)
244,797	1,505,465	Accrued Interest on Long-Term Debt	(16,276)
		Compensated Absences	(573,801)
		Net Assets of Governmental Activities	\$ <u>12,316,358</u>
507	160,699		
-	3,000		
10,000	10,000		
-	2,303,907		
413,645	1,320,502		
57,879	2,653,176		
<u>1</u>	<u>1</u>		
<u>482,032</u>	<u>6,451,285</u>		
<u>726,829</u>	<u>7,956,750</u>		

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

Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2009

	General Fund	Public Safety Fund	Capital Improvement Fund
<b>REVENUES:</b>			
Property Taxes	\$ 526,299	-	-
Municipal Income Taxes	821,268	971,000	1,120,738
Intergovernmental Revenue	581,561	179,884	7,229
Charges for Services	86,237	553,455	-
Licenses and Permits	160,176	-	-
Fees, Fines and Forfeitures	555,964	-	-
Special Assessments	-	-	24,577
Investment Income	22,073	-	-
Other Revenue	44,028	868	-
	<u>2,797,606</u>	<u>1,705,207</u>	<u>1,152,544</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	1,328,641	35,369	143,183
Public Safety	1,070,133	1,593,088	-
Public Health	27,129	-	-
Transportation	354,384	-	229,686
Community Development	203,977	-	-
Culture and Recreation	-	-	-
Capital Outlay	22,399	71,555	376,656
Debt Service:			
Principal	-	-	65,000
Interest	-	-	-
	<u>3,006,663</u>	<u>1,700,012</u>	<u>814,525</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>(209,057)</u>	<u>5,195</u>	<u>338,019</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from Sale of Capital Assets	-	300	-
Transfers In	-	-	334,164
Transfers Out	(148,409)	-	-
	<u>(148,409)</u>	<u>300</u>	<u>334,164</u>
Net Change in Fund Balances	(357,466)	5,495	672,183
Fund Balance, Beginning of Year	<u>2,666,277</u>	<u>902,907</u>	<u>2,079,857</u>
Fund Balance, End of Year	<u>\$ 2,308,811</u>	<u>908,402</u>	<u>2,752,040</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, 2009

Nonmajor Governmental Funds	Total Governmental Funds		
153,076	679,375	Total Net Change in Fund Balances - Governmental Funds	\$ 142,923
-	2,913,006		
760,368	1,529,042	Amounts reported for governmental activities in the statement of activities are different because:	
14,657	654,349		
1,890	162,066	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.	
234,826	790,790	Capital Asset Additions	189,891
-	24,577	Current Year Depreciation	(568,305)
326	22,399		
31,452	76,348		
1,196,595	6,851,952	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.	214,968
205,594	1,712,787		
1,008	2,664,229	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues on the funds.	(184,138)
136,715	163,844		
315,459	899,529	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:	
113,710	317,687	Compensated Absences	(44,670)
141,510	141,510	Accrued Interest Payable	1,775
65,872	536,482		
149,968	214,968	Change in Net Assets of Governmental Activities	\$ <u>(247,556)</u>
58,293	58,293		
1,188,129	6,709,329		
8,466	142,623		
-	300		
148,409	482,573		
(334,164)	(482,573)		
(185,755)	300		
(177,289)	142,923		
659,321	6,308,362		
482,032	6,451,285		

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

Statement of Net Assets  
Proprietary Funds  
December 31, 2009

	Water	Sewer & Sewer Disposal	Refuse	Non-Major Enterprise Fund	Total
<b>ASSETS:</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 1,203,174	1,080,531	123,912	4,941	2,412,558
Receivables:					
Accounts	219,339	175,265	99,960	-	494,564
Due from Other Governments	<u>545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>545</u>
Total Current Assets	<u>1,423,058</u>	<u>1,255,796</u>	<u>223,872</u>	<u>4,941</u>	<u>2,907,667</u>
Capital Assets:					
Land	532,271	30,500	19,337	-	582,108
Capital Assets, net of accumulated depreciation	<u>6,261,167</u>	<u>3,533,492</u>	<u>-</u>	<u>-</u>	<u>9,794,659</u>
Total Capital Assets	<u>6,793,438</u>	<u>3,563,992</u>	<u>19,337</u>	<u>-</u>	<u>10,376,767</u>
Total Assets	<u>\$ 8,216,496</u>	<u>4,819,788</u>	<u>243,209</u>	<u>4,941</u>	<u>13,284,434</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts Payable	\$ 98,285	154,148	43,945	-	296,378
Accrued Wages and Benefits	3,740	4,209	713	-	8,662
Accrued Compensated Absences	14,920	14,892	3,212	-	33,024
Accrued Interest	56,597	-	-	-	56,597
Loan Payable	<u>173,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>173,354</u>
Total Current Liabilities	<u>346,896</u>	<u>173,249</u>	<u>47,870</u>	<u>-</u>	<u>568,015</u>
Noncurrent Liabilities:					
Accrued Compensated Absences	48,524	48,429	10,446	-	107,399
Loan Payable	<u>3,942,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,942,809</u>
Total Noncurrent Liabilities	<u>3,991,333</u>	<u>48,429</u>	<u>10,446</u>	<u>-</u>	<u>4,050,208</u>
Total Liabilities	<u>4,338,229</u>	<u>221,678</u>	<u>58,316</u>	<u>-</u>	<u>4,618,223</u>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	2,677,275	3,563,992	19,337	-	6,260,604
Unrestricted	<u>1,200,992</u>	<u>1,034,118</u>	<u>165,556</u>	<u>4,941</u>	<u>2,405,607</u>
Total Net Assets	<u>3,878,267</u>	<u>4,598,110</u>	<u>184,893</u>	<u>4,941</u>	<u>8,666,211</u>
Total Liabilities and Net Assets	<u>\$ 8,216,496</u>	<u>4,819,788</u>	<u>243,209</u>	<u>4,941</u>	<u>13,284,434</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, 2009

	Water	Sewer & Sewer Disposal	Refuse	Non-Major Enterprise Fund	Total
<b>OPERATING REVENUES:</b>					
Charges for Services	\$ 1,293,590	1,057,454	589,867	2,162	2,943,073
Total Operating Revenues	<u>1,293,590</u>	<u>1,057,454</u>	<u>589,867</u>	<u>2,162</u>	<u>2,943,073</u>
<b>OPERATING EXPENSES:</b>					
Personnel Services	256,282	287,071	55,366	2,338	601,057
Fringe Benefits	121,485	137,140	20,373	341	279,339
Contractual Services	132,304	203,415	501,041	-	836,760
Materials and Supplies	124,814	113,031	22,555	693	261,093
Utilities	90,354	162,619	1,866	-	254,839
Other Operating Expenses	774	-	-	-	774
Depreciation	288,674	352,039	-	-	640,713
Total Operating Expenses	<u>1,014,687</u>	<u>1,255,315</u>	<u>601,201</u>	<u>3,372</u>	<u>2,874,575</u>
Operating Income (Loss)	<u>278,903</u>	<u>(197,861)</u>	<u>(11,334)</u>	<u>(1,210)</u>	<u>68,498</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Interest Expense	(104,946)	-	-	-	(104,946)
Total Non-Operating Revenues (Expenses)	<u>(104,946)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,946)</u>
Income (Loss) before Operating Transfers and Contributions	173,957	(197,861)	(11,334)	(1,210)	(36,448)
Capital Contributions	-	30,000	-	-	30,000
Change in Net Assets	173,957	(167,861)	(11,334)	(1,210)	(6,448)
Net Assets, Beginning of Year	<u>3,704,310</u>	<u>4,765,971</u>	<u>196,227</u>	<u>6,151</u>	<u>8,672,659</u>
Net Assets, End of Year	\$ <u>3,878,267</u>	<u>4,598,110</u>	<u>184,893</u>	<u>4,941</u>	<u>8,666,211</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, 2009

	Water	Sewer & Sewer Disposal	Refuse	Non-Major Enterprise Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received from Customers	\$ 1,285,974	1,066,661	589,613	2,187	2,944,435
Cash Paid for Personnel and Benefits	(371,587)	(419,920)	(74,188)	(2,679)	(868,374)
Cash Paid to Goods and Services	(305,186)	(344,297)	(522,711)	(693)	(1,172,887)
Other Operating Expenses	(1,024)	-	-	-	(1,024)
Net Cash Provided (Used) by Operating Activities	<u>608,177</u>	<u>302,444</u>	<u>(7,286)</u>	<u>(1,185)</u>	<u>902,150</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Principal Paid on Long-Term Liabilities	(136,463)	-	-	-	(136,463)
Interest Paid	(126,098)	-	-	-	(126,098)
Acquisition of Capital Assets	(247,201)	(549,852)	-	-	(797,053)
Net Cash Used by Capital and Related Financing Activities	<u>(509,762)</u>	<u>(549,852)</u>	<u>-</u>	<u>-</u>	<u>(1,059,614)</u>
Increase (Decrease) in Cash and Cash Equivalents	98,415	(247,408)	(7,286)	(1,185)	(157,464)
Cash and Cash Equivalents, Beginning of Year	<u>1,104,759</u>	<u>1,327,939</u>	<u>131,198</u>	<u>6,126</u>	<u>2,570,022</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,203,174</u>	<u>1,080,531</u>	<u>123,912</u>	<u>4,941</u>	<u>2,412,558</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ 278,903	(197,861)	(11,334)	(1,210)	68,498
Adjustment to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	288,674	352,039	-	-	640,713
Changes in Assets and Liabilities:					
Accounts Receivable	(7,936)	9,048	(255)	25	882
Due from Other Governments	320	160	-	-	480
Accounts Payable	42,035	134,769	2,752	-	179,556
Accrued Wages & Benefits	325	286	18	-	629
Accrued Compensated Absences	5,856	4,003	1,533	-	11,392
Net Cash Provided (Used) by Operating Activities	<u>\$ 608,177</u>	<u>302,444</u>	<u>(7,286)</u>	<u>(1,185)</u>	<u>902,150</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>					
Capital Contributions through Grants	<u>\$ -</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>

See accompanying notes to the basic financial statements.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Statement of Fiduciary Net Assets  
Fiduciary Fund  
December 31, 2009

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	<u>Agency Fund</u>
<b>ASSETS:</b>	
Due from Other Governments	\$ <u>4,135</u>
<b>LIABILITIES:</b>	
Accounts Payable	\$ <u>4,135</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, 2009

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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, 2009.

Mound Hill Union Cemetery is a jointly governed organization established in accordance with Ohio Revised Code Section 759.27 through 759.48 to unite in the establishment and management of the cemetery. The Board of Cemetery Trustees consists of three members; one member from the City of Eaton Council, one member from the Washington Township Board of Trustees, and the third member appointed by the other two members. The City has no significant influence on operations. This organization does not meet the reporting entity criteria of generally accepted governmental accounting principles and, accordingly, is not included in the accompanying basic financial statements. Additional information is located in Note 15.

**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 establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the City's accounting policies are described below.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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

**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, 2009

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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, 2009

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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.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

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, 2009

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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 4). 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, 2009, but which were levied to finance year 2009 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, 2009

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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 2009, investments of the City were limited to 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, 2009. 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.

**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 2008 to 2009.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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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**  
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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, 2009, 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**

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, encumbrances and materials and supplies inventories are recorded as a reservation of fund balance.

**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.



**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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

**L. Net Assets** (Continued)

The City 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.

**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 – 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.

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.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS** (Continued)

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, 2009, the carrying amount of the City's deposits was \$5,614,094 and the bank balance was \$5,961,191. Of the bank balance, \$1,114,295 was covered by federal depository insurance and \$4,843,326 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, 2009, the City's only investment was amounts on deposit with STAR Ohio, with a fair value of \$2,850,797, which is included in the "Equity in Pooled Cash and Cash Equivalents" amount on the Statement of Net Assets.

**NOTE 4 – 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.

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.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**NOTE 4 – PROPERTY TAXES** (Continued)

Real property and public utility taxes collected during 2009 were levied in October 2008 on assessed values listed as of January 1, 2008, the lien date. One-half of these taxes were due in February 2009, with the remaining balance due in July 2009.

Tangible personal property taxes collected during 2009 had a lien and levy date of December 31, 2008. One-half of these taxes were due by April 30, 2009, with the remaining balance due in September 2009. Personal property revenue recognized represents those taxes levied for and due within the fiscal year, and collected within 60 days after fiscal year end.

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 2007 upon which the 2008 collections were based was approximately \$157,467,660. The assessed value for 2008 upon which the 2009 collection was based was approximately \$158,852,960.

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 5 – 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 2007. The .5% tax will expire December 31, 2010. 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, 2009

**NOTE 6 – RECEIVABLES**

Receivables at December 31, 2009 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 intergovernmental receivables follows:

	<u>Amount</u>
<b>Governmental Activities:</b>	
Local Government and Local Government Revenue Assistance	\$ 105,636
Reimbursements	223
State Grants	50,881
Homestead and Rollback	37,709
Gasoline and Excise Tax	178,941
Motor Vehicle License Fees	39,675
Public Safety	1,197
Other	300
Total Governmental Activities	414,562
 <b>Business-Type Activities:</b>	
Water	525
Total Business-Type Activities	525
Total	\$ 415,087

**NOTE 7 - INTERFUND TRANSFERS AND BALANCES**

Interfund transfers for the year ended December 31, 2009, consisted of the following:

	<u>Transfer Out</u>		
<u>Transfer In</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Capital Improvement Fund	\$ -	334,164	334,164
Nonmajor Governmental Funds	148,409	-	148,409
Total	\$ 148,409	334,164	482,573

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**NOTE 7 - INTERFUND TRANSFERS AND BALANCES** (Continued)

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, 2009, consisted of the following amounts and represent charges for services or reimbursable expenses approved and authorized in 2009 but not made until 2010. 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.

	<u>Due From</u>
	General
<u>Due To</u>	<u>Fund</u>
Nonmajor Governmental Funds	\$ <u>16,207</u>

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**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2009, was as follows:

	Balance 12/31/2008	Additions	Deductions	Balance 12/31/2009
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>				
<b><u>Capital Assets, not being depreciated</u></b>				
Land	\$ 820,439	-	-	820,439
Construction in Progress	1,008,956	53,829	(951,201)	111,584
	<u>1,829,395</u>	<u>53,829</u>	<u>(951,201)</u>	<u>932,023</u>
<b><u>Capital Assets, being depreciated</u></b>				
Buildings	3,951,937	-	-	3,951,937
Infrastructure	2,835,711	951,201	-	3,786,912
Furniture and Equipment	4,963,448	136,062	(239,548)	4,859,962
	<u>11,751,096</u>	<u>1,087,263</u>	<u>(239,548)</u>	<u>12,598,811</u>
<b><u>Less: Accumulated Depreciation</u></b>				
Buildings	(1,181,465)	(111,095)	-	(1,292,560)
Infrastructure	(395,628)	(162,941)	-	(558,569)
Furniture and Equipment	(3,543,452)	(294,269)	239,548	(3,598,173)
	<u>(5,120,545)</u>	<u>(568,305) *</u>	<u>239,548</u>	<u>(5,449,302)</u>
Capital Assets, being depreciated, net	<u>6,630,551</u>	<u>518,958</u>	<u>-</u>	<u>7,149,509</u>
Capital Assets, net	<u>\$ 8,459,946</u>	<u>572,787</u>	<u>(951,201)</u>	<u>8,081,532</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	13,501,564	686,094	-	14,187,658
Furniture and Equipment	3,937,168	169,616	(2,385)	4,104,399
	<u>17,438,732</u>	<u>855,710</u>	<u>(2,385)</u>	<u>18,292,057</u>
<b><u>Less: Accumulated Depreciation</u></b>				
Buildings and Systems	(5,079,805)	(507,959)	-	(5,587,764)
Furniture and Equipment	(2,750,608)	(161,411)	2,385	(2,909,634)
	<u>(7,830,413)</u>	<u>(669,370)</u>	<u>2,385</u>	<u>(8,497,398)</u>
Capital Assets, being depreciated, net	<u>9,608,319</u>	<u>186,340</u>	<u>-</u>	<u>9,794,659</u>
Capital Assets, net	<u>\$ 10,190,427</u>	<u>186,340</u>	<u>-</u>	<u>10,376,767</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

**NOTE 8 - CAPITAL ASSETS** (Continued)

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

General Government	\$	85,782
Public Safety		173,495
Transportation		76,295
Community Development		162,941
Culture and Recreation		<u>69,792</u>
Total Depreciation Expense	\$	<u><u>568,305</u></u>

**NOTE 9 – 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 614-222-6701 or 800-222-7377.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**NOTE 9 – 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 2008, 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 2008 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, 2009, 2008, and 2007 were \$384,899, \$366,485, and \$339,772, 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 for the years ending December 31, 2009, 2008, and 2007 were \$193,978, \$185,685, and \$167,288, respectively, equal to the required contribution for each year.

**NOTE 10 – 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 provides retirement, disability, and survivor benefits as well as post-retirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-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 is considered to be an Other Post-employment Benefit (OPEB) as described in GASB Statement 12.



**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**NOTE 10 – POSTEMPLOYMENT BENEFITS** (Continued)

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

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2008, local government employer units contributed at 14.0% of covered payroll. The portion of employer contributions allocated to health care was 7.00% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS.

**Actuarial Review:** The following assumptions and calculations were based on OPERS' latest actuarial review, performed as of December 31, 2008.

**Funding Method:** An individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.

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

**Investment Return:** The investment assumption rate for 2008 was 6.50%.

**Active Employee Total Payroll:** An annual increase of 4.00% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

**Health Care:** Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 3% for the next 6 years. In subsequent years (7 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

OPEB is advance-funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 357,584 active contributing participants as of December 31, 2009. The number of active contributing participants for both plans used in the December 31, 2008, actuarial valuation was 356,388. The portion of City's contributions that were used to fund post-employment benefits was \$161,373. The amount of \$10.7 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2008. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2008, reported the actuarially accrued liability and the unfunded actuarial accrued liability for OPEB at \$29.6 billion and \$18.9 billion, respectively.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**NOTE 10 – POSTEMPLOYMENT BENEFITS** (Continued)

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

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on 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.

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

The Ohio Police and Fire Pension Fund (OP&F) provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22, if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. The total police employer contribution is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll.

The Ohio Revised Code provides the statutory authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 6.75% of covered payroll in 2008 and 6.75% of covered payroll in 2009. In addition, since July 1, 1992, most retirees and survivors were required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The number of participants eligible to receive health care benefits as of December 31, 2008, the date of the last actuarial valuation available, are 14,567 for Police and 10,750 for Firefighters. The City's annual contribution for 2009 that were used to fund postemployment benefits was \$51,846 for Police and \$12,402 for Firefighters. OP&F's total health care expenses for the year ending December 31, 2008, the date of the last actuarial valuation available, was \$96,472,398, which was net of members contributions of \$56,948,977.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**NOTE 11 – 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, 2009, the accrued liability for unpaid compensated absences was \$714,224 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, 2009

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**NOTE 12 - 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 2008, 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	\$ 24,832,824	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	1,534,772	1,000
Automobile	3,411,012	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.

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**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

**NOTE 13 – LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligation activity by fund type for the year ended December 31, 2009:

	Balance 12/31/2008	Additions	Retirements	Balance 12/31/2009	Due within One Year
<b><u>Governmental Activities:</u></b>					
Compensated Absences	\$ 529,131	204,882	160,212	573,801	177,675
Issue II - Washington	550,000	-	27,500	522,500	55,000
Issue II - Downtown	431,250	-	37,500	393,750	37,500
Eaton Municipal Court Facility Bond	977,440	-	83,818	893,622	87,795
TIF - WJ/ Auk	394,487	-	66,150	328,337	68,526
	<u>2,882,308</u>	<u>204,882</u>	<u>375,180</u>	<u>2,712,010</u>	<u>426,496</u>
<b><u>Business-Type Activities:</u></b>					
Compensated Absences	129,031	36,514	25,122	140,423	33,024
OWDA Loan Payable	4,271,640	-	155,477	4,116,163	173,354
	<u>4,400,671</u>	<u>36,514</u>	<u>180,599</u>	<u>4,256,586</u>	<u>206,378</u>
	<u>\$ 7,282,979</u>	<u>241,396</u>	<u>555,779</u>	<u>6,968,596</u>	<u>632,874</u>

Long-term obligations of the City at December 31, 2009 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	\$ 393,750
Issue II – Washington Road	0.0%	7-1-2008	1-1-2019	\$ 522,500
TIF Loan	3.56%	5-1-2005	4-20-2014	\$ 328,337
Eaton Municipal Court Facility Bond	4.69%	3-5-2004	3-1-2018	\$ 893,622
OWDA Loan	2.75%	1-1-2007	1-1-2027	\$ 4,116,163

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 2009 debt service payment, which includes interest, was \$128,651 and was paid out of the Municipal Court Special Projects Fund.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

**NOTE 13 – LONG-TERM OBLIGATIONS** (Continued)

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 \$79,610 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 2009 debt service payment, which includes interest, was \$262,561 and was paid out of the Water Fund.

As of December 31, 2009, the City's legal debt margin (the ability to issue additional principal amounts of general obligation bonded debt) was approximately \$16.68 million. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2009 are as follows:

		Governmental Activities					
		Issue II	Issue II	Eaton Municipal Court		TIF Loan	
		Loan	Loan	Facility Bond			
		Principal	Principal	Principal	Interest	Principal	Interest
2010	\$	55,000	37,500	87,795	40,893	68,526	11,084
2011		55,000	37,500	91,961	36,728	70,987	8,623
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
2015-2019		247,500	187,500	410,965	39,442	-	-
2020		-	18,750	-	-	-	-
	\$	<u>522,500</u>	<u>393,750</u>	<u>893,622</u>	<u>200,227</u>	<u>328,337</u>	<u>29,908</u>

		Business-Type Activities	
		OWDA Loan	
		Principal	Interest
2010	\$	173,354	112,011
2011		178,154	107,211
2012		183,087	102,278
2013		188,156	97,208
2014		193,366	91,999
2015-2019		1,050,171	376,653
2020-2024		1,203,839	222,985
2025-2028		946,036	52,742
	\$	<u>4,116,163</u>	<u>1,163,087</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**NOTE 14 – 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.

**NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS**

Mound Hill Union Cemetery

One or more municipal corporations and the boards of township trustees of one or more townships established the Mound Hill Union Cemetery in accordance with Ohio Revised Code Sections 759.27 to 759.48 to unite in the establishment and management of a cemetery. The Board of Cemetery Trustees consists of three members; one member from the City of Eaton Council, one member from the Washington Township Board of Trustees, and the third member appointed by the other two members. The Board of Cemetery Trustees adopts appropriations and the cemetery serves as its own fiscal agent. For the year ended December 31, 2009, the City of Eaton contributed \$110,655 towards the general operation of the cemetery. The cemetery issues a publicly available stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained from Mound Union Hill Cemetery at 533 West Main Street, Eaton, Ohio 45320.

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## **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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property Taxes	\$ 465,000	465,000	526,299	61,299
Municipal Income Taxes	940,000	940,000	834,196	(105,804)
Intergovernmental Revenue	414,000	414,000	591,236	177,236
Charges for Services	25,000	25,000	67,225	42,225
Licenses and Permits	50,000	50,000	156,673	106,673
Investment Income	26,000	26,000	25,369	(631)
Fees, Fines and Forfeitures	580,300	580,300	560,296	(20,004)
Other Revenue	<u>130,000</u>	<u>130,000</u>	<u>170,142</u>	<u>40,142</u>
 Total Revenues	 <u>2,630,300</u>	 <u>2,630,300</u>	 <u>2,931,436</u>	 <u>301,136</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	2,947,603	2,947,603	1,482,551	1,465,052
Public Safety	1,213,300	1,213,300	1,077,351	135,949
Public Health	27,150	27,150	27,129	21
Transportation	427,500	427,500	356,603	70,897
Community Development	<u>294,500</u>	<u>294,500</u>	<u>205,097</u>	<u>89,403</u>
 Total Expenditures	 <u>4,910,053</u>	 <u>4,910,053</u>	 <u>3,148,731</u>	 <u>1,761,322</u>
 Excess (Deficit) of Revenues Over/ (Under) Expenditures	 <u>(2,279,753)</u>	 <u>(2,279,753)</u>	 <u>(217,295)</u>	 <u>2,062,458</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	<u>(228,055)</u>	<u>(228,055)</u>	<u>(148,408)</u>	<u>79,647</u>
 Total Other Financing Sources (Uses)	 <u>(228,055)</u>	 <u>(228,055)</u>	 <u>(148,408)</u>	 <u>79,647</u>
 Net Change in Fund Balance	 (2,507,808)	 (2,507,808)	 (365,703)	 2,142,105
Fund Balance, Beginning of Year	2,485,243	2,485,243	2,485,243	-
Prior Year Encumbrances Appropriated	<u>22,565</u>	<u>22,565</u>	<u>22,565</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>-</u>	<u>2,142,105</u>	<u>2,142,105</u>

See accompanying notes to the required supplemental 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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Municipal Income Taxes	\$ 1,080,000	1,080,000	983,158	(96,842)
Intergovernmental Revenue	140,000	140,000	185,212	45,212
Charges for Services	400,000	400,000	570,488	170,488
Other Revenue	-	-	867	867
Total Revenues	<u>1,620,000</u>	<u>1,620,000</u>	<u>1,739,725</u>	<u>119,725</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	228,427	228,427	39,718	188,709
Public Safety	<u>2,174,150</u>	<u>2,174,150</u>	<u>1,666,294</u>	<u>507,856</u>
Total Expenditures	<u>2,402,577</u>	<u>2,402,577</u>	<u>1,706,012</u>	<u>696,565</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>(782,577)</u>	<u>(782,577)</u>	<u>33,713</u>	<u>816,290</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Capital Assets	-	-	300	300
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>300</u>	<u>300</u>
Net Change in Fund Balance	(782,577)	(782,577)	34,013	816,590
Fund Balance, Beginning of Year	749,670	749,670	749,670	-
Prior Year Encumbrances Appropriated	<u>32,907</u>	<u>32,907</u>	<u>32,907</u>	<u>-</u>
Fund Balance, End of Year	\$ <u>-</u>	<u>-</u>	<u>816,590</u>	<u>816,590</u>

See accompanying notes to the required supplemental information.

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

Notes to the Required Supplementary Information  
For the Year Ended December 31, 2009

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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, 2009

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	\$ (357,466)	5,495
Increase/(Decrease):		
Due to Revenues	133,830	34,518
Due to Expenditures	(158,982)	(34,342)
Other Financing Sources	1	-
Encumbrances	<u>16,914</u>	<u>28,342</u>
Net Change in Fund Balance - Budgetary Basis	\$ <u>(365,703)</u>	<u>34,013</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 a separate fund.

**Public Safety Fund** – To account for 1/2% income tax revenues that is approved by the voters of the City every three years.

**Capital Improvement Fund** – To account for various capital projects financed by governmental funds.

**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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property Taxes:				
General	\$ 465,000	465,000	522,109	57,109
Tangible Personal	-	-	4,190	4,190
Total Property Taxes	<u>465,000</u>	<u>465,000</u>	<u>526,299</u>	<u>61,299</u>
Municipal Income Taxes	<u>940,000</u>	<u>940,000</u>	<u>834,196</u>	<u>(105,804)</u>
Intergovernmental Revenue:				
Local Government Revenue	227,000	227,000	216,040	(10,960)
Homestead/Rollback	52,500	52,500	72,231	19,731
State Levied Shared Taxes	90,850	90,850	133,429	42,579
Inheritance	-	-	127,986	127,986
Cigarette Licenses	300	300	300	-
Liquor and Beer Permits	10,000	10,000	8,089	(1,911)
Police Firing Range	3,350	3,350	3,380	30
Other Grants	30,000	30,000	29,781	(219)
Total Intergovernmental Revenue	<u>414,000</u>	<u>414,000</u>	<u>591,236</u>	<u>177,236</u>
Charges for Services:				
General Government-Cable Franchise	25,000	25,000	67,171	42,171
Miscellaneous	-	-	54	54
Total Charges for Services	<u>25,000</u>	<u>25,000</u>	<u>67,225</u>	<u>42,225</u>
Licenses and Permits	<u>50,000</u>	<u>50,000</u>	<u>156,673</u>	<u>106,673</u>
Investment Income	<u>26,000</u>	<u>26,000</u>	<u>25,369</u>	<u>(631)</u>
Fees, Fines and Forfeitures	<u>580,300</u>	<u>580,300</u>	<u>560,296</u>	<u>(20,004)</u>
Other Revenue	<u>130,000</u>	<u>130,000</u>	<u>170,142</u>	<u>40,142</u>
Total Revenues	<u>2,630,300</u>	<u>2,630,300</u>	<u>2,931,436</u>	<u>301,136</u>

**EXPENDITURES:**

Current:

General Government:

Administration:

    Personal Services                     495,850                     495,850                     479,547                     16,303  
    Operating Expenses                   1,559,253                   1,559,253                   225,181                   1,334,072

Council:

    Personal Services                     8,600                       8,600                       5,102                       3,498  
    Operating Expenses                   5,000                       5,000                       454                        4,546

Municipal Court:

    Personal Services                     727,000                     727,000                     652,019                     74,981  
    Operating Expenses                   151,900                     151,900                    120,248                    31,652

    Total General Government           2,947,603                   2,947,603                   1,482,551                   1,465,052

(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, 2009  
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public Safety:				
Police Division:				
Personal Services	1,036,000	1,036,000	921,763	114,237
Operating Expenses	115,600	115,600	99,073	16,527
Headquarters:				
Personal Services	61,700	61,700	56,515	5,185
Total Public Safety	1,213,300	1,213,300	1,077,351	135,949
Public Health:				
Administration:				
Operating Expenses	27,150	27,150	27,129	21
Total Public Health	27,150	27,150	27,129	21
Transportation:				
Traffic Lights:				
Operating Expenses	49,500	49,500	17,779	31,721
Public Maintenance:				
Personal Services	274,000	274,000	243,455	30,545
Operating Expenses	104,000	104,000	95,369	8,631
Total Transportation	427,500	427,500	356,603	70,897
Community Development:				
Building and Zoning:				
Personal Services	229,300	229,300	164,814	64,486
Operating Expenses	65,200	65,200	40,283	24,917
Total Building and Zoning	294,500	294,500	205,097	89,403
Total Expenditures	4,910,053	4,910,053	3,148,731	1,761,322
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(2,279,753)	(2,279,753)	(217,295)	2,062,458
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(228,055)	(228,055)	(148,408)	79,647
Total Other Financing Sources (Uses)	(228,055)	(228,055)	(148,408)	79,647
Net Change in Fund Balance	(2,507,808)	(2,507,808)	(365,703)	2,142,105
Fund Balance, Beginning of Year	2,485,243	2,485,243	2,485,243	-
Prior Year Encumbrances Appropriated	22,565	22,565	22,565	-
Fund Balance, End of Year	\$ -	-	2,142,105	2,142,105

**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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Municipal Income Taxes	\$ 1,080,000	1,080,000	983,158	(96,842)
Intergovernmental Revenue:				
Federal Grants	-	-	3,405	3,405
Fire Contracts	85,000	85,000	101,691	16,691
Ambulance Contracts	55,000	55,000	80,116	25,116
Total Intergovernmental Revenue	140,000	140,000	185,212	45,212
Charges for Services:				
Ambulance Removal Fees	400,000	400,000	570,488	170,488
Total Charges for Services	400,000	400,000	570,488	170,488
Other Revenue	-	-	867	867
Total Revenues	1,620,000	1,620,000	1,739,725	119,725
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Administration:				
Operating Expenses	228,427	228,427	39,718	188,709
Total General Government	228,427	228,427	39,718	188,709
Public Safety:				
Police Division:				
Personal Services	292,000	292,000	221,761	70,239
Operating Expenses	133,500	133,500	92,647	40,853
Headquarters:				
Personal Services	336,000	336,000	298,702	37,298
Operating Expenses	19,500	19,500	15,180	4,320
Fire Division:				
Personal Services	480,000	480,000	281,666	198,334
Operating Expenses	142,900	142,900	221,717	(78,817)
EMS Division:				
Personal Services	460,500	460,500	405,132	55,368
Operating Expenses	309,750	309,750	129,489	180,261
Total Public Safety	2,174,150	2,174,150	1,666,294	507,856
Total Expenditures	2,402,577	2,402,577	1,706,012	696,565
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(782,577)	(782,577)	33,713	816,290

(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, 2009  
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Capital Assets	-	-	300	300
Total Other Financing Sources (Uses)	-	-	300	300
Net Change in Fund Balance	(782,577)	(782,577)	34,013	816,590
Fund Balance, Beginning of Year	749,670	749,670	749,670	-
Prior Year Encumbrances Appropriated	32,907	32,907	32,907	-
Fund Balance, End of Year	\$ -	-	816,590	816,590

**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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Municipal Income Taxes	\$ 1,114,010	1,114,010	1,132,127	18,117
Special Assessments	10,000	10,000	24,577	14,577
Other Revenue	-	-	334,164	334,164
Total Revenues	<u>1,124,010</u>	<u>1,124,010</u>	<u>1,490,868</u>	<u>366,858</u>
<b>EXPENDITURES:</b>				
Capital Outlay:				
Personal Services	340,000	340,000	311,230	28,770
Operating Expenses	1,449,053	1,449,053	593,572	855,481
Debt Service:				
Principal Payments	<u>107,500</u>	<u>107,500</u>	<u>65,000</u>	<u>42,500</u>
Total Expenditures	<u>1,896,553</u>	<u>1,896,553</u>	<u>969,802</u>	<u>926,751</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>(772,543)</u>	<u>(772,543)</u>	<u>521,066</u>	<u>1,293,609</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	<u>(1,120,000)</u>	<u>(1,120,000)</u>	<u>-</u>	<u>1,120,000</u>
Total Other Financing Sources (Uses)	<u>(1,120,000)</u>	<u>(1,120,000)</u>	<u>-</u>	<u>1,120,000</u>
Net Change in Fund Balance	(1,892,543)	(1,892,543)	521,066	2,413,609
Fund Balance, Beginning of Year	1,683,380	1,683,380	1,683,380	-
Prior Year Encumbrances Appropriated	<u>209,163</u>	<u>209,163</u>	<u>209,163</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>-</u>	<u>2,413,609</u>	<u>2,413,609</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 joint operations with a Township of the Mound Hill Union Cemetery.

**Recreation Fund** – To account for monies received through charges for services for cultural and recreational events provided for public enjoyment.

**Swimming Pool Fund** – To account for the operations of the City owned swimming pool.

**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.

**FEMA Grant Fund** – To account for revenues received from a one-time disaster relief grant.

**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.

**Issue II Fund** – To account for funds received from the State of Ohio for the reconstruction of Washington/Jackson Road.

**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**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2009

	Special Revenue Funds	Capital Project Funds	Permanent Fund	Total Nonmajor Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 384,558	57,879	-	442,437
Investments	-	-	10,001	10,001
Receivables (net of allowance for uncollectibles):				
Taxes	37,000	-	-	37,000
Accounts	580	-	-	580
Accrued Interest	-	-	12	12
Due from Other Governments	220,592	-	-	220,592
Due from Other Funds	16,207	-	-	16,207
	<u>658,937</u>	<u>57,879</u>	<u>10,013</u>	<u>726,829</u>
Total Assets	\$ <u>658,937</u>	<u>57,879</u>	<u>10,013</u>	<u>726,829</u>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 14,781	-	12	14,793
Accrued Wages and Benefits	3,013	-	-	3,013
Deferred Revenue	226,991	-	-	226,991
	<u>244,785</u>	<u>-</u>	<u>12</u>	<u>244,797</u>
Total Liabilities	<u>244,785</u>	<u>-</u>	<u>12</u>	<u>244,797</u>
<b>FUND BALANCE:</b>				
Reserved for:				
Encumbrances	507	-	-	507
Permanent Fund	-	-	10,000	10,000
Unreserved:				
Undesignated	413,645	57,879	1	471,525
	<u>414,152</u>	<u>57,879</u>	<u>10,001</u>	<u>482,032</u>
Total Fund Balance	<u>414,152</u>	<u>57,879</u>	<u>10,001</u>	<u>482,032</u>
Total Liabilities and Fund Balance	\$ <u>658,937</u>	<u>57,879</u>	<u>10,013</u>	<u>726,829</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2009

	Indigent Driver	Enforcement & Education	Law Enforcement	Computerization Upgrade
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 30,227	4,156	6,073	12,495
Receivables (net of allowance for uncollectibles):				
Taxes	-	-	-	-
Accounts	-	-	-	-
Due from Other Governments	-	-	-	-
Due from Other Funds	714	25	-	6,075
Total Assets	\$ 30,941	4,181	6,073	18,570
<b>LIABILITIES:</b>				
Accounts Payable	\$ 580	-	-	-
Accrued Wages and Benefits	-	-	-	192
Deferred Revenue	-	-	-	-
Total Liabilities	580	-	-	192
<b>FUND BALANCE:</b>				
Reserved for:				
Encumbrances	-	-	-	-
Unreserved	30,361	4,181	6,073	18,378
Total Fund Balance	30,361	4,181	6,073	18,378
Total Liabilities and Fund Balance	\$ 30,941	4,181	6,073	18,570



Municipal Court Special Projects Fund	Drivers Interlock & Alcohol Monitoring	Street Construction, Maintenance & Repair	State Highway Improvement	Cemetery	Recreation
69,769	3,550	101,658	8,440	-	20,454
-	-	-	-	37,000	-
-	-	-	-	-	-
-	223	202,219	16,396	1,754	-
<u>9,093</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>78,862</u>	<u>4,073</u>	<u>303,877</u>	<u>24,836</u>	<u>38,754</u>	<u>20,454</u>
-	-	8,570	-	-	889
-	-	2,119	228	-	311
<u>-</u>	<u>-</u>	<u>174,119</u>	<u>14,118</u>	<u>38,754</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>184,808</u>	<u>14,346</u>	<u>38,754</u>	<u>1,200</u>
-	-	212	-	-	-
<u>78,862</u>	<u>4,073</u>	<u>118,857</u>	<u>10,490</u>	<u>-</u>	<u>19,254</u>
<u>78,862</u>	<u>4,073</u>	<u>119,069</u>	<u>10,490</u>	<u>-</u>	<u>19,254</u>
<u>78,862</u>	<u>4,073</u>	<u>303,877</u>	<u>24,836</u>	<u>38,754</u>	<u>20,454</u>

(Continued)

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2009  
(Continued)

	Swimming Pool	Robert's Bridge	Bicentennial Park	Fort St. Clair
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 7,075	413	1,096	24,758
Receivables (net of allowance for uncollectibles):				
Taxes	-	-	-	-
Accounts	-	-	-	580
Due from Other Governments	-	-	-	-
Due from Other Funds	-	-	-	-
	<u>7,075</u>	<u>413</u>	<u>1,096</u>	<u>25,338</u>
Total Assets	\$ <u>7,075</u>	<u>413</u>	<u>1,096</u>	<u>25,338</u>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 151	-	-	4,591
Accrued Wages and Benefits	-	-	-	163
Deferred Revenue	-	-	-	-
	<u>151</u>	<u>-</u>	<u>-</u>	<u>4,754</u>
Total Liabilities	<u>151</u>	<u>-</u>	<u>-</u>	<u>4,754</u>
<b>FUND BALANCE:</b>				
Reserved for:				
Encumbrances	-	-	-	295
Unreserved	6,924	413	1,096	20,289
	<u>6,924</u>	<u>413</u>	<u>1,096</u>	<u>20,584</u>
Total Fund Balance	<u>6,924</u>	<u>413</u>	<u>1,096</u>	<u>20,584</u>
	<u>7,075</u>	<u>413</u>	<u>1,096</u>	<u>25,338</u>
Total Liabilities and Fund Balance	\$ <u>7,075</u>	<u>413</u>	<u>1,096</u>	<u>25,338</u>

Small Cities	FEMA Grant	Community Housing	Home Investment	Total Special Revenue Funds
-	-	69,833	24,561	384,558
-	-	-	-	37,000
-	-	-	-	580
-	-	-	-	220,592
-	-	-	-	16,207
<u>-</u>	<u>-</u>	<u>69,833</u>	<u>24,561</u>	<u>658,937</u>
-	-	-	-	14,781
-	-	-	-	3,013
-	-	-	-	226,991
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,785</u>
-	-	-	-	507
<u>-</u>	<u>-</u>	<u>69,833</u>	<u>24,561</u>	<u>413,645</u>
<u>-</u>	<u>-</u>	<u>69,833</u>	<u>24,561</u>	<u>414,152</u>
<u>-</u>	<u>-</u>	<u>69,833</u>	<u>24,561</u>	<u>658,937</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2009

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	Issue II	TIF	Total Capital Projects Funds
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ -	57,879	57,879
Total Assets	\$ -	57,879	57,879
<b>FUND BALANCE:</b>			
Unreserved	-	57,879	57,879
Total Fund Balance	-	57,879	57,879
Total Liabilities and Fund Balance	\$ -	57,879	57,879

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

Combining Statement of Revenue, Expenditures and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2009

	Special Revenue Funds	Capital Project Funds	Permanent Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>				
Property Taxes	\$ 35,247	117,829	-	153,076
Intergovernmental Revenue	760,368	-	-	760,368
Charges for Services	14,657	-	-	14,657
Licenses and Permits	1,890	-	-	1,890
Fees, Fines and Forfeitures	234,826	-	-	234,826
Investment Income	-	-	326	326
Other Revenue	31,452	-	-	31,452
	<u>1,078,440</u>	<u>117,829</u>	<u>326</u>	<u>1,196,595</u>
Total Revenues				
<b>EXPENDITURES:</b>				
Current:				
General Government	176,530	29,064	-	205,594
Public Safety	1,008	-	-	1,008
Public Health	136,390	-	325	136,715
Transportation	315,459	-	-	315,459
Community Development	113,710	-	-	113,710
Culture and Recreation	141,510	-	-	141,510
Capital Outlay	59,580	6,292	-	65,872
Debt Service:				
Principal	83,818	66,150	-	149,968
Interest	44,833	13,460	-	58,293
	<u>1,072,838</u>	<u>114,966</u>	<u>325</u>	<u>1,188,129</u>
Total Expenditures				
Excess (Deficit) of Revenues Over/ (Under) Expenditures	<u>5,602</u>	<u>2,863</u>	<u>1</u>	<u>8,466</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	148,409	-	-	148,409
Transfers Out	-	(334,164)	-	(334,164)
	<u>148,409</u>	<u>(334,164)</u>	<u>-</u>	<u>(185,755)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	154,011	(331,301)	1	(177,289)
Fund Balance, Beginning of Year	<u>260,141</u>	<u>389,180</u>	<u>10,000</u>	<u>659,321</u>
Fund Balance, End of Year	\$ <u><u>414,152</u></u>	<u><u>57,879</u></u>	<u><u>10,001</u></u>	<u><u>482,032</u></u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Statement of Revenue, Expenditures and  
Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009

	Indigent Driver	Enforcement & Education	Law Enforcement	Computerization Upgrade
<b>REVENUES:</b>				
Property Taxes	\$ -	-	-	-
Intergovernmental Revenue	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Fees, Fines and Forfeitures	14,706	1,482	3,925	84,431
Other Revenue	-	-	-	-
	<u>14,706</u>	<u>1,482</u>	<u>3,925</u>	<u>84,431</u>
Total Revenues	<u>14,706</u>	<u>1,482</u>	<u>3,925</u>	<u>84,431</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	-	-	-	75,924
Public Safety	-	-	1,008	-
Public Health	18,286	7,449	-	-
Transportation	-	-	-	-
Community Development	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	314
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>18,286</u>	<u>7,449</u>	<u>1,008</u>	<u>76,238</u>
Total Expenditures	<u>18,286</u>	<u>7,449</u>	<u>1,008</u>	<u>76,238</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	<u>(3,580)</u>	<u>(5,967)</u>	<u>2,917</u>	<u>8,193</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(3,580)	(5,967)	2,917	8,193
Fund Balance, Beginning of Year	<u>33,941</u>	<u>10,148</u>	<u>3,156</u>	<u>10,185</u>
Fund Balance, End of Year	<u>\$ 30,361</u>	<u>4,181</u>	<u>6,073</u>	<u>18,378</u>

Municipal Court Special Projects Fund	Drivers Interlock & Alcohol Monitoring	Street Construction, Maintenance & Repair	State Highway Improvement	Cemetery	Recreation
-	-	-	-	35,247	-
-	-	360,670	29,244	32,744	-
-	-	10,902	-	-	3,755
-	-	1,890	-	-	-
126,209	4,073	-	-	-	-
-	-	67	-	-	-
<u>126,209</u>	<u>4,073</u>	<u>373,529</u>	<u>29,244</u>	<u>67,991</u>	<u>3,755</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	110,655	-
-	-	286,453	29,006	-	-
-	-	-	-	-	-
-	-	-	-	-	78,158
29,266	-	-	-	-	-
83,818	-	-	-	-	-
<u>44,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>157,917</u>	<u>-</u>	<u>286,453</u>	<u>29,006</u>	<u>110,655</u>	<u>78,158</u>
<u>(31,708)</u>	<u>4,073</u>	<u>87,076</u>	<u>238</u>	<u>(42,664)</u>	<u>(74,403)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,664</u>	<u>78,745</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,664</u>	<u>78,745</u>
(31,708)	4,073	87,076	238	-	4,342
<u>110,570</u>	<u>-</u>	<u>31,993</u>	<u>10,252</u>	<u>-</u>	<u>14,912</u>
<u>78,862</u>	<u>4,073</u>	<u>119,069</u>	<u>10,490</u>	<u>-</u>	<u>19,254</u>

(Continued)

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Statement of Revenue, Expenditures and  
Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2009  
(Continued)

	Swimming Pool	Robert's Bridge	Bicentennial Park	Fort St. Clair
<b>REVENUES:</b>				
Property Taxes	\$ -	-	-	-
Intergovernmental Revenue	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Fees, Fines and Forfeitures	-	-	-	-
Other Revenue	-	-	-	31,385
	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,385</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,385</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Health	-	-	-	-
Transportation	-	-	-	-
Community Development	-	-	-	-
Culture and Recreation	18,301	-	425	44,626
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>18,301</u>	<u>-</u>	<u>425</u>	<u>44,626</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	<u>(18,301)</u>	<u>-</u>	<u>(425)</u>	<u>(13,241)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Net Change in Fund Balances	1,699	-	(425)	(6,241)
Fund Balance, Beginning of Year	<u>5,225</u>	<u>413</u>	<u>1,521</u>	<u>26,825</u>
Fund Balance, End of Year	<u>\$ 6,924</u>	<u>413</u>	<u>1,096</u>	<u>20,584</u>



Small Cities	FEMA Grant	Community Housing	Home Investment	Total Special Revenue Funds
-	-	-	-	35,247
29,000	113,710	90,000	105,000	760,368
-	-	-	-	14,657
-	-	-	-	1,890
-	-	-	-	234,826
-	-	-	-	31,452
<u>29,000</u>	<u>113,710</u>	<u>90,000</u>	<u>105,000</u>	<u>1,078,440</u>
-	-	20,167	80,439	176,530
-	-	-	-	1,008
-	-	-	-	136,390
-	-	-	-	315,459
-	113,710	-	-	113,710
-	-	-	-	141,510
30,000	-	-	-	59,580
-	-	-	-	83,818
-	-	-	-	44,833
<u>30,000</u>	<u>113,710</u>	<u>20,167</u>	<u>80,439</u>	<u>1,072,838</u>
<u>(1,000)</u>	<u>-</u>	<u>69,833</u>	<u>24,561</u>	<u>5,602</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,409</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,409</u>
(1,000)	-	69,833	24,561	154,011
<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,141</u>
<u>-</u>	<u>-</u>	<u>69,833</u>	<u>24,561</u>	<u>414,152</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2009

	Issue II	TIF	Total Capital Projects Funds
<b>REVENUES:</b>			
Property Taxes	\$ -	117,829	117,829
Total Revenues	-	117,829	117,829
<b>EXPENDITURES:</b>			
Current:			
General Government	-	29,064	29,064
Capital Outlay	6,292	-	6,292
Debt Service:			
Principal	-	66,150	66,150
Interest	-	13,460	13,460
Total Expenditures	6,292	108,674	114,966
Excess (Deficit) of Revenues Over/ (Under) Expenditures	(6,292)	9,155	2,863
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers Out	(334,164)	-	(334,164)
Total Other Financing Sources (Uses)	(334,164)	-	(334,164)
Net Change in Fund Balance	(340,456)	9,155	(331,301)
Fund Balance, Beginning of Year	340,456	48,724	389,180
Fund Balance, End of Year	\$ -	57,879	57,879

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Statement of Changes in Assets  
and Liabilities - Agency Fund  
For the Year Ended December 31, 2009

	<u>Balance</u> <u>12/31/2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/2009</u>
<b><u>State Patrol Transfer Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$ -	52,289	52,289	-
Due from Other Governments	<u>4,276</u>	<u>4,135</u>	<u>4,276</u>	<u>4,135</u>
Total assets	\$ <u><u>4,276</u></u>	<u><u>56,424</u></u>	<u><u>56,565</u></u>	<u><u>4,135</u></u>
Liabilities:				
Accounts Payable	\$ <u>4,276</u>	<u>56,424</u>	<u>56,565</u>	<u>4,135</u>
Total Liabilities	\$ <u><u>4,276</u></u>	<u><u>56,424</u></u>	<u><u>56,565</u></u>	<u><u>4,135</u></u>

**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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fees, Fines and Forfeitures	\$ 5,000	5,000	14,307	9,307
<b>EXPENDITURES:</b>				
Public Health:				
Operating Expenses	41,207	41,207	20,288	20,919
Change in Fund Balance	(36,207)	(36,207)	(5,981)	30,226
Fund Balance, Beginning of Year	36,207	36,207	36,207	-
Fund Balance, End of Year	\$ -	-	30,226	30,226

**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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fees, Fines and Forfeitures	\$ 1,500	1,500	1,543	43
<b>EXPENDITURES:</b>				
Public Safety:				
Operating Expenses	11,561	11,561	7,449	4,112
Change in Fund Balance	(10,061)	(10,061)	(5,906)	4,155
Fund Balance, Beginning of Year	10,061	10,061	10,061	-
Fund Balance, End of Year	\$ -	-	4,155	4,155

**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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fees, Fines and Forfeitures	\$ -	-	3,925	3,925
<b>EXPENDITURES:</b>				
Public Safety:				
Operating Expenses	3,157	3,157	1,008	2,149
Change in Fund Balance	(3,157)	(3,157)	2,917	6,074
Fund Balance, Beginning of Year	3,157	3,157	3,157	-
Fund Balance, End of Year	\$ -	-	6,074	6,074

**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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fees, Fines and Forfeitures	\$ 93,000	83,000	85,187	2,187
Total Revenues	93,000	83,000	85,187	2,187
<b>EXPENDITURES:</b>				
General Government:				
Personal Services	24,300	24,300	23,604	696
Operating Expenses	72,539	62,539	52,926	9,613
Total Expenditures	96,839	86,839	76,530	10,309
Change in Fund Balance	(3,839)	(3,839)	8,657	12,496
Fund Balance, Beginning of Year	3,839	3,839	3,839	-
Fund Balance, End of Year	\$ -	-	12,496	12,496

**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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fees, Fines and Forfeitures	\$ 135,000	125,000	127,399	2,399
Total Revenues	135,000	125,000	127,399	2,399
<b>EXPENDITURES:</b>				
General Government:				
Operating Expenses	106,592	96,592	29,266	67,326
Debt Service:				
Principal Payments	83,820	83,820	83,818	2
Interest	44,875	44,875	44,833	42
Total Expenditures	235,287	225,287	157,917	67,370
Net Change in Fund Balance	(100,287)	(100,287)	(30,518)	69,769
Fund Balance, Beginning of Year	100,287	100,287	100,287	-
Fund Balance, End of Year	\$ -	-	69,769	69,769

**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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fees, Fines and Forfeitures	\$ -	-	3,550	3,550
Total Revenues	-	-	3,550	3,550
<b>EXPENDITURES:</b>				
General Government:				
Personal Services	-	-	-	-
Operating Expenses	-	-	-	-
Total Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	3,550	3,550
Fund Balance, Beginning of Year	-	-	-	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, End of Year	\$ -	-	3,550	3,550

**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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 365,000	355,000	360,802	5,802
Charges for Services	-	-	10,945	10,945
Licenses and Permits	-	-	1,890	1,890
Other Revenue	-	-	67	67
Total Revenues	<u>365,000</u>	<u>355,000</u>	<u>373,704</u>	<u>18,704</u>
<b>EXPENDITURES:</b>				
Transportation				
Personal Services	269,000	269,000	257,324	11,676
Operating Expenses	<u>107,753</u>	<u>97,753</u>	<u>27,984</u>	<u>69,769</u>
Total Expenditures	<u>376,753</u>	<u>366,753</u>	<u>285,308</u>	<u>81,445</u>
Net Change in Fund Balance	(11,753)	(11,753)	88,396	100,149
Fund Balance, Beginning of Year	11,547	11,547	11,547	-
Prior Year Encumbrances Appropriated	<u>206</u>	<u>206</u>	<u>206</u>	<u>-</u>
Fund Balance, End of Year	\$ <u>-</u>	\$ <u>-</u>	<u>100,149</u>	<u>100,149</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 27,500	27,500	29,254	1,754
<b>EXPENDITURES:</b>				
Transportation:				
Personal Services	32,300	32,300	28,999	3,301
Operating Expenses	<u>3,385</u>	<u>3,385</u>	<u>-</u>	<u>3,385</u>
Total Expenditures	<u>35,685</u>	<u>35,685</u>	<u>28,999</u>	<u>6,686</u>
Change in Fund Balance	(8,185)	(8,185)	255	8,440
Fund Balance, Beginning of Year	<u>8,185</u>	<u>8,185</u>	<u>8,185</u>	<u>-</u>
Fund Balance, End of Year	\$ <u>-</u>	\$ <u>-</u>	<u>8,440</u>	<u>8,440</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property Taxes	\$ 50,500	50,500	62,940	12,440
Intergovernmental	4,100	4,100	5,052	952
Total Revenues	<u>54,600</u>	<u>54,600</u>	<u>67,992</u>	<u>13,392</u>
<b>EXPENDITURES:</b>				
Public Health:				
Operating Expenses	<u>110,655</u>	<u>110,655</u>	<u>110,655</u>	<u>-</u>
Total Expenditures	<u>110,655</u>	<u>110,655</u>	<u>110,655</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(56,055)	(56,055)	(42,663)	13,392
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	<u>56,055</u>	<u>56,055</u>	<u>42,663</u>	<u>(13,392)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</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  
Recreation Fund  
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for Services	\$ 2,500	2,500	3,755	1,255
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>3,755</u>	<u>1,255</u>
<b>EXPENDITURES:</b>				
Culture and Recreation:				
Personal Services	68,800	56,800	53,357	3,443
Operating Expenses	<u>49,738</u>	<u>41,738</u>	<u>24,727</u>	<u>17,011</u>
Total Expenditures	<u>118,538</u>	<u>98,538</u>	<u>78,084</u>	<u>20,454</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(116,038)	(96,038)	(74,329)	21,709
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	<u>100,000</u>	<u>80,000</u>	<u>78,745</u>	<u>(1,255)</u>
Net Change in Fund Balance	(16,038)	(16,038)	4,416	20,454
Fund Balance, Beginning of Year	<u>16,038</u>	<u>16,038</u>	<u>16,038</u>	<u>-</u>
Fund Balance, End of Year	\$ <u>-</u>	<u>-</u>	<u>20,454</u>	<u>20,454</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Total Revenues	\$ -	-	-	-
<b>EXPENDITURES:</b>				
Culture and Recreation:				
Operating Expenses	<u>25,277</u>	<u>25,277</u>	<u>18,203</u>	<u>7,074</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(25,277)	(25,277)	(18,203)	7,074
<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	(5,277)	(5,277)	1,797	7,074
Fund Balance, Beginning of Year	<u>5,277</u>	<u>5,277</u>	<u>5,277</u>	<u>-</u>
Fund Balance, End of Year	\$ <u>-</u>	<u>-</u>	<u>7,074</u>	<u>7,074</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, 2009

	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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Other Revenue	\$ -	-	-	-
<b>EXPENDITURES:</b>				
Culture and Recreation:				
Operating Expenses	1,521	1,521	425	1,096
Net Change in Fund Balance	(1,521)	(1,521)	(425)	1,096
Fund Balance, Beginning of Year	1,521	1,521	1,521	-
Fund Balance, End of Year	\$ -	-	1,096	1,096

**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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Other Revenue	\$ 29,700	18,200	31,724	13,524
Total Revenues	29,700	18,200	31,724	13,524
<b>EXPENDITURES:</b>				
Culture and Recreation:				
Personal Services	61,950	28,450	23,738	4,712
Operating Expenses	46,447	38,447	20,190	18,257
Total Expenditures	108,397	66,897	43,928	22,969
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(78,697)	(48,697)	(12,204)	36,493
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	50,000	20,000	7,000	(13,000)
Total Other Financing Sources (Uses)	50,000	20,000	7,000	(13,000)
Net Change in Fund Balance	(28,697)	(28,697)	(5,204)	23,493
Fund Balance, Beginning of Year	28,697	28,697	28,697	-
Fund Balance, End of Year	\$ -	-	23,493	23,493

**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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental Revenue	\$ 29,000	29,000	29,000	-
<b>EXPENDITURES:</b>				
Capital Outlay	30,000	30,000	30,000	-
Net Change in Fund Balance	(1,000)	(1,000)	(1,000)	-
Fund Balance, Beginning of Year	1,000	1,000	1,000	-
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  
FEMA Grant Fund  
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental Revenue	\$ 130,995	113,710	113,710	-
<b>EXPENDITURES:</b>				
Public Safety:				
Operating Expenses	-	-	-	-
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	130,995	113,710	113,710	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers-Out	(130,995)	(113,710)	(113,710)	-
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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental Revenue	\$ 217,000	56,000	90,000	34,000
<b>EXPENDITURES:</b>				
Transportation:				
Operating Expenses	<u>217,000</u>	<u>56,000</u>	<u>20,167</u>	<u>35,833</u>
Net Change in Fund Balance	-	-	69,833	69,833
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>69,833</u></u>	<u><u>69,833</u></u>

**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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental Revenue	\$ 283,000	105,000	105,000	-
<b>EXPENDITURES:</b>				
General Government:				
Operating Expenses	<u>283,000</u>	<u>105,000</u>	<u>80,439</u>	<u>24,561</u>
Net Change in Fund Balance	-	-	24,561	24,561
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>24,561</u></u>	<u><u>24,561</u></u>

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

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Issue II Fund  
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental Revenue	\$ 400,000	-	-	-
<b>EXPENDITURES:</b>				
Capital Outlay:				
Operating Expenses	<u>1,527,460</u>	<u>8,070</u>	<u>8,070</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>(1,127,460)</u>	<u>(8,070)</u>	<u>(8,070)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan Proceeds	333,365	335,365	335,365	-
Transfers In	1,120,000	-	-	-
Advances Out	<u>(332,773)</u>	<u>(334,163)</u>	<u>(334,163)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,120,592</u>	<u>1,202</u>	<u>1,202</u>	<u>-</u>
Net Change in Fund Balance	(6,868)	(6,868)	(6,868)	-
Fund Balance, Beginning of Year	1,185	1,185	1,185	-
Prior Year Encumbrances Appropriated	<u>5,683</u>	<u>5,683</u>	<u>5,683</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property Taxes	\$ 75,000	117,800	117,829	29
Total Revenues	75,000	117,800	117,829	29
<b>EXPENDITURES:</b>				
Capital Outlay:				
Operating Expenses	44,410	87,210	29,064	58,146
Debt Service:				
Principal Payments	66,150	66,150	66,150	-
Interest	13,165	13,165	13,460	(295)
Total Expenditures	123,725	166,525	108,674	57,851
Net Change in Fund Balance	(48,725)	(48,725)	9,155	57,880
Fund Balance, Beginning of Year	48,725	48,725	48,725	-
Fund Balance, End of Year	\$ -	-	57,880	57,880

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**STATISTICAL SECTION**

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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 Eight Fiscal Years  
 (accrual basis of accounting)

	2009	2008	2007	2006	2005	2004	2003	2002
<b>Governmental Activities:</b>								
Invested in capital assets, net of related debt	\$ 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	1,292,106	1,310,038	1,672,796	1,285,819	1,237,373	1,044,279	1,071,313	382,501
Capital Projects	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	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Unrestricted	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	\$ 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	\$ 6,260,604	5,918,787	5,225,983	5,112,690	4,982,708	4,797,377	4,487,336	4,089,355
Unrestricted	2,405,607	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	\$ 8,666,211	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	\$ 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	4,160,379	3,902,582	4,378,405	4,033,578	3,405,571	3,351,267	3,473,928	2,086,688
Unrestricted	4,618,263	5,308,435	5,677,573	4,597,087	3,275,114	3,561,775	3,194,436	3,390,935
	\$ 20,982,569	21,236,573	20,451,167	18,675,204	16,665,709	15,260,455	14,172,649	13,570,606

**Note:** The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

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

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Expenses:</b>			
Governmental Activities:			
General Government	\$ 2,157,151	2,226,446	2,450,191
Public Safety	2,870,220	2,777,561	2,580,232
Public Health	163,844	277,929	154,688
Transportation	976,734	1,415,615	1,249,885
Community Development	456,028	326,122	349,374
Culture and Recreation	235,175	173,279	86,872
Interest on Long-Term Debt	56,518	62,658	70,438
Total Governmental Activities Expenses	<u>6,915,670</u>	<u>7,259,610</u>	<u>6,941,680</u>
Business-Type Activities:			
Water	1,119,633	1,292,642	1,003,774
Sewer	1,255,315	1,095,245	993,485
Refuse	601,201	582,746	620,992
Other Business-Type Activities	3,372	-	17
Total Business-Type Activities Expenses	<u>2,979,521</u>	<u>2,970,633</u>	<u>2,618,268</u>
Total Primary Government Expenses	<u>\$ 9,895,191</u>	<u>10,230,243</u>	<u>9,559,948</u>
<b>Program Revenues:</b>			
Governmental Activities:			
Charges for Services:			
General Government	\$ 869,559	937,611	1,054,233
Public Safety	737,388	657,378	711,487
Public Health	16,188	13,747	11,191
Transportation	-	-	-
Community Development	160,976	105,295	114,901
Culture and Recreation	3,755	3,675	3,900
Total Charges for Services	<u>1,787,866</u>	<u>1,717,706</u>	<u>1,895,712</u>
Operating Grants and Contributions:			
Public Safety	3,405	5,960	7,000
Transportation	-	-	-
Community Development	195,000	29,308	295,751
Culture and Recreation	13,520	18,413	14,030
Total Operating Grants and Contributions	<u>211,925</u>	<u>53,681</u>	<u>316,781</u>
Capital Grants and Contributions:			
Public Safety	-	-	-
Public Health	-	-	-
Transportation	120,939	200,000	-
Community Development	29,000	30,000	31,000
Culture and Recreation	-	-	-
Total Capital Grants and Contributions	<u>149,939</u>	<u>230,000</u>	<u>31,000</u>
Total Governmental Activities	<u>2,149,730</u>	<u>2,001,387</u>	<u>2,243,493</u>
Program Revenues	<u>2,149,730</u>	<u>2,001,387</u>	<u>2,243,493</u>

Schedule 2

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
2,292,327	1,841,644	2,109,868	1,847,486	1,787,812
2,499,063	2,391,588	2,171,369	2,180,635	2,069,768
149,790	137,836	171,062	148,194	155,547
1,140,312	954,615	450,405	967,800	986,280
562,329	338,883	683,209	208,519	193,767
105,966	127,088	196,266	268,863	169,256
<u>72,797</u>	<u>77,514</u>	<u>73,212</u>	<u>52,923</u>	<u>-</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>
799,655	962,433	674,554	749,140	751,735
997,632	927,580	797,216	759,188	743,713
481,251	475,803	462,213	506,051	489,692
<u>120</u>	<u>12,147</u>	<u>15,589</u>	<u>27,636</u>	<u>30,644</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>9,101,242</u>	<u>8,247,131</u>	<u>7,804,963</u>	<u>7,716,435</u>	<u>7,378,214</u>
869,171	798,013	768,181	846,408	814,805
123,144	130,849	130,667	165,807	206,305
9,101	11,668	9,019	8,144	18,195
-	-	-	-	-
337,472	207,122	230,617	159,612	137,191
<u>16,509</u>	<u>8,805</u>	<u>44,288</u>	<u>38,077</u>	<u>69,716</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>
4,825	1,000	-	-	-
-	-	-	10,463	-
220,869	-	-	-	-
<u>19,489</u>	<u>16,602</u>	<u>14,931</u>	<u>17,990</u>	<u>25,100</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	-	-
35,000	37,000	36,828	176,562	111,073
<u>-</u>	<u>137,719</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>673,870</u>	<u>421,148</u>	<u>324,024</u>	<u>196,164</u>	<u>111,073</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 Eight Fiscal Years  
(accrual basis of accounting)  
(Continued)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Business-Type Activities:			
Charges for Services:			
Water	1,293,590	1,351,776	1,385,725
Sewer	1,057,454	1,132,523	1,136,155
Refuse	589,867	583,552	579,618
Other Business-Type Activities	2,162	1,580	1,116
Total Charges for Services	<u>2,943,073</u>	<u>3,069,431</u>	<u>3,102,614</u>
Capital Grants and Contributions:			
Water	-	-	-
Sewer	30,000	67,712	-
Total Capital Grants and Contributions	<u>30,000</u>	<u>67,712</u>	<u>-</u>
Total Business-Type Activities			
Program Revenues	<u>2,973,073</u>	<u>3,137,143</u>	<u>3,102,614</u>
Total Primary Government			
Program Revenues	<u>5,122,803</u>	<u>5,138,530</u>	<u>5,346,107</u>
<b>Net (Expense)/Revenue:</b>			
Governmental Activities	(4,765,940)	(5,258,223)	(4,698,187)
Business-Type Activities	<u>(6,448)</u>	<u>166,510</u>	<u>484,346</u>
Total Primary Government			
Net (Expense)/Revenue	<u>(4,772,388)</u>	<u>(5,091,713)</u>	<u>(4,213,841)</u>
<b>General Revenues and Other Changes in Net Assets:</b>			
Governmental Activities:			
Taxes:			
Property Taxes, Levied for:			
General Purposes	526,299	555,204	591,086
Cemetery	35,247	42,871	50,337
Community Development	117,829	210,976	19,026
Municipal Income	2,771,305	3,556,558	3,810,742
Grants and Contributions not			
Restricted to Specific Programs	982,181	1,116,326	985,586
Investment Income	22,399	204,656	435,262
Gain (Loss) on Sale of Capital Assets	300	20,540	1,251
Other Revenue	62,824	162,287	83,314
Total General Revenues,			
Governmental Activities	<u>4,518,384</u>	<u>5,869,418</u>	<u>5,976,604</u>
Business-Type Activities:			
Gain on Sale of Capital Assets	-	7,701	13,200
Total General Revenues,			
Business-Type Activities	<u>-</u>	<u>7,701</u>	<u>13,200</u>
<b>Change in Net Assets:</b>			
Governmental Activities	(247,556)	611,195	1,278,417
Business-Type Activities	<u>(6,448)</u>	<u>174,211</u>	<u>497,546</u>
Total Change in Net Assets,			
Primary Government	\$ <u>(254,004)</u>	<u>785,406</u>	<u>1,775,963</u>

**Note:** The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.



Schedule 2

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
1,336,688	1,245,084	1,099,204	1,052,010	812,272
1,138,587	1,231,520	959,627	803,960	813,870
513,757	527,259	491,855	492,123	479,400
3,245	10,748	17,627	22,405	27,645
<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
<u>83,672</u>	<u>37,000</u>	<u>147,161</u>	<u>-</u>	<u>96,450</u>
<u>83,672</u>	<u>37,000</u>	<u>149,989</u>	<u>51,462</u>	<u>113,581</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>5,350,399</u>	<u>4,646,818</u>	<u>4,240,029</u>	<u>3,864,625</u>	<u>3,629,153</u>
(4,548,134)	(4,273,961)	(4,333,664)	(4,231,755)	(3,980,045)
<u>797,291</u>	<u>673,648</u>	<u>768,730</u>	<u>379,945</u>	<u>230,984</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>
702,920	593,900	608,928	572,948	581,914
57,589	64,072	68,162	62,689	-
-	-	-	-	-
3,812,240	3,343,517	3,053,495	2,809,463	2,498,138
828,139	788,963	846,990	918,067	814,859
329,882	181,468	62,328	59,086	78,132
2,748	-	-	-	(41,144)
<u>26,820</u>	<u>33,647</u>	<u>12,837</u>	<u>31,600</u>	<u>19,672</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>
-	-	-	-	500
-	-	-	-	500
1,212,204	731,606	319,076	222,098	(28,474)
<u>797,291</u>	<u>673,648</u>	<u>768,730</u>	<u>379,945</u>	<u>231,484</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)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>General Fund:</b>										
Reserved	\$ 4,904	21,816	12,200	3,737	5,493	5,105	5,105	15,882	4,782	3,000
Unreserved	2,303,907	2,644,461	2,541,303	1,901,458	1,247,574	1,352,774	1,832,260	2,534,598	2,619,369	2,463,678
Total General Fund	\$ 2,308,811	2,666,277	2,553,503	1,905,195	1,253,067	1,357,879	1,837,365	2,550,480	2,624,151	2,466,678
<b>All Other Governmental Funds</b>										
Reserved	\$ 168,795	219,566	203,587	239,943	62,526	315,577	376,349	145,280	81,877	77,712
Unreserved, reported in:										
Special Revenue Funds	1,320,502	1,134,813	1,503,283	951,162	998,100	840,195	764,079	305,750	496,590	385,635
Debt Service Fund	-	-	-	-	10,388	29,968	-	-	-	-
Capital Projects Fund	2,653,176	2,287,706	2,261,002	2,357,206	2,040,796	2,430,576	2,142,362	1,502,068	1,141,169	664,147
Permanent Fund	1	-	-	25	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 4,142,474	3,642,085	3,967,872	3,548,336	3,111,810	3,616,316	3,282,790	1,953,098	1,719,636	1,127,494
Total Governmental Funds	\$ 6,451,285	6,308,362	6,521,375	5,453,531	4,364,877	4,974,195	5,120,155	4,503,578	4,343,787	3,594,172

**CITY OF EATON  
PREBLE COUNTY, OHIO**

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Revenues:</b>										
Property Taxes	\$ 679,375	809,051	660,449	760,509	657,972	675,172	635,637	581,914	608,408	577,453
Municipal Income Taxes	2,913,006	3,585,896	3,703,958	3,782,344	3,331,069	3,016,876	2,859,663	2,663,915	3,049,209	2,984,205
Intergovernmental Revenue	1,529,042	1,560,123	1,339,744	1,335,068	1,331,407	1,276,622	1,173,456	1,020,739	914,573	1,144,472
Charges for Services	654,349	545,956	756,303	540,843	174,829	84,439	78,689	108,628	98,104	50,464
Licenses and Permits	162,066	107,074	159,949	133,518	157,333	160,156	163,977	138,471	220,970	201,297
Fees, Fines and Forfeitures	790,790	916,650	1,034,110	857,555	718,834	724,765	813,335	830,729	825,475	760,857
Special Assessments	24,577	23,671	25,144	55,774	71,679	69,380	68,740	69,087	67,415	10,393
Investment Income	22,399	204,656	435,262	329,882	181,468	62,329	59,086	78,132	156,717	219,105
Other Revenue	76,348	180,699	83,314	63,890	76,430	97,516	27,466	122,702	78,046	41,420
Total Revenues	6,851,952	7,933,776	8,198,233	7,859,383	6,701,021	6,167,255	5,880,049	5,614,317	6,018,917	5,989,666
<b>Expenditures</b>										
Current:										
General Government	1,712,787	1,884,405	1,851,892	1,694,048	1,606,632	1,774,623	1,534,544	1,507,695	1,471,988	1,337,974
Public Safety	2,664,229	2,597,045	2,425,488	2,367,151	2,231,878	1,955,748	2,137,702	1,796,840	1,767,507	1,748,473
Public Health	163,844	277,929	154,688	149,790	137,836	27,129	148,193	155,547	139,717	130,404
Transportation	899,529	1,313,280	1,030,897	1,126,438	910,360	516,551	550,809	480,413	481,053	475,059
Community Development	317,687	208,361	238,791	457,345	239,624	619,470	157,179	138,655	147,659	142,737
Culture and Recreation	141,510	101,737	88,466	70,664	91,786	145,853	128,657	156,221	157,287	169,411
Capital Outlay	536,482	2,088,793	1,099,687	692,281	1,906,490	1,659,692	1,881,144	1,217,587	1,072,541	1,456,289
Debt Service:										
Principal	214,968	181,377	175,538	140,450	107,131	103,977	69,600	37,500	37,500	18,750
Interest	58,293	64,402	70,260	75,310	78,602	70,673	32,244	-	-	-
Total Expenditures	6,709,329	8,717,329	7,135,707	6,773,477	7,310,339	6,873,716	6,640,072	5,490,458	5,275,252	5,479,097
Excess (Deficiency) of Revenues Over Expenditures	142,623	(783,553)	1,062,526	1,085,906	(609,318)	(706,461)	(760,023)	123,859	743,665	510,569
<b>Other Financing Sources(Uses)</b>										
Sale of Capital Assets	300	20,540	5,318	2,748	-	10,501	1,600	35,932	5,950	9,929
General Long-Term Debt Issued	-	550,000	-	-	-	550,000	1,375,000	-	-	-
Transfers In	482,573	659,194	88,434	91,028	561,727	584,637	124,425	106,635	90,568	372,187
Transfers Out	(482,573)	(659,194)	(88,434)	(91,028)	(561,727)	(584,637)	(124,425)	(106,635)	(90,568)	(372,187)
Total Other Financing Sources/(Uses)	300	570,540	5,318	2,748	-	560,501	1,376,600	35,932	5,950	9,929
Net Changes in Fund Balances	142,923	(213,013)	1,067,844	1,088,654	(609,318)	(145,960)	616,577	159,791	749,615	520,498
Debt service as a percentage of noncapital expenditures	4.19%	3.58%	3.76%	3.32%	3.41%	3.25%	1.96%	0.79%	0.78%	0.39%

**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>				
2000	2,417,616.00	172,206.00	2,589,822.00	563,626.00	3,153,448.00	1.50%
2001	2,469,226.00	168,490.00	2,637,716.00	529,828.00	3,167,544.00	1.50%
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%

**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 2007. The .5% tax will expire December 31, 2010. 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**  
**PREBLE COUNTY, OHIO**

**Schedule 6**

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

<b>2009</b>		<b>2000</b>	
<b>Taxpayer</b>	<b>Rank</b>	<b>Taxpayer</b>	<b>Rank</b>
Henny Penny Corporation	1	Neaton Auto Products	1
Neaton Auto Products Mfg. Inc.	2	Henny Penny Corporation	2
Silfex	3	Parker Hannifin	3
Preble County Auditor	4	Preble County Auditor	4
Eaton Community Schools	5	Eaton Community Schools	5
Parker Hannifin	6	Bullen Ultrasonics Inc.	6
International Paper	7	Weyerhaeuser Company	7
Wal Mart Associates, Inc.	8	Maxxim Medical Inc.	8
City of Eaton	9	Emerson Power Transmission Co.	9
Eaton Medical Transport	10	City of Eaton	10
Combined percentage of Total Income Taxes	49.69%	Combined percentage of Total Income Taxes	46.21%

**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	
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%
2000	2001	\$ 110,980,570	\$ 317,087,343	\$ 41,584,980	\$ 166,339,920	\$ 5,215,340	\$ 5,926,523	4.60%	\$ 157,780,890	\$ 489,353,786	32.24%
1999	2000	\$ 109,053,270	\$ 311,580,771	\$ 38,612,260	\$ 154,449,040	\$ 7,446,000	\$ 8,461,364	4.60%	\$ 155,111,530	\$ 474,491,175	32.69%

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		
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%		
2001	375,462	365,291	97.29%	9,639	374,930	99.86%	31,520	8.39%		
2000	360,950	352,140	97.56%	12,615	364,755	101.05%	30,988	8.59%		

**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)

<b>Fiscal Year</b>	<b>City Direct Rates</b>			<b>Overlapping Rates</b>		
	<b>General Fund</b>	<b>Pension Trust Funds</b>	<b>Total Direct Rate</b>	<b>Eaton School District</b>	<b>Preble County</b>	<b>Total Tax Rate</b>
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
2001	4.00	0.60	4.60	33.10	8.07	45.77
2000	4.00	0.60	4.60	35.78	8.07	48.45

**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>2009</b>			<b>2000</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	\$ 4,230,020	1	2.66%	\$ 12,056,260	2	7.77%
Dayton Power & Light	3,650,320	2	2.30%	21,372,450	1	13.78%
Henny Penny Corporation	3,043,670	3	1.92%	8,176,940	3	5.27%
WalMartReal Estate Business Trust	2,273,320	4	1.43%			
Durbin Eaton Property LLC	1,899,260	5	1.20%	2,043,600	8	1.32%
Continental 51 Fund	1,497,360	6	0.94%	2,157,590	7	1.39%
Preble County Youth Foundation	1,368,240	7	0.86%			
Maronda Homes, Inc	1,366,030	8	0.86%			
Miami Valley Psychologists	1,272,010	9	0.80%	1,159,140	10	0.75%
Bullen Semiconductor Corp	1,127,460	10	0.71%	2,990,130	6	1.93%
Parker Appliance Company				7,450,620	4	4.80%
United Telephone Company of Ohio				1,205,390	9	0.78%
Maxxim Medical				4,896,340	5	3.16%
Total	\$ 21,727,690		13.68%	63,508,460		40.94%
Total assessed valuation of City	\$ 158,852,960			\$ 155,111,530		

**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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Total assessed valuation	\$ 158,852,960	157,425,460	173,600,700	179,048,330	176,545,917	171,483,270	168,595,250	166,868,890	157,780,890	155,111,530
Overall debt limitation 10 1/2% of assessed valuation	16,679,561	16,529,673	18,228,074	18,800,075	18,537,321	18,005,743	17,702,501	17,521,233	16,566,993	16,286,711
Gross indebtedness	6,254,372	6,624,817	6,142,727	2,160,092	2,330,542	2,407,673	1,961,650	863,355	1,089,631	1,299,184
Less: Debt outside limitations	6,254,372	6,624,817	6,142,727	2,160,092	2,330,542	2,407,673	1,961,650	863,355	1,089,631	1,299,184
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	\$ 16,679,561	16,529,673	18,228,074	18,800,075	18,547,709	18,035,711	17,702,501	17,521,233	16,566,993	16,286,711
Unvoted debt limitation 5 1/2% of assessed valuation	\$ 8,736,913	8,658,400	9,548,039	9,847,658	9,710,025	9,431,580	9,272,739	9,177,789	8,677,949	8,531,134
Gross indebtedness authorized by Council	6,254,372	6,624,817	6,142,727	2,160,092	2,330,542	2,407,673	1,961,650	863,355	1,089,631	1,299,184
Less: Debt outside limitations	6,254,372	6,624,817	6,142,727	2,160,092	2,330,542	2,407,673	1,961,650	863,355	1,089,631	1,299,184
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	\$ 8,736,913	8,658,400	9,548,039	9,847,658	9,720,413	9,461,548	9,272,739	9,177,789	8,677,949	8,531,134

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

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Governmental Activities <sup>(1)</sup></b>										
General Obligation Bonds Payable	\$ 893,622	977,440	1,057,461	1,133,857	1,206,792	1,276,423	1,342,900	-	-	-
Issue II Loan Payable	916,250	981,250	468,750	506,250	543,750	581,250	618,750	656,250	693,750	731,250
Tax Incremental Financing Loan Payable	328,337	394,487	458,343	519,985	550,000	550,000	-	-	-	-
Total Governmental Activities	\$ 2,138,209	2,353,177	1,984,554	2,160,092	2,300,542	2,407,673	1,961,650	656,250	693,750	731,250
<b>Business-Type Activities <sup>(1)</sup></b>										
OWDA Loan Payable	\$ 4,116,163	4,271,640	4,158,173	-	-	-	-	207,105	395,881	567,934
Total Primary Government	\$ 6,254,372	6,624,817	6,142,727	2,160,092	2,300,542	2,407,673	1,961,650	863,355	1,089,631	1,299,184
<b>Population <sup>(2)</sup></b>										
City of Eaton	8,133	8,133	8,133	8,133	8,133	8,133	8,133	8,133	8,133	8,133
Outstanding Debt per Capita	\$ 769	815	755	266	283	296	241	106	134	160
<b>Income <sup>(3)</sup></b>										
Personal (in thousands)	160,556	162,392	226,390	216,387	216,387	208,668	194,289	187,189	189,035	194,070
Percentage of Personal Income	3.90%	4.08%	2.71%	1.00%	1.06%	1.15%	1.01%	0.46%	0.58%	0.67%

**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.
- (b) 2008 & 2009 www.city-data.com

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

**Schedule 13**

Computation of Direct and Overlapping Debt  
December 31, 2009

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	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Eaton</u>	<u>Amount Applicable to City of Eaton</u>
City of Eaton	\$ 6,254,372	100.0%	\$ 6,254,372
Preble County	\$ 4,687,614	19.8%	\$ 927,528

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

Note: The percentage of Preble County 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, 2009

	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
Population	6,070	6,839	7,396	8,133
Personal Income (in thousands)	\$ 20,274	46,799	82,184	136,399
Per capita income	\$ 3,340	6,843	11,112	16,771
Unemployment rate - State of Ohio	5.40%	8.50%	5.70%	4.00%
Unemployment rate - Preble County	4.10%	7.10%	5.90%	3.80%
Unemployment rate - City of Eaton	(1)	(1)	(1)	(1)
Number of dwelling units	2,193	2,840	2,920	3,274
Persons per household	2.76	2.48	2.45	2.37
Median age	34.80	32.40	33.40	38.10
Percentage owner-occupied dwelling units	67%	64%	69%	67.3%
Median family income	\$ 8,246	17,905	28,773	42,241
Family income distribution:				
\$0 - 9,999	816	876	174	91
\$10,000 - 14,999	555	482	177	122
\$15,000 - 24,999	268	723	453	204
\$25,000 and over	<u>51</u>	<u>612</u>	<u>1,228</u>	<u>1,729</u>
Total families	<u>1,690</u>	<u>2,693</u>	<u>2,032</u>	<u>2,146</u>
Education distribution/grades years completed:				
0 - 8	1,001	699	465	335
9 - 11	609	690	781	775
12	1,340	1,979	2,432	2,533
13 - 15	319	484	859	1,211
16 or more	291	385	323	559
High school graduates	1,950	2,848	3,614	4,303

**Source:** 2000 Federal Census

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

(1) - Unemployment information for City of Eaton not available due to statistics not computed for local governments of lesser population.

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

Schedule 15

<u>Employer</u>	<u>2009</u>		<u>2000</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Neaton Auto Products Mfg, Inc	739	1	579	2
Henny Penny Corp	513	2	523	3
Preble County	369	3	340	4
Wal-Mart Associates Inc	245	4	*	
Eaton Community Schools	234	5	*	
Silfex, FKA Bullen Semiconductor, Inc.	203	6	*	
Parker Hannifin	200	7	665	1
International Paper, FKA Weyerhauser	104	8	120	6
City of Eaton	71	9	64	
Bullen Ultrasonics Inc	48	10	*	
Browning Manufacturing			130	5
Total	2,726		2,421	

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

\* - Not all information for 2000 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									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Government	12	12	12	13	12	13	11	11	11	10
Municipal Court	10	12	12	12	12	13	12	12	11	11
Police	14	14	14	14	14	15	15	15	13	14
Fire & Emergency Medical	5	5	5	3	3	3	2	2	2	2
Public Safety/Dispatch	6	6	6	6	7	6	7	7	7	7
Water & Sewer	11	11	10	11	12	12	12	12	10	9
Public Maintenance	13	14	13	12	12	13	13	13	12	12
<b>Total</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>	<b>66</b>	<b>65</b>

Source: City of Eaton, Finance Department

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

Capital Assets and Infrastructure Statistics by Function  
Last Ten Fiscal Years

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Governmental Activities</b>										
General Government										
Area (square acres)	3,994	3,938	3,938	3,938	3,938	3,884	3,820	3,820	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)	24	46	41	58	65	65	65	68	53	54
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of sworn police officers	14	14	14	14	14	14	14	13	13	13
Transportation										
Miles of streets	43	43	43	43	43	43	42	41	41	41
Number of street lights	616	616	613	590	590	568	568	566	545	545
Community Development										
Buildings:										
Permits issued	100	76	120	133	137	118	134	130	107	104
Valuation of construction	\$11,667,750	\$5,430,805	\$23,972,847	\$10,670,057	\$8,594,911	\$15,118,269	\$34,133,502	\$9,427,935	\$772,985	\$6,703,976
Culture and Recreation										
Number of parks	9	9	9	9	9	9	9	9	4	4
Number of tennis courts	5	5	5	5	5	3	3	3	3	3
Number of baseball diamonds	10	10	10	10	10	10	10	10	5	5
Number of swimming pools	1	1	1	1	1	1	1	1	1	1
<b>Business-Type Activities</b>										
Water										
Number of consumers	3,493	3,511	3,515	3,486	3,461	3,418	3,373	3,352	3,336	3,336
Average daily production (gallons)	1,163,727	1,123,337	1,305,822	1,292,306	1,277,794	1,217,244	1,364,369	1,400,766	861,460	862,295
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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Governmental Activities</b>										
General Government:										
Municipal Court cases	8,143	9,768	10,658	9,141	9,303	9,025	11,736	12,961	14,721	13,060
Public Safety:										
Police calls	7,751	6,770	7,052	8,035	9,723	10,767	11,318	11,298	10,324	10,524
Arrests	598	682	687	748	723	571	588	700	781	646
Fire calls	892	1,252	892	462	427	480	440	518	539	514
EMS calls	2,035	2,152	2,066	1,873	1,965	1,884	2,026	2,093	2,220	2,112
Community Development:										
# of permits issued	990	437	603	618	609	678	643	692	705	798
# of inspections	1,115	732	1,267	1,471	1,487	1,793	1,638	1,465	1,536	1,929
<b>Business-Type Activities</b>										
Water:										
Average daily production	1,163,727	1,123,337	1,305,822	1,292,306	1,277,794	1,217,243	1,364,369	1,400,766	1,587,664	1,465,720
# of new service connections	15	19	33	46	40	44	43	34	29	40
Sewer:										
Average daily treatment	1,126,233	1,264,600	1,328,634	1,587,900	1,502,104	1,357,567	1,555,942	1,620,104	1,506,337	1,383,290
# of new service connections	11	20	34	43	40	44	42	31	30	3

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





Mary Taylor, CPA  
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  
JULY 13, 2010