



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, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 27, 2007. 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 expressing our opinions on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

We noted certain matters that we reported to the City's management in a separate letter dated July 27, 2007.

### **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 a noncompliance matter that we reported to the City's management in a separate letter dated July 27, 2007.

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

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

**Mary Taylor, CPA**  
Auditor of State

July 27, 2007

**CITY OF EATON  
PREBLE COUNTY, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Year Ended December 31, 2006**

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





**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
**Comprehensive Annual Financial Report**  
**For the Year Ended December 31, 2006**

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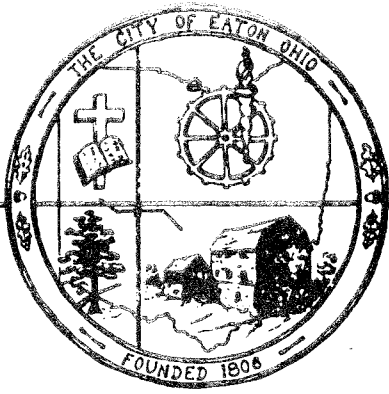
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# City of Eaton

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

July 31, 2007

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, 2006 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.

## **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. 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 Neaton Auto Products, Henny Penny Corporation, Timkin Company, Bullen Semiconductor, and Parker Hannifin Corporation.

- v -

*Progress With Heritage*

## **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 2006 the division responded to 8,035 calls. The five dispatchers received 10,321 public safety calls, of which 2,000 were 911 calls.

**Division of Fire and Division of Emergency Medical Services:** In 2006, the City hired a new Fire Chief responsible for combining the operations of the Fire and EMS divisions. Many changes will be seen in the next 12 to 18 months as we make these emergency services more readily available 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 2006, the Fire Division responded to 462 calls, of which 31 were structure fires, 59 motor vehicle accidents, 163 smoke or odor investigation, 55 fire alarms, and 154 miscellaneous investigations. The EMS Division responded to 1,873 calls, resulting in the treatment of 1,912 patients of which 1,368 were removed 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 2006, the division issued 20 permits for the construction of new single family homes, which required 192 inspections. Residential additions, garages and sheds accounted for another 73 permits and 152 inspections. There were 39 commercial/industrial permits issued for both new construction and additions which required 165 inspections. A total of 340 miscellaneous permits were issued for electrical, HVAC, sprinklers, pools, roofing, fire alarms, signs, and demolitions, which required 594 inspections. The division is also responsible for processing zoning certificates and code enforcement.

#### *DEPARTMENT OF SERVICE*

**Division of Public Works:** The Division of Public Works consists of 12 employees who are responsible for the operation and maintenance of the City's wastewater treatment facility, two water treatment plants and over 90 miles of water distribution and sewer collection mains. The Division provides water and sewer services to approximately 3,450 residential, commercial and industrial users. In 2006 the City pumped 472 million gallons of water from its seven operating wells and treated 582 million gallons of wastewater at its Class IV advanced treatment facility.

**Division of Public Maintenance:** The Division of Public Maintenance includes 12 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 2006, the court handled 9,141 new and reactivated cases.

#### **REPORTING ENTITY**

Generally accepted accounting principles require that the accompanying basic financial statements present:

- 1) the primary government,
- 2) its component units, and
- 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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.

More information regarding the reporting entity may be found in the Notes to the Basic Financial Statements, Note 1, page 25.

## **MAJOR INITIATIVES**

2006 was a planning year for the City, as we finalized engineering for the new water tower and water treatment plant, and began engineering for a major sidewalk installation for the street leading to our new high school. We also began the engineering process for another major road project that will include sidewalks to our new park where we are developing a soccer complex.

The City upgraded waterlines on West Main Street and South Maple Street. We also relined and upgraded sewer lines on East Spring, Deem Street, and Mary Lane.

## **ECONOMIC CONDITIONS AND OUTLOOK**

Revenues showed steady improvement in 2006 with the largest increase being posted in the ambulance removal fees. The income tax showed a modest increase, as did the general property tax. The City is anticipating continued economic growth which is attributed to our strong local industry and new retail growth.

## **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.

**Financial Assistance:** As a recipient of federal, state and county financial assistance, the government is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by grantors of the government.

**Budgeting Controls:** In addition, the government maintains budgetary controls. The objective of these budgetary controls 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, Fire, Emergency Medical Services, 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.

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 – 11 for an overview and analysis of the financial position of the City.



**Debt administration:** At December 31, 2006, the City had three debt issues outstanding: an Ohio Public Works Commission Issue II interest-free loan of \$506,250; a bond indebtedness with U.S. Bank in the amount of \$1,133,857; and a bond indebtedness for \$519,985, also with U.S. Bank. 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. For further information on debt and long-term obligations, the reader is asked to refer to Note 14 found on page 45.

**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 earned interest revenue of \$329,882 on all investments for the year ended December 31, 2006.

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. All collateral on deposits was held either by the City, its agent, a financial institution's trust department in the City's name or by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 105 percent of the public funds on deposit. Trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions, hold the collateral. The City regularly reviews the market value of the pool to insure that adequate collateral is being provided.

**Risk management:** The City employs an active risk management strategy coupled with a carefully balanced insurance protection plan to avoid undue exposure to financial liabilities relating to its operations. Each year a staff member confers with a Loss Prevention Specialist from the City's insurance agent to evaluate potential risks and to develop appropriate programs and policies to mitigate exposures. As a result, the City has an excellent "loss experience" history which has enabled it to place all insurance coverage with companies enjoying at least an "A-" Best rating.

To help maintain a favorable experience record, all claims less than \$1,000 are reviewed internally with direct payment by the City when deemed appropriate. The City and its agent, to assure validity and to reduce future exposure, monitor all claims. Through aggressive risk management the City has suffered no major losses in recent years while providing itself reasonable protection at affordable rates.

For additional detail on the City's risk management and insurance limitations, the reader is asked to refer to Note 13 found on page 44.

## **OTHER INFORMATION**

**Independent audit:** Included in this report is an unqualified opinion rendered on the City's basic financial statements for the year ended December 31, 2006, 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.

**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, 2005. 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 for the past twenty years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

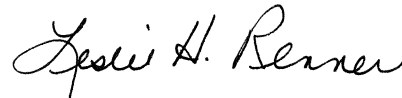
**Acknowledgments:** The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Department of Finance and other City departments. We express our sincere appreciation for the contributions made in the preparation 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, 2006**

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**ELECTED OFFICIALS**

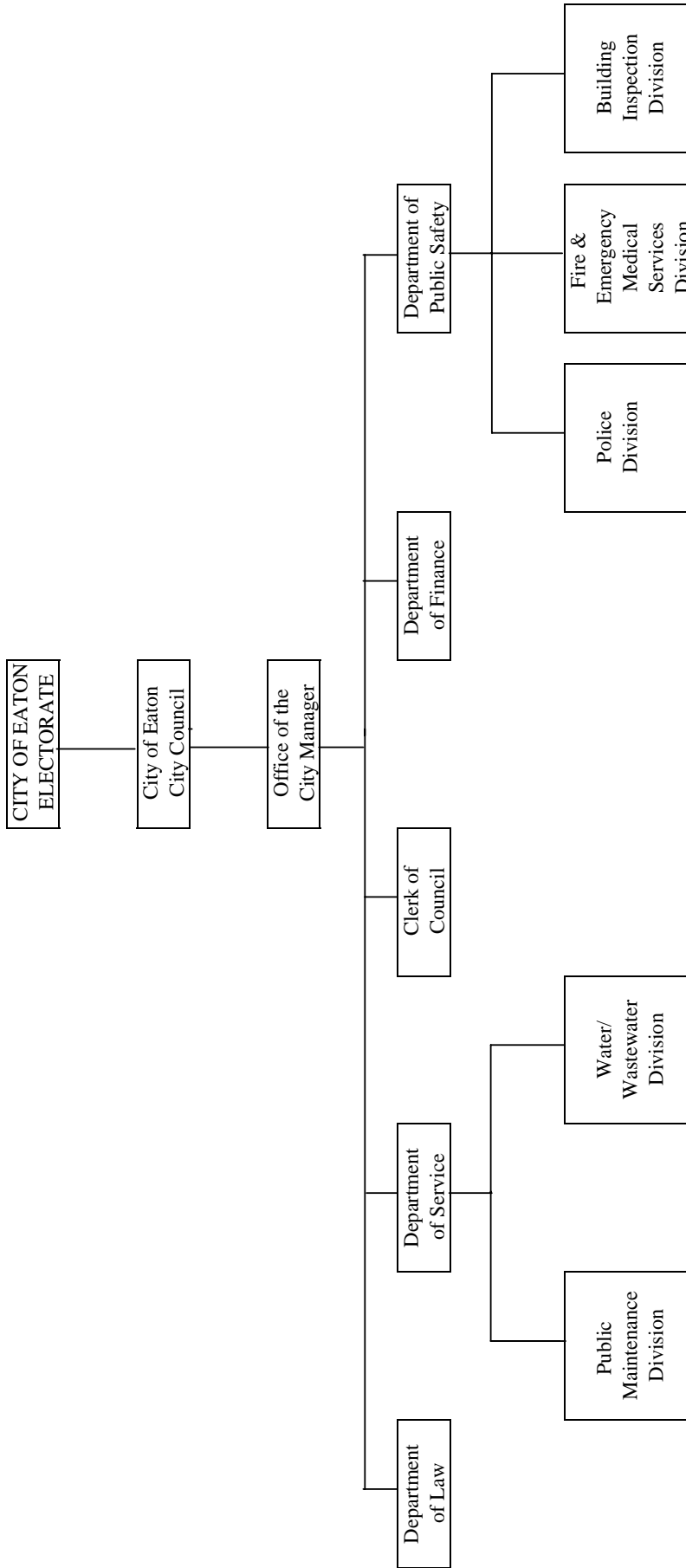
Mayor	Bob Stonecash
Vice-Mayor	Gary Wagner
Council Member	Dave Kirsch
Council Member	Joe Renner
Council Member	Ben Maffett
Municipal Judge	Paul D. Henry

**APPOINTED OFFICIALS**

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

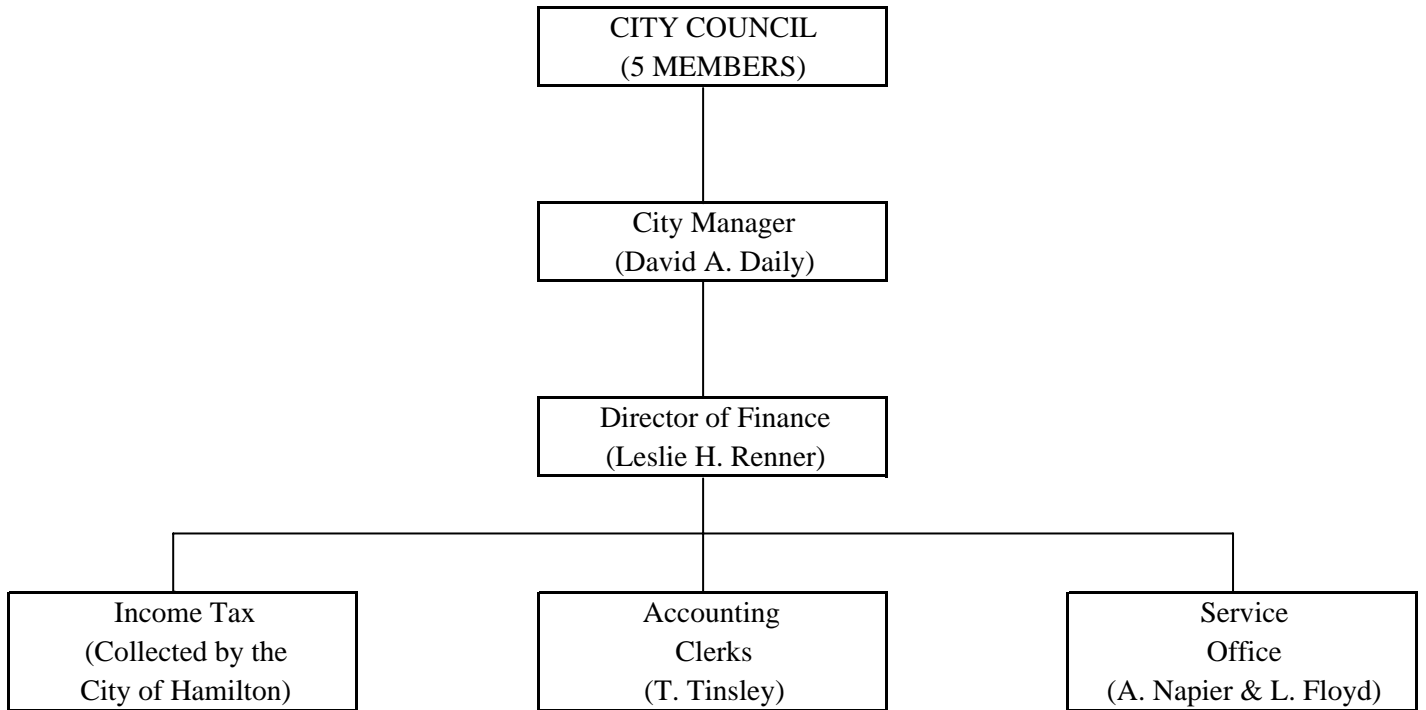
**CITY OF EATON  
PREBLE COUNTY, OHIO**

CITY ORGANIZATION  
as of December 31, 2006



**CITY OF EATON  
PREBLE COUNTY, OHIO**

DEPARTMENT OF FINANCE  
as of December 31, 2006



# 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, 2005

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.



President

Executive Director



# 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 the City of Eaton, Preble County, Ohio (the City), as of and for the year ended December 31, 2006, 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 the City of Eaton, Preble County, Ohio, as of December 31, 2006, 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 July 27, 2007, 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, Public Safety, and Street Construction, Maintenance & Repair Funds are not a required part 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

July 27, 2007



**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
(Unaudited)

---

The discussion and analysis of the City of Eaton's financial performance provides an overview of the City's financial activities for the year ended December 31, 2006. 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 2006 are as follows:

- Governmental activities reported a positive net change in net assets of \$1,212,204, a 12.81% increase.
- Business-type activities reported a positive net change in net assets of \$797,291, a 11.07% increase.
- The General Fund reported a fund balance of \$1,905,195, which represents an increase of \$652,128, or 52.04%.
- Revenues exceeded expenditure on a budgetary basis in the General Fund by \$647,755, which increases the unencumbered cash balance to \$1,634,158.

**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 four 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 2006?" The broad answer to this question can be obtained with a look at the Statement of Net Assets and the Statement of Activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting methods used by private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenditures, regardless of when the actual cash was received or paid.

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

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

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

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

#### *Fund Financial Statements*

The analysis of the City's major funds begins on page 16. Fund financial statements provide the detailed information about the General Fund, Public Safety Fund, Street Construction, Maintenance & Repair 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 17 and 19.

*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 23. 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 25.

**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, 2006 as compared to December 31, 2005.

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

	2006			2005		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
<b>Assets:</b>						
Current and Other Assets	\$ 7,255,327	3,086,132	10,341,459	6,117,373	2,457,390	8,574,763
Capital Assets	7,091,941	5,112,690	12,204,631	7,302,858	4,982,708	12,285,566
Total Assets	14,347,268	8,198,822	22,546,090	13,420,231	7,440,098	20,860,329
<b>Liabilities:</b>						
Current and Other Liabilities	1,062,550	89,025	1,151,575	1,188,420	126,751	1,315,171
Long-term Liabilities	2,610,416	108,895	2,719,311	2,769,713	109,736	2,879,449
Total Liabilities	3,672,966	197,920	3,870,886	3,958,133	236,487	4,194,620
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	4,931,849	5,112,690	10,044,539	5,002,316	4,982,708	9,985,024
Restricted	4,033,578	-	4,033,578	3,405,571	-	3,405,571
Unrestricted	1,708,875	2,888,212	4,597,087	1,054,211	2,220,903	3,275,114
Total Net Assets	\$ 10,674,302	8,000,902	18,675,204	9,462,098	7,203,611	16,665,709

The amount by which the City's assets exceeded its liabilities is called net assets. As of December 31, 2006 the City's net assets were \$18.68 million. Of this amount, \$10.04 million was invested in capital assets, net of related debt as compared to \$9.99 million in 2005. This increase is due to \$95.9 thousand of infrastructure placed in service in the governmental activities, \$158.8 thousand equipment purchased in governmental activities and the \$446,358 water and sewer distribution system that was placed in service

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for the business-type activities during 2006. Restricted net assets, those that are subject to external restrictions, remained consistent with an increase to \$4.03 million from the \$3.41 million reported in 2005. Unrestricted net assets, the amount that may be used to meet the City's ongoing obligations to citizens and creditors increased from \$3.27 million in 2005 to \$4.60 in 2006. The business-type activities unrestricted net assets increased from \$2.22 million in 2005 to \$2.89 million in 2006. This increase is a reflection of user charges being collected in order to cover the costs associated with operating the water and sewer systems. The governmental activities unrestricted net assets increased to \$1.71 million from \$1.05 million in 2005.

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

	2006			2005		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
<b>REVENUES:</b>						
Program Revenues:						
Charges for Services	\$ 1,355,397	2,992,277	4,347,674	1,156,457	3,014,611	4,171,068
Operating Grants and Contributions	245,183	-	245,183	17,602	-	17,602
Capital Grants and Contributions	673,870	83,672	757,542	421,148	37,000	458,148
General Revenues:						
Property Taxes	760,509	-	760,509	657,972	-	657,972
Municipal Income Taxes	3,812,240	-	3,812,240	3,343,517	-	3,343,517
Grants and Contributions not Restricted	828,139	-	828,139	788,963	-	788,963
Investment Income	329,882	-	329,882	181,468	-	181,468
Gain on Sale of Capital Assets	2,748	-	2,748	-	-	-
Other Revenue	26,820	-	26,820	33,647	-	33,647
Total Revenue	<u>8,034,788</u>	<u>3,075,949</u>	<u>11,110,737</u>	<u>6,600,774</u>	<u>3,051,611</u>	<u>9,652,385</u>
<b>EXPENSES:</b>						
General Government	2,292,327	-	2,292,327	1,841,644	-	1,841,644
Public Safety	2,499,063	-	2,499,063	2,391,588	-	2,391,588
Public Health	149,790	-	149,790	137,836	-	137,836
Transportation	1,140,312	-	1,140,312	954,615	-	954,615
Community Development	562,329	-	562,329	338,883	-	338,883
Culture and Recreation	105,966	-	105,966	127,088	-	127,088
Water	-	799,655	799,655	-	962,433	962,433
Sewer	-	997,632	997,632	-	927,580	927,580
Refuse	-	481,251	481,251	-	475,803	475,803
Other Business-Type Activities	-	120	120	-	12,147	12,147
Interest Expense	72,797	-	72,797	77,514	-	77,514
Total Expenses	<u>6,822,584</u>	<u>2,278,658</u>	<u>9,101,242</u>	<u>5,869,168</u>	<u>2,377,963</u>	<u>8,247,131</u>
Change in Net Assets	1,212,204	797,291	2,009,495	731,606	673,648	1,405,254
Net Assets, Beginning of Year	<u>9,462,098</u>	<u>7,203,611</u>	<u>16,665,709</u>	<u>8,730,492</u>	<u>6,529,963</u>	<u>15,260,455</u>
Net Assets, End of Year	<u>\$ 10,674,302</u>	<u>8,000,902</u>	<u>18,675,204</u>	<u>9,462,098</u>	<u>7,203,611</u>	<u>16,665,709</u>

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The City's net assets increased by \$2,009,495, of which \$1,212,204 is from governmental activities and \$797,291 is from business-type activities. The increase in governmental activities is largely due to a significant increase in income tax revenue in the amount of \$468,723. The City's total expenses for governmental activities shows a slight increase of \$953,416 from 2005 in which two new special revenue funds for community housing consisting of \$220,000 in community development expenditures. Though certain activities may show a substantial increase or decrease, this is simply a reflection of changing priorities from year to year while working within our limited resources. Also, the City received an Issue II grant for a road widening project, which is seen in the growth of capital grants and contributions. In business-type activity, the Water Fund saw a 7.4% increase in charges for service as the City positions itself to begin the major expansion project with the construction of a new water tower and treatment plant upgrade. The Sewer Fund saw a minor decrease in charges for service due to a slight decrease in service. The Sewer Fund also saw a slight increase in expenses as the City engineered and completed three small sewer line upgrade projects. The water expenses decreased due to expenditures in prior year that includes engineering and related activities for the new water tower and treatment plant expansion.

***Governmental Activities***

The two functions with the largest expenditures 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 \$1,300,108, to be credited to the Public Safety program, we see that more than 50% of the net expense of \$1,859,789 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 \$1,423,156.

***Business-Type Activities***

Overall, the City's business-type activities generated \$2.99 million in operating revenues, which more than covered the cost of doing business of \$2.28 million. In addition, these activities show capital grants and contributions of \$83,672 for the acquisition of capital assets. Fees for usage are increased as necessary to cover the costs of these essential services.

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.

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

	<u>2006</u>		<u>2005</u>	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
General Government	\$ 2,292,327	(1,423,156)	1,841,644	(1,043,631)
Public Safety	2,499,063	(1,859,789)	2,391,588	(2,142,374)
Public Health	149,790	(140,689)	137,836	(126,168)
Transportation	1,140,312	(1,012,747)	954,615	(825,551)
Community Development	562,329	31,012	338,883	(94,761)
Culture and Recreation	105,966	(69,968)	127,088	36,038
Interest Expense	<u>72,797</u>	<u>(72,797)</u>	<u>77,514</u>	<u>(77,514)</u>
Total Expenses	<u>\$ 6,822,584</u>	<u>(4,548,134)</u>	<u>5,869,168</u>	<u>(4,273,961)</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Water	\$ 799,655	537,033	962,433	282,651
Sewer	997,632	224,627	927,580	340,940
Refuse	481,251	32,506	475,803	51,456
Other Business-Type Activities	<u>120</u>	<u>3,125</u>	<u>12,147</u>	<u>(1,399)</u>
Total Expenses	<u>\$ 2,278,658</u>	<u>797,291</u>	<u>2,377,963</u>	<u>673,648</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 16 – 17. 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 \$5.45 million, of which \$5.21 million is unreserved. Revenues and expenditures are reflected on pages 18 – 19. The net change in fund balances is \$1,088,654.

The General Fund balance increased by \$652,128, caused by a modest increase in Charges for services and investment income.

Fund balance in the Public Safety increased by \$6,525 to \$737,730; with no major changes from prior year activities.

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The Street Construction, Maintenance and Repair Fund is reported as a major fund this year due to the increase in the accrual of the gas tax. This tax, based on gasoline sales, is up due to the increase in gas prices.

The Capital Improvement Fund reported a fund balance increase of \$381,888, as the City did not have the large transfers for other capital improvement projects as in 2005.

The Issue II Fund allowed for the segregated reporting of the Aukerman Street reconstruction project, as the City booked well over a million dollars in expenditures in 2005 for much needed rehabilitation. The majority of construction occurred during 2005. Therefore, this fund is not a major fund during 2006 as construction completed during the beginning of 2006.

Governmental fund expenditures showed a decrease over 2005 of \$536,862, or 7.34%. This slight decrease was due to the completion of Issue II fund projects.

The proprietary funds showed a net operating income of \$713,619. The Water and Sewer Funds will be looking at major expansion projects in the near future and we have begun to set 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.

***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 enhanced due to earnings on investments in the amount of \$333,761 and large increased receipts in charges for services for ambulance removal fees of \$615,411.

Expenditure variances were related to the "holding" amounts and equipment accrual line items. These amounts, by their nature, were not spent nor were they intended to be. Therefore, the favorable variances for the expenditures were expected.

**CAPITAL ASSETS AND INFRASTRUCTURE**

At December 31, 2006, the City has invested in land, construction in progress, infrastructure, buildings and equipment with amounts totaling \$7.09 million and \$5.11 million in governmental activities and business-type activities, respectively. Table 4 shows December 31, 2006 balances compared to December 31, 2005 amounts. Additional information regarding the City's capital assets can be found in the Notes to the Basic Financial Statements in Note 9.

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**TABLE 4**  
Capital Assets, December 31

	2006			2005		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 820,439	579,892	1,400,331	820,439	579,892	1,400,331
Construction in Progress	156,094	-	156,094	134,111	-	134,111
Infrastructure	2,376,841	-	2,376,841	2,280,858	-	2,280,858
Buildings	3,951,937	5,427,971	9,379,908	3,951,937	5,427,971	9,379,908
Equipment	4,339,823	6,398,591	10,738,414	4,451,225	5,946,502	10,397,727
Less: Accumulated						
Depreciation	(4,553,193)	(7,293,764)	(11,846,957)	(4,335,712)	(6,971,657)	(11,307,369)
Totals	<u>\$ 7,091,941</u>	<u>5,112,690</u>	<u>12,204,631</u>	<u>7,302,858</u>	<u>4,982,708</u>	<u>12,285,566</u>

Overall, capital assets decreased approximately \$81 thousand from December 31, 2005. The decrease in capital assets related primarily to the depreciation of depreciable assets.

**DEBT ADMINISTRATION**

At December 31, 2006, 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	0.0%	7-1-1997	1-1-2020	\$ <u>506,250</u>
TIF Loan	3.56%	5-1-2005	4-20-2014	\$ <u>519,985</u>
Eaton Municipal Court Facility Bond	4.69%	3-5-2004	3-1-2018	\$ <u>1,133,857</u>

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, 2006, the City has no general obligation bonded debt.

On April 20, 2005, 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 \$78,618 and will be paid out of the Debt Service Fund.

The City's overall legal debt margin at December 31, 2006 was \$18,800,075. See Note 14 of the Notes to the Basic Financial Statements for more detailed information on long-term debt of the City.



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**CONTACTING THE CITY'S FINANCE DEPARTMENT**

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

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## **BASIC FINANCIAL STATEMENTS**

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

Statement of Net Assets  
December 31, 2006

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 5,044,209	2,666,479	7,710,688
Investments	10,000	-	10,000
Receivables:			
Taxes	1,520,821	-	1,520,821
Accounts	604	475,444	476,048
Special Assessments	149,779	-	149,779
Accrued Interest	251	-	251
Internal Balances	56,601	(56,601)	-
Due from Other Governments	470,062	810	470,872
Materials and Supplies Inventory	3,000	-	3,000
Capital Assets:			
Capital assets not subject to depreciation:			
Land	820,439	579,892	1,400,331
Construction in Progress	156,094	-	156,094
Capital assets, net of accumulated depreciation	<u>6,115,408</u>	<u>4,532,798</u>	<u>10,648,206</u>
 Total Assets	 <u>14,347,268</u>	 <u>8,198,822</u>	 <u>22,546,090</u>
<b>LIABILITIES:</b>			
Accounts Payable	157,659	81,695	239,354
Accrued Wages and Benefits	64,081	7,330	71,411
Due to Other Governments	130,332	-	130,332
Accrued Interest Payable	19,617	-	19,617
Unearned Revenue	690,861	-	690,861
Noncurrent Liabilities:			
Due Within One Year	220,570	10,890	231,460
Due In More Than One Year	<u>2,389,846</u>	<u>98,005</u>	<u>2,487,851</u>
 Total Liabilities	 <u>3,672,966</u>	 <u>197,920</u>	 <u>3,870,886</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	4,931,849	5,112,690	10,044,539
Restricted for:			
Public Safety	754,983	-	754,983
Indigent Driver	49,194	-	49,194
Computerization Upgrade	13,601	-	13,601
Special Project	148,258	-	148,258
Streets and Highways	319,783	-	319,783
Capital Improvement	2,654,334	-	2,654,334
TIF	83,425	-	83,425
Perpetual Care:			
Nonexpendable	10,000	-	10,000
Unrestricted	<u>1,708,875</u>	<u>2,888,212</u>	<u>4,597,087</u>
 Total Net Assets	 <u>\$ 10,674,302</u>	 <u>8,000,902</u>	 <u>18,675,204</u>

See accompanying notes to the basic financial statements.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Statement of Activities  
For the Year Ended December 31, 2006

<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	\$ 2,292,327	869,171	-	-	(1,423,156)		(1,423,156)
Public Safety	2,499,063	123,144	4,825	511,305	(1,859,789)		(1,859,789)
Public Health	149,790	9,101	-	-	(140,689)		(140,689)
Transportation	1,140,312	-	-	127,565	(1,012,747)		(1,012,747)
Community Development	562,329	337,472	220,869	35,000	31,012		31,012
Culture and Recreation	105,966	16,509	19,489	-	(69,968)		(69,968)
Interest Expense	72,797	-	-	-	(72,797)		(72,797)
Total Governmental Activities	<u>6,822,584</u>	<u>1,355,397</u>	<u>245,183</u>	<u>673,870</u>	<u>(4,548,134)</u>		<u>(4,548,134)</u>
<b>Business-Type Activities:</b>							
Water	799,655	1,336,688	-	-		537,033	537,033
Sewer	997,632	1,138,587	-	83,672		224,627	224,627
Refuse	481,251	513,757	-	-		32,506	32,506
Other Business-Type Activities	120	3,245	-	-		3,125	3,125
Total Business-Type Activities	<u>2,278,658</u>	<u>2,992,277</u>	<u>-</u>	<u>83,672</u>		<u>797,291</u>	<u>797,291</u>
Total	\$ <u>9,101,242</u>	<u>4,347,674</u>	<u>245,183</u>	<u>757,542</u>	<u>(4,548,134)</u>	<u>797,291</u>	<u>(3,750,843)</u>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes Levied for:							
General Purposes					702,920	-	702,920
Cemetery					57,589	-	57,589
Municipal Income					3,812,240	-	3,812,240
Grants and Contributions not Restricted to Specific Programs					828,139	-	828,139
Investment Income					329,882	-	329,882
Gain on Sale of Capital Assets					2,748	-	2,748
Other Revenue					26,820	-	26,820
Total General Revenues					<u>5,760,338</u>	<u>-</u>	<u>5,760,338</u>
Change in Net Assets					1,212,204	797,291	2,009,495
Net Assets, Beginning of Year					<u>9,462,098</u>	<u>7,203,611</u>	<u>16,665,709</u>
Net Assets, End of Year					\$ <u>10,674,302</u>	<u>8,000,902</u>	<u>18,675,204</u>

See accompanying notes to the basic financial statements.

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

Balance Sheet  
Governmental Funds  
December 31, 2006

	General Fund	Public Safety Fund	Street Construction, Maintenance & Repair	Capital Improvement
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,841,500	608,715	125,741	2,219,302
Investments	-	-	-	-
Receivables:				
Taxes	885,418	263,564	-	312,569
Accounts	100	-	-	-
Special Assessments	-	-	-	149,779
Accrued Interest	226	-	-	-
Due from Other Governments	217,537	11,888	221,391	-
Due from Other Funds	139,587	-	-	-
Materials and Supplies Inventory	3,000	-	-	-
	<u>3,087,368</u>	<u>884,167</u>	<u>347,132</u>	<u>2,681,650</u>
Total Assets	<u>\$ 3,087,368</u>	<u>884,167</u>	<u>347,132</u>	<u>2,681,650</u>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 107,382	22,863	7,900	13,599
Accrued Wages and Benefits	40,757	16,449	2,241	3,889
Due to Other Governments	119,937	10,395	-	-
Due to Other Funds	19,996	33,195	17,874	26,811
Deferred Revenue	894,101	63,535	190,089	226,021
	<u>1,182,173</u>	<u>146,437</u>	<u>218,104</u>	<u>270,320</u>
Total Liabilities	<u>1,182,173</u>	<u>146,437</u>	<u>218,104</u>	<u>270,320</u>
<b>FUND BALANCES:</b>				
Reserved for:				
Encumbrances	737	122,409	-	107,534
Materials and Supplies Inventory	3,000	-	-	-
Permanent Fund	-	-	-	-
Unreserved, Undesignated:				
General Fund	1,901,458	-	-	-
Special Revenue Funds	-	615,321	129,028	-
Capital Projects Funds	-	-	-	2,303,796
Permanent Fund	-	-	-	-
	<u>1,905,195</u>	<u>737,730</u>	<u>129,028</u>	<u>2,411,330</u>
Total Fund Balances	<u>1,905,195</u>	<u>737,730</u>	<u>129,028</u>	<u>2,411,330</u>
Total Liabilities and Fund Balances	<u>\$ 3,087,368</u>	<u>884,167</u>	<u>347,132</u>	<u>2,681,650</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, 2006

Nonmajor Governmental Funds	Total Governmental Funds		
		Total Governmental Fund Balances	\$ 5,453,531
248,951	5,044,209	Amounts reported for governmental activities in the Statement of Net Assets are different because:	
10,000	10,000		
59,270	1,520,821	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
504	604		7,091,941
-	149,779	Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
25	251		758,863
19,246	470,062	Long-term liabilities, including Issue II loans payable, are not due and payable in the current period and therefore are not reported in the funds:	
19,996	159,583		(1,133,857)
-	3,000	General Obligation Bonds Payable	(519,985)
<u>357,992</u>	<u>7,358,309</u>	TIF Loans Payable	(506,250)
		Issue II Loans Payable	(19,617)
5,915	157,659	Accrued Interest on Long-Term Debt	(450,324)
745	64,081	Compensated Absences	<u>10,674,302</u>
-	130,332	Net Assets of Governmental Activities	
5,106	102,982	See accompanying notes to the basic financial statements.	
<u>75,978</u>	<u>1,449,724</u>		
87,744	1,904,778		
-	230,680		
-	3,000		
10,000	10,000		
-	1,901,458		
206,813	951,162		
53,410	2,357,206		
25	25		
<u>270,248</u>	<u>5,453,531</u>		
<u>357,992</u>	<u>7,358,309</u>		

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2006

	General Fund	Public Safety Fund	Street Construction, Maintenance & Repair	Capital Improvement Fund
<b>REVENUES:</b>				
Property Taxes	\$ 622,327	-	-	-
Municipal Income Taxes	973,054	1,300,108	-	1,509,182
Intergovernmental Revenue	525,218	-	382,064	-
Charges for Services	515,101	-	9,233	-
Licenses and Permits	133,518	-	-	-
Fees, Fines and Forfeitures	600,184	-	-	-
Special Assessments	-	-	-	55,774
Investment Income	329,447	-	-	-
Other Revenue	24,771	1,370	-	-
	<u>3,723,620</u>	<u>1,301,478</u>	<u>391,297</u>	<u>1,564,956</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	1,421,324	49,762	-	124,214
Public Safety	1,227,646	1,139,305	-	-
Public Health	27,129	-	-	-
Transportation	108,354	-	374,833	610,268
Community Development	236,476	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	8,327	105,886	1,123	457,130
Debt Service:				
Principal	-	-	-	37,500
Interest	-	-	-	-
	<u>3,029,256</u>	<u>1,294,953</u>	<u>375,956</u>	<u>1,229,112</u>
Excess of Revenues Over Expenditures	<u>694,364</u>	<u>6,525</u>	<u>15,341</u>	<u>335,844</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from Sale of Capital Assets	2,748	-	-	-
Transfers In	-	-	-	46,044
Transfers Out	(44,984)	-	-	-
	<u>(42,236)</u>	<u>-</u>	<u>-</u>	<u>46,044</u>
Net Change in Fund Balances	652,128	6,525	15,341	381,888
Fund Balance, Beginning of Year	<u>1,253,067</u>	<u>731,205</u>	<u>113,687</u>	<u>2,029,442</u>
Fund Balance, End of Year	\$ <u>1,905,195</u>	<u>737,730</u>	<u>129,028</u>	<u>2,411,330</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, 2006

Nonmajor Governmental Funds	Total Governmental Funds		
138,182	760,509	Total Net Change in Fund Balances - Governmental Funds	\$ 1,088,654
-	3,782,344	Amounts reported for governmental activities in the statement of activities are different because:	
427,786	1,335,068	Governmental funds report capital outlays as expenditures.	
16,509	540,843	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.	
-	133,518	Capital Asset Additions	276,852
257,371	857,555	Current Year Depreciation	(487,769)
-	55,774		
435	329,882	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	172,657
37,749	63,890		
878,032	7,859,383	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.	140,450
		Some expenses in 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:	
98,748	1,694,048	Compensated Absences	18,847
200	2,367,151	Accrued Interest Payable	2,513
122,661	149,790	Change in Net Assets of Governmental Activities	\$ <u>1,212,204</u>
32,983	1,126,438	See accompanying notes to the basic financial statements.	
220,869	457,345		
70,664	70,664		
119,815	692,281		
102,950	140,450		
75,310	75,310		
844,200	6,773,477		
33,832	1,085,906		
-	2,748		
44,984	91,028		
(46,044)	(91,028)		
(1,060)	2,748		
32,772	1,088,654		
237,476	4,364,877		
270,248	5,453,531		

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

Statement of Net Assets  
Proprietary Funds  
December 31, 2006

	Water	Sewer & Sewer Disposal	Refuse	Non-Major Enterprise Fund	Total
<b>ASSETS:</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 1,274,954	1,213,621	174,731	3,173	2,666,479
Receivables					
Accounts	203,397	175,463	96,165	419	475,444
Due from Other Governments	<u>810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>810</u>
Total Current Assets	<u>1,479,161</u>	<u>1,389,084</u>	<u>270,896</u>	<u>3,592</u>	<u>3,142,733</u>
Capital Assets:					
Land	532,271	30,500	17,121	-	579,892
Capital Assets, net of accumulated depreciation	<u>1,330,704</u>	<u>3,202,094</u>	<u>-</u>	<u>-</u>	<u>4,532,798</u>
Total Capital Assets	<u>1,862,975</u>	<u>3,232,594</u>	<u>17,121</u>	<u>-</u>	<u>5,112,690</u>
Total Assets	<u>\$ 3,342,136</u>	<u>4,621,678</u>	<u>288,017</u>	<u>3,592</u>	<u>8,255,423</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts Payable	\$ 18,182	27,877	35,516	120	81,695
Accrued Wages and Benefits	3,220	3,597	513	-	7,330
Due to Other Funds	<u>24,215</u>	<u>26,428</u>	<u>5,958</u>	<u>-</u>	<u>56,601</u>
Total Current Liabilities	<u>45,617</u>	<u>57,902</u>	<u>41,987</u>	<u>120</u>	<u>145,626</u>
Noncurrent Liabilities:					
Compensated Absences Payable	<u>48,345</u>	<u>51,315</u>	<u>9,235</u>	<u>-</u>	<u>108,895</u>
Total Liabilities	<u>93,962</u>	<u>109,217</u>	<u>51,222</u>	<u>120</u>	<u>254,521</u>
<b>NET ASSETS:</b>					
Invested in Capital Assets	1,862,975	3,232,594	17,121	-	5,112,690
Unrestricted	<u>1,385,199</u>	<u>1,279,867</u>	<u>219,674</u>	<u>3,472</u>	<u>2,888,212</u>
Total Net Assets	<u>3,248,174</u>	<u>4,512,461</u>	<u>236,795</u>	<u>3,472</u>	<u>8,000,902</u>
Total Liabilities and Net Assets	<u>\$ 3,342,136</u>	<u>4,621,678</u>	<u>288,017</u>	<u>3,592</u>	<u>8,255,423</u>

See accompanying notes to the basic financial statements.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Statement of Revenues, Expenses and  
Changes in Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2006

	<u>Water</u>	<u>Sewer &amp; Sewer Disposal</u>	<u>Refuse</u>	<u>Non-Major Enterprise Fund</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>					
Charges for Services	\$ 1,336,688	1,138,587	513,757	3,245	2,992,277
Total Operating Revenues	<u>1,336,688</u>	<u>1,138,587</u>	<u>513,757</u>	<u>3,245</u>	<u>2,992,277</u>
<b>OPERATING EXPENSES:</b>					
Personnel Services	225,157	268,514	39,291	-	532,962
Fringe Benefits	118,887	133,127	27,093	-	279,107
Contractual Services	219,649	148,877	403,931	-	772,457
Materials and Supplies	91,988	53,263	840	-	146,091
Utilities	65,659	150,058	1,545	-	217,262
Other Operating Expenses	-	-	8,551	120	8,671
Depreciation	<u>78,315</u>	<u>243,793</u>	<u>-</u>	<u>-</u>	<u>322,108</u>
Total Operating Expenses	<u>799,655</u>	<u>997,632</u>	<u>481,251</u>	<u>120</u>	<u>2,278,658</u>
Operating Income	537,033	140,955	32,506	3,125	713,619
Capital Contributions	<u>-</u>	<u>83,672</u>	<u>-</u>	<u>-</u>	<u>83,672</u>
Change in Net Assets	537,033	224,627	32,506	3,125	797,291
Net Assets, Beginning of Year	<u>2,711,141</u>	<u>4,287,834</u>	<u>204,289</u>	<u>347</u>	<u>7,203,611</u>
Net Assets, End of Year	\$ <u>3,248,174</u>	<u>4,512,461</u>	<u>236,795</u>	<u>3,472</u>	<u>8,000,902</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, 2006

	Water	Sewer & Sewer Disposal	Refuse	Non-Major Enterprise Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received from Customers	\$ 1,315,246	1,066,794	500,939	2,826	2,885,805
Cash Payments for Personnel and Benefits	(335,371)	(394,589)	(64,733)	-	(794,693)
Cash Payments for Goods and Services	(389,518)	(235,522)	(407,032)	-	(1,032,072)
Other Operating Expenses	(34,673)	(25,879)	(5,496)	-	(66,048)
Net Cash Provided by Operating Activities	<u>555,684</u>	<u>410,804</u>	<u>23,678</u>	<u>2,826</u>	<u>992,992</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital Grant Received	-	83,672	-	-	83,672
Acquisition of Capital Assets	(267,106)	(184,984)	-	-	(452,090)
Net Cash Used by Capital and Related Financing Activities	<u>(267,106)</u>	<u>(101,312)</u>	<u>-</u>	<u>-</u>	<u>(368,418)</u>
Increase in Cash and Cash Equivalents	288,578	309,492	23,678	2,826	624,574
Cash and Cash Equivalents, Beginning of Year	<u>986,376</u>	<u>904,129</u>	<u>151,053</u>	<u>347</u>	<u>2,041,905</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,274,954</u>	<u>1,213,621</u>	<u>174,731</u>	<u>3,173</u>	<u>2,666,479</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	\$ 537,033	140,955	32,506	3,125	713,619
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	78,315	243,793	-	-	322,108
Changes in Assets and Liabilities:					
Accounts Receivable	(21,457)	11,879	(12,818)	(419)	(22,815)
Due from Other Governments	15	-	-	-	15
Accounts Payable	(46,893)	7,125	2,338	120	(37,310)
Accrued Wages & Benefits	(159)	(263)	6	-	(416)
Accrued Compensated Absences	859	(1,385)	(315)	-	(841)
Due to Other Funds	7,971	8,700	1,961	-	18,632
Net Cash Provided by Operating Activities	<u>\$ 555,684</u>	<u>410,804</u>	<u>23,678</u>	<u>2,826</u>	<u>992,992</u>

See accompanying notes to the basic financial statements.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Statement of Fiduciary Net Assets  
Agency Fund  
December 31, 2006

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	<u>Agency Fund</u>
<b>ASSETS:</b>	
Due from Other Governments	\$ <u>5,360</u>
<b>LIABILITIES:</b>	
Accounts Payable	\$ <u>5,360</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, 2006

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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, 2006.

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 16.

**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, 2006

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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, 2006

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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.

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.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

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

**C. Fund Accounting** (Continued)

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.

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, 2006

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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 5). 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, 2006, but which were levied to finance year 2007 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, 2006

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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 combined 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 2006, 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 does not operate in a manner consistent with Rule 2a7 on 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, 2006. 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 2005 to 2006.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

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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 activities. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**I. Compensated Absences**

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

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

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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, 2006, there were no accrued compensated absences that were 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, that 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.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

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

**L. Net Assets**

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

The City 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 is 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 – CHANGE IN ACCOUNTING PRINCIPLE**

For 2006, the City has implemented GASB Statement No. 42, “Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries,” and GASB Statement No. 47, “Accounting for Termination Benefits.”

GASB Statement No. 42 establishes accounting and financial reporting standards for the impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries. GASB Statement No. 47 provides guidance to governmental employers for measuring, recognizing, and reporting liabilities and expense/expenditures related to all termination benefits, including voluntary termination benefits, without limitation as to the period of time during which the benefits are offered, and involuntary termination benefits. The implementation of these statements had no effect on the City’s financial statements for fiscal year 2006.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

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**NOTE 4 – 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” status 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.

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, 2006, the carrying amount of the City's deposits was \$5,084,868 and the bank balance was \$5,269,854. Of the bank balance, \$618,846 was covered by federal depository insurance, \$90,360 was collateralized with securities held by the pledging institution's agent in the City's name and \$4,560,648 was uninsured and uncollateralized.

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.



**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

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**NOTE 4 – CASH AND CASH EQUIVALENTS AND INVESTMENTS** (Continued)

Credit Risk – It is City’s practice to limit its investments 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, 2006, the City’s only investment was amounts on deposit with STAR Ohio, with a fair value of \$2,635,820, which is included in the “Equity in Pooled Cash and Cash Equivalents” amount on the Statement of Net Assets.

**NOTE 5 – 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.

Real property and public utility taxes collected during 2006 were levied in October, 2005 on assessed values listed as of January 1, 2005, the lien date. One-half of these taxes were due in February 2006, with the remaining balance due in July 2006.

Tangible personal property taxes collected during 2006 had a lien and levy date of December 31, 2005. One-half of these taxes were due by April 30, 2006, with the remaining balance due in September 2006. 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 2006. 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 2005 upon which the 2006 levy was based was approximately \$176,545,917. The assessed value for 2006 upon which the 2007 levy was based was approximately \$179,048,330.

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.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

**NOTE 6 – 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 the voters of the City in November 2005. The .5% tax will expire December 31, 2007. 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.

**NOTE 7 – RECEIVABLES**

Receivables at December 31, 2006 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:

	Amount
<b>Governmental Activities:</b>	
Local Government and Local Government Revenue Assistance	\$ 166,625
Reimbursements	25,387
Homestead and Rollback	26,720
Gasoline and Excise Tax	173,943
Motor Vehicle License Fees	65,399
Public Safety	11,888
Other	100
Total Governmental Activities	470,062
 <b>Business-Type Activities:</b>	
Local Government and Local Government Revenue Assistance	810
Total	\$ 470,872

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

**NOTE 8 - INTERFUND TRANSFERS AND BALANCES**

Interfund transfers for the year ended December 31, 2006, consisted of the following:

<u>Transfer To</u>	<u>General Fund</u>	<u>Transfer From</u>	
		<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Capital Improvement Fund	\$ -	46,044	46,044
Nonmajor Governmental Funds	44,984	-	44,984
 Total	 \$ <u>44,984</u>	 <u>46,044</u>	 <u>91,028</u>

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, 2006, consisted of the following amounts and represent charges for services or reimbursable expenses except approved and authorized in 2006 but not made until 2007. 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, and (3) payments between funds are made. All are expected to be paid within one year.

<u>Due To</u>	<u>General Fund</u>	<u>Due From</u>	
		<u>Nonmajor Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	19,996	19,996
Public Safety	33,195	-	33,195
Street Construction, Maintenance & Repair	17,874	-	17,874
Capital Improvement	26,811	-	26,811
Nonmajor Governmental Funds	5,106	-	5,106
Water	24,215	-	24,215
Sewer & Sewer Disposal	26,428	-	26,428
Nonmajor Enterprise	5,958	-	5,958
 Total	 \$ <u>139,587</u>	 <u>19,996</u>	 <u>159,583</u>

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

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2006, was as follows:

	<u>Balance</u> <u>12/31/2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/2006</u>
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>				
<b><u>Capital Assets, not being depreciated</u></b>				
Land	\$ 820,439	-	-	820,439
Construction in Progress	134,111	21,983	-	156,094
	<u>954,550</u>	<u>21,983</u>	<u>-</u>	<u>976,533</u>
<b><u>Capital Assets, being depreciated</u></b>				
Buildings	3,951,937	-	-	3,951,937
Infrastructure	2,280,858	95,983	-	2,376,841
Furniture and Equipment	4,451,225	158,886	(270,288)	4,339,823
	<u>10,684,020</u>	<u>254,869</u>	<u>(270,288)</u>	<u>10,668,601</u>
<b><u>Less: Accumulated Depreciation</u></b>				
Buildings	(848,180)	(111,095)	-	(959,275)
Infrastructure	(85,449)	(90,247)	-	(175,696)
Furniture and Equipment	(3,402,083)	(286,427)	270,288	(3,418,222)
	<u>(4,335,712)</u>	<u>(487,769) *</u>	<u>270,288</u>	<u>(4,553,193)</u>
Capital Assets, being depreciated, net	6,348,308	(232,900)	-	6,115,408
Capital Assets, net	<u>\$ 7,302,858</u>	<u>(210,917)</u>	<u>-</u>	<u>7,091,941</u>
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>				
<b><u>Capital Assets, not being depreciated</u></b>				
Land	\$ 579,892	-	-	579,892
<b><u>Capital Assets, being depreciated</u></b>				
Buildings and Systems	5,427,971	-	-	5,427,971
Furniture and Equipment	5,946,502	452,089	-	6,398,591
	<u>11,374,473</u>	<u>452,089</u>	<u>-</u>	<u>11,826,562</u>
<b><u>Less: Accumulated Depreciation</u></b>				
Buildings and Systems	(3,593,254)	(150,803)	-	(3,744,057)
Furniture and Equipment	(3,378,403)	(171,304)	-	(3,549,707)
	<u>(6,971,657)</u>	<u>(322,107)</u>	<u>-</u>	<u>(7,293,764)</u>
Capital Assets, being depreciated, net	4,402,816	129,982	-	4,532,798
Capital Assets, net	<u>\$ 4,982,708</u>	<u>129,982</u>	<u>-</u>	<u>5,112,690</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

**NOTE 9 - CAPITAL ASSETS** (Continued)

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

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

General Government	\$	180,578
Public Safety		146,663
Transportation		4,957
Community Development		120,269
Culture and Recreation		<u>35,302</u>
Total Depreciation Expense	\$	<u><u>487,769</u></u>

**NOTE 10 – 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, 2006

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**NOTE 10 – 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 2006, member and employer contribution rates were consistent across all three plans. The 2006 member contribution rates were 9.00% of their annual covered salary to fund pension's obligations. The employer contribution rate was 13.70% of covered payroll. The City's contributions, representing 100% of employer contributions for the periods ended December 31, 2006, 2005, and 2004 were \$326,913, \$329,949, and \$327,125, 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, 2006, 2005, and 2004 were \$142,473, \$149,495, and \$136,567, respectively, equal to the required contribution for each year.

**NOTE 11 – 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, 2006

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**NOTE 11 – 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 2006, local government employer units contributed at 13.70% of covered payroll. The portion of employer contributions for all employers allocated to health care was 4.50%.

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, 2005.

**Funding Method:** An entry-age normal 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.

**Investment Return:** The investment assumption rate for 2005 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 6% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

OPEBs are advance-funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 369,214 active contributing participants as of December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. The portion of City's contributions that were used to fund post-employment benefits was \$107,391. The amount of \$11.1 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2005. The Actuarial Valuation as of December 31, 2005, reported the actuarially accrued liability and the unfunded actuarial accrued liability for OPEB, based on the actuarial cost method used, at \$31.3 billion and \$20.2 billion, respectively.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

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**NOTE 11 – 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, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006 and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

**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 7.75% of covered payroll in 2004 and in 2005. 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, 2005, the date of the last actuarial valuation available, are 13,922 for Police and 10,537 for Firefighters. The City's annual contribution for 2006 that were used to fund postemployment benefits was \$49,106 for Police and \$6,066 for Firefighters. OP&F's total health care expenses for the year ending December 31, 2005, the date of the last actuarial valuation available, was \$108,039,449, which was net of members contributions of \$55,271,881.



**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

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**NOTE 12 – 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 includes 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, 2006, the accrued liability for unpaid compensated absences was \$559,219 for all funds.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

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**NOTE 13 - 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 2006, the City contracted with the Arch 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	\$ 18,723,388	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	1,308,037	1,000
Automobile	2,760,813	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.

City employees are covered under a self-funded insurance plan carried by the City and administered through Great West Life Insurance. This plan includes medical, dental and life insurance. Vision insurance is provided by Vision Service Plan. Payments are made to the carrier by the City on behalf of the employees. The City is protected from the risk of loss in excess of specific amounts by a stop-loss insurance policy

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**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

**NOTE 14 – LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligation activity by fund type for the year ended December 31, 2006:

	<u>Balance</u> 12/31/2005	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> 12/31/2006	<u>Due within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Compensated Absences	\$ 469,171	206,355	225,202	450,324	45,032
Issue II Loan Payable	543,750	-	37,500	506,250	37,500
Eaton Municipal Court					
Facility Bond	1,206,792	-	72,935	1,133,857	76,396
TIF - WJ/ Auk	<u>550,000</u>	<u>-</u>	<u>30,015</u>	<u>519,985</u>	<u>61,642</u>
	<u>2,769,713</u>	<u>206,355</u>	<u>365,652</u>	<u>2,610,416</u>	<u>220,570</u>
<u>Business-Type Activities:</u>					
Compensated Absences	<u>109,736</u>	<u>45,460</u>	<u>46,301</u>	<u>108,895</u>	<u>10,890</u>
	<u>\$ 2,879,449</u>	<u>251,815</u>	<u>411,953</u>	<u>2,719,311</u>	<u>231,460</u>

Long-term obligations of the City at December 31, 2006 are as follows:

<u>Issue</u>	<u>Rate %</u>	<u>Issued</u>	<u>Final</u> <u>Maturity</u>	<u>Balance</u> <u>Outstanding</u>
Issue II	0.0%	7-1-1997	1-1-2020	\$ <u>506,250</u>
TIF Loan	3.56%	5-1-2005	4-20-2014	\$ <u>519,985</u>
Eaton Municipal Court Facility Bond	4.69%	3-5-2004	3-1-2018	\$ <u>1,133,857</u>

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, 2001, the City had drawn down the entire \$750,000 of this loan. The repayment of this debt began in 2001. Annual required payments are \$37,500 and are paid out of the Capital Improvement Fund.

On March 5, 2004, 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 2006 debt service payment, which includes interest, was \$128,688 and was paid out of the Municipal Court Special Projects Fund.

On April 20, 2005, 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. The 2006 payment, which includes interest, was \$49,595 and was paid out of the Debt Service Fund. Annual debt payments beginning in 2007, which include interest, are \$79,610 and will be paid out of the Debt Service Fund.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006

**NOTE 14 – LONG-TERM OBLIGATIONS** (Continued)

As of December 31, 2006, the City's legal debt margin (the ability to issue additional principal amounts of general obligation bonded debt) was approximately \$18.80 million. Principal and interest requirements to retire long-term governmental activities obligations outstanding at December 31, 2006 are as follows:

	Issue II Loan	Eaton Municipal Court Facility Bond		TIF Loan	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 37,500	76,396	52,293	61,642	17,968
2008	37,500	80,021	48,668	63,856	15,754
2009	37,500	83,818	44,871	66,150	13,460
2010	37,500	87,795	40,893	68,526	11,084
2011	37,500	91,961	36,728	70,987	8,623
2012-2016	187,500	529,547	113,894	188,824	10,202
2017-2020	131,250	184,319	8,711	-	-
	<u>\$ 506,250</u>	<u>\$ 1,133,857</u>	<u>\$ 346,058</u>	<u>\$ 519,985</u>	<u>\$ 77,091</u>

**NOTE 15 – 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 City's legal counsel that sufficient resources will be available for the payment of such claims, if any, upon ultimate settlement.

**NOTE 16 – 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 Section 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 Preble County Budget Commission adopts appropriations and the cemetery serves as its own fiscal agent. For the year ended December 31, 2006, the City of Eaton contributed \$98,655 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 Hill Union Cemetery at 533 West Main Street, Eaton, Ohio 45320.

**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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property Taxes	\$ 552,500	552,500	622,327	69,827
Municipal Income Taxes	910,000	910,000	954,120	44,120
Intergovernmental Revenue	501,550	501,550	540,995	39,445
Charges for Services	80,000	80,000	615,411	535,411
Licenses and Permits	125,000	125,000	133,518	8,518
Investment Income	81,500	81,500	333,761	252,261
Fees, Fines and Forfeitures	550,000	550,000	601,115	51,115
Other Revenue	<u>145,000</u>	<u>143,482</u>	<u>153,939</u>	<u>10,457</u>
Total Revenues	<u>2,945,550</u>	<u>2,944,032</u>	<u>3,955,186</u>	<u>1,011,154</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	1,689,984	1,604,884	1,436,565	168,319
Public Safety	1,303,850	1,381,450	1,224,255	157,195
Public Health	1,161,968	580,450	580,450	-
Transportation	116,000	118,500	111,844	6,656
Community Development	<u>255,150</u>	<u>260,150</u>	<u>232,081</u>	<u>28,069</u>
Total Expenditures	<u>4,526,952</u>	<u>3,945,434</u>	<u>3,585,195</u>	<u>360,239</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	<u>(1,581,402)</u>	<u>(1,001,402)</u>	<u>369,991</u>	<u>1,371,393</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Capital Assets	-	-	2,748	2,748
Transfers In	900,000	320,000	320,000	-
Transfers Out	(285,000)	(285,000)	(44,984)	240,016
Advances Out	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>
Total Other Financing Sources (Uses)	<u>595,000</u>	<u>15,000</u>	<u>277,764</u>	<u>262,764</u>
Net Change in Fund Balance	(986,402)	(986,402)	647,755	1,634,157
Fund Balance, Beginning of Year	977,918	977,918	977,918	-
Prior Year Encumbrances Appropriated	<u>8,485</u>	<u>8,485</u>	<u>8,485</u>	<u>-</u>
Fund Balance, End of Year	\$ <u>1</u>	<u>1</u>	<u>1,634,158</u>	<u>1,634,157</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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Municipal Income Taxes	\$ 1,050,000	1,050,000	1,130,674	80,674
Total Revenues	<u>1,050,000</u>	<u>1,050,000</u>	<u>1,130,674</u>	<u>80,674</u>
<b>EXPENDITURES:</b>				
Current:				
Public Safety	<u>1,653,666</u>	<u>1,653,666</u>	<u>1,248,035</u>	<u>405,631</u>
Total Expenditures	<u>1,653,666</u>	<u>1,653,666</u>	<u>1,248,035</u>	<u>405,631</u>
Net Change in Fund Balance	(603,666)	(603,666)	(117,361)	486,305
Fund Balance, Beginning of Year	546,807	546,807	546,807	-
Prior Year Encumbrances Appropriated	<u>56,859</u>	<u>56,859</u>	<u>56,859</u>	<u>-</u>
Fund Balance, End of Year	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>486,305</u></u>	<u><u>486,305</u></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  
Street Construction, Maintenance and Repair Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 346,000	346,000	384,949	38,949
Charges for Services	-	-	7,858	7,858
Licenses and Permits	-	-	1,375	1,375
	<u>346,000</u>	<u>346,000</u>	<u>394,182</u>	<u>48,182</u>
Total Revenues				
<b>EXPENDITURES:</b>				
Transportation	<u>449,811</u>	<u>449,811</u>	<u>375,834</u>	<u>73,977</u>
Net Change in Fund Balance	<u>(103,811)</u>	<u>(103,811)</u>	<u>18,348</u>	122,159
Fund Balance, Beginning of Year	99,117	99,117	99,117	-
Prior Year Encumbrances Appropriated	<u>4,694</u>	<u>4,694</u>	<u>4,694</u>	-
Fund Balance, End of Year	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>122,159</u></u>	<u><u>122,159</u></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, 2006

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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, 2006

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>	<u>Street Construction, Maintenance &amp; Repair Fund</u>
Net Change in Fund Balance - GAAP Basis	\$ 652,128	6,525	15,341
Increase/(Decrease):			
Due to Revenues	231,566	(170,804)	2,885
Due to Expenditures	(553,408)	169,327	3,703
Other Financing Sources (Uses)	320,000	-	-
Encumbrances	<u>(2,531)</u>	<u>(122,409)</u>	<u>(3,581)</u>
Net Change in Fund Balance - Budgetary Basis	\$ <u>647,755</u>	<u>(117,361)</u>	<u>18,348</u>

## **SUPPLEMENTARY INFORMATION**

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***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.

**Street Construction, Maintenance & Repair Fund** – Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

**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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property Taxes:				
General	\$ 440,000	440,000	508,784	68,784
Tangible Personal	112,500	112,500	113,543	1,043
Total Property Taxes	<u>552,500</u>	<u>552,500</u>	<u>622,327</u>	<u>69,827</u>
Municipal Income Taxes	<u>910,000</u>	<u>910,000</u>	<u>954,120</u>	<u>44,120</u>
Intergovernmental Revenue:				
Local Government Fund, County	338,600	338,600	392,618	54,018
Inheritance	25,000	25,000	1,003	(23,997)
Cigarette Licenses	350	350	323	(27)
Liquor and Beer Permits	9,000	9,000	7,949	(1,051)
Fire Contracts	80,000	80,000	79,681	(319)
Ambulance Contracts	45,000	45,000	51,021	6,021
Police Firing Range	3,600	3,600	3,700	100
Other Grants	-	-	4,700	4,700
Total Intergovernmental Revenue	<u>501,550</u>	<u>501,550</u>	<u>540,995</u>	<u>39,445</u>
Charges for Services:				
General Government-Cable Franchise	30,000	30,000	28,086	(1,914)
Ambulance Removal Fees	50,000	50,000	587,325	537,325
Total Charges for Services	<u>80,000</u>	<u>80,000</u>	<u>615,411</u>	<u>535,411</u>
Licenses and Permits:				
Zoning Fees	-	-	75	75
Building Permits	125,000	125,000	133,443	8,443
Total Licenses and Permits	<u>125,000</u>	<u>125,000</u>	<u>133,518</u>	<u>8,518</u>
Investment Income	<u>81,500</u>	<u>81,500</u>	<u>333,761</u>	<u>252,261</u>
Fees, Fines and Forfeitures	<u>550,000</u>	<u>550,000</u>	<u>601,115</u>	<u>51,115</u>
Other Revenue	<u>145,000</u>	<u>143,482</u>	<u>153,939</u>	<u>10,457</u>
Total Revenues	<u>2,945,550</u>	<u>2,944,032</u>	<u>3,955,186</u>	<u>1,011,154</u>

**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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Administration	998,384	883,284	735,186	148,098
Council	11,600	11,600	10,206	1,394
Municipal Court	680,000	710,000	691,173	18,827
Total General Government	<u>1,689,984</u>	<u>1,604,884</u>	<u>1,436,565</u>	<u>168,319</u>
Public Safety:				
Police Division	1,115,300	1,115,300	976,759	138,541
Headquarters	62,400	62,400	60,427	1,973
Fire Division	55,100	70,100	60,426	9,674
EMS Division	71,050	133,650	126,643	7,007
Total Public Safety	<u>1,303,850</u>	<u>1,381,450</u>	<u>1,224,255</u>	<u>157,195</u>
Public Health:				
Employee Health Care Fund	1,161,968	580,450	580,450	-
Transportation:				
Traffic Lights	24,000	26,500	22,273	4,227
Public Maintenance	92,000	92,000	89,571	2,429
Total Transportation	<u>116,000</u>	<u>118,500</u>	<u>111,844</u>	<u>6,656</u>
Community Development:				
Building and Zoning	255,150	260,150	232,081	28,069
Total Expenditures	<u>4,526,952</u>	<u>3,945,434</u>	<u>3,585,195</u>	<u>360,239</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>(1,581,402)</u>	<u>(1,001,402)</u>	<u>369,991</u>	<u>1,371,393</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Capital Assets	-	-	2,748	2,748
Transfers In	900,000	320,000	320,000	-
Transfers Out	(285,000)	(285,000)	(44,984)	240,016
Advances Out	(20,000)	(20,000)	-	20,000
Total Other Financing Sources (Uses)	<u>595,000</u>	<u>15,000</u>	<u>277,764</u>	<u>262,764</u>
Net Change in Fund Balance	(986,402)	(986,402)	647,755	1,634,157
Fund Balance, Beginning of Year	977,918	977,918	977,918	-
Prior Year Encumbrances Appropriated	8,485	8,485	8,485	-
Fund Balance, End of Year	<u>\$ 1</u>	<u>1</u>	<u>1,634,158</u>	<u>1,634,157</u>

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

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Public Safety Special Revenue Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Municipal Income Taxes	\$ 1,050,000	1,050,000	1,130,674	80,674
Total Revenues	<u>1,050,000</u>	<u>1,050,000</u>	<u>1,130,674</u>	<u>80,674</u>
<b>EXPENDITURES:</b>				
Current:				
Public Safety	<u>1,653,666</u>	<u>1,653,666</u>	<u>1,248,035</u>	<u>405,631</u>
Total Expenditures	<u>1,653,666</u>	<u>1,653,666</u>	<u>1,248,035</u>	<u>405,631</u>
Net Change in Fund Balance	(603,666)	(603,666)	(117,361)	486,305
Fund Balance, Beginning of Year	546,807	546,807	546,807	-
Prior Year Encumbrances Appropriated	<u>56,859</u>	<u>56,859</u>	<u>56,859</u>	<u>-</u>
Fund Balance, End of Year	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>486,305</u></u>	<u><u>486,305</u></u>



**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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 346,000	346,000	384,949	38,949
Charges for Services	-	-	7,858	7,858
Licenses and Permits	-	-	1,375	1,375
Total Revenues	<u>346,000</u>	<u>346,000</u>	<u>394,182</u>	<u>48,182</u>
<b>EXPENDITURES:</b>				
Transportation	<u>449,811</u>	<u>449,811</u>	<u>375,834</u>	<u>73,977</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>(103,811)</u>	<u>(103,811)</u>	<u>18,348</u>	<u>122,159</u>
Fund Balance, Beginning of Year	99,117	99,117	99,117	-
Prior Year Encumbrances Appropriated	<u>4,694</u>	<u>4,694</u>	<u>4,694</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>122,159</u></u>	<u><u>122,159</u></u>

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

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Capital Improvements Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Municipal Income Taxes	\$ 1,145,000	1,145,000	1,307,229	162,229
Special Assessments	10,000	10,000	55,774	45,774
Other Revenue	-	-	46,044	46,044
Total Revenues	<u>1,155,000</u>	<u>1,155,000</u>	<u>1,409,047</u>	<u>254,047</u>
<b>EXPENDITURES:</b>				
Capital Outlay	2,960,430	2,960,430	1,122,732	1,837,698
Debt Service:				
Principal Payments	<u>37,500</u>	<u>37,500</u>	<u>37,500</u>	<u>-</u>
Total Expenditures	<u>2,997,930</u>	<u>2,997,930</u>	<u>1,160,232</u>	<u>1,837,698</u>
Net Change in Fund Balance	(1,842,930)	(1,842,930)	248,815	2,091,745
Fund Balance, Beginning of Year	1,837,973	1,837,973	1,837,973	-
Prior Year Encumbrances Appropriated	<u>4,957</u>	<u>4,957</u>	<u>4,957</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>-</u>	<u>2,091,745</u>	<u>2,091,745</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.

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.

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

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

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

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

Combining Statements – Nonmajor Governmental Funds  
(Continued)

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***NONMAJOR DEBT SERVICE FUND***

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General Bond Retirement Fund – To maintain and account for payment of principal and interest on debt for certain bonds of the City.

Since there is only one nonmajor Debt Service Fund, no individual fund information is presented.

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***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 maintain and account for Issue II proceeds for the renovation of the downtown area of the City.

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

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***NONMAJOR PERMANENT FUND***

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Permanent Fund (Francis Trust) – 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, no individual fund information is presented.

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2006

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 195,541	-	53,410	-	248,951
Investments	-	-	-	10,000	10,000
Receivables (net of allowance for uncollectibles):					
Taxes	59,270	-	-	-	59,270
Accounts	504	-	-	-	504
Accrued Interest	-	-	-	25	25
Due from Other Governments	19,246	-	-	-	19,246
Due from Other Funds	19,996	-	-	-	19,996
	<u>294,557</u>	<u>-</u>	<u>53,410</u>	<u>10,025</u>	<u>357,992</u>
Total Assets	\$ 294,557	-	53,410	10,025	357,992
<b>LIABILITIES:</b>					
Accounts Payable	\$ 5,915	-	-	-	5,915
Accrued Wages and Benefits	745	-	-	-	745
Due to Other Funds	5,106	-	-	-	5,106
Unearned Revenue	75,978	-	-	-	75,978
	<u>87,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,744</u>
Total Liabilities	87,744	-	-	-	87,744
<b>FUND BALANCE:</b>					
Reserved for:			-		
Permanent Funds	-	-	-	10,000	10,000
Unreserved	206,813	-	53,410	25	260,248
	<u>206,813</u>	<u>-</u>	<u>53,410</u>	<u>10,025</u>	<u>270,248</u>
Total Fund Balance	206,813	-	53,410	10,025	270,248
Total Liabilities and Fund Balance	\$ 294,557	-	53,410	10,025	357,992

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2006

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	Indigent Driver	Enforcement & Education
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 51,565	11,602
Receivables (net of allowance for uncollectibles):		
Taxes	-	-
Accounts	-	-
Due from Other Governments	-	-
Due from Other Funds	189	113
 Total Assets	\$ 51,754	11,715
<b>LIABILITIES:</b>		
Accounts Payable	\$ 671	-
Accrued Wages and Benefits	-	-
Due to Other Funds	-	-
Unearned Revenue	-	-
 Total Liabilities	671	-
<b>FUND BALANCE:</b>		
Unreserved	51,083	11,715
 Total Fund Balance	51,083	11,715
 Total Liabilities and Fund Balance	\$ 51,754	11,715

<u>Law Enforcement</u>	<u>Computerization Upgrade</u>	<u>Municipal Court Special Projects Fund</u>	<u>State Highway Improvement</u>	<u>Cemetery</u>
1,417	22,281	75,323	4,272	-
-	-	-	-	59,270
-	-	-	-	-
-	-	-	17,951	1,295
<u>-</u>	<u>7,834</u>	<u>11,860</u>	<u>-</u>	<u>-</u>
<u>1,417</u>	<u>30,115</u>	<u>87,183</u>	<u>22,223</u>	<u>60,565</u>
-	1,534	-	-	-
-	405	-	226	-
-	2,553	-	2,553	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>15,413</u>	<u>60,565</u>
<u>-</u>	<u>4,492</u>	<u>-</u>	<u>18,192</u>	<u>60,565</u>
<u>1,417</u>	<u>25,623</u>	<u>87,183</u>	<u>4,031</u>	<u>-</u>
<u>1,417</u>	<u>25,623</u>	<u>87,183</u>	<u>4,031</u>	<u>-</u>
<u>1,417</u>	<u>30,115</u>	<u>87,183</u>	<u>22,223</u>	<u>60,565</u>

(Continued)

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2006  
(Continued)

	Recreation	Swimming Pool
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 4,933	3,177
Receivables (net of allowance for uncollectibles):		
Taxes	-	-
Accounts	-	-
Due from Other Governments	-	-
Due from Other Funds	-	-
Total Assets	\$ 4,933	3,177
<b>LIABILITIES:</b>		
Accounts Payable	\$ 486	81
Accrued Wages and Benefits	-	-
Due to Other Funds	-	-
Unearned Revenue	-	-
Total Liabilities	486	81
<b>FUND BALANCE:</b>		
Unreserved	4,447	3,096
Total Fund Balance	4,447	3,096
Total Liabilities and Fund Balance	\$ 4,933	3,177



<u>Robert's Bridge</u>	<u>Fort St. Clair</u>	<u>Small Cities</u>	<u>Community Housing</u>	<u>Home Investment</u>	<u>Total Special Revenue Funds</u>
413	20,558	-	-	-	195,541
-	-	-	-	-	59,270
-	504	-	-	-	504
-	-	-	-	-	19,246
-	-	-	-	-	19,996
<u>413</u>	<u>21,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>294,557</u>
-	3,143	-	-	-	5,915
-	114	-	-	-	745
-	-	-	-	-	5,106
-	-	-	-	-	75,978
-	<u>3,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,744</u>
<u>413</u>	<u>17,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,813</u>
<u>413</u>	<u>17,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,813</u>
<u>413</u>	<u>21,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>294,557</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2006

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	Issue II	TIF	Total Capital Projects Funds
<b>ASSETS:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ <u>          -</u>	<u>      53,410</u>	<u>      53,410</u>
Total Assets	\$ <u>          -</u>	<u>      53,410</u>	<u>      53,410</u>
 <b>FUND BALANCE:</b>			
Unreserved	\$ <u>          -</u>	<u>      53,410</u>	<u>      53,410</u>
Total Fund Balance	<u>          -</u>	<u>      53,410</u>	<u>      53,410</u>
Total Liabilities and Fund Balance	\$ <u>          -</u>	<u>      53,410</u>	<u>      53,410</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2006

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>					
Property Taxes	\$ 57,589	-	80,593	-	138,182
Intergovernmental	300,221	-	127,565	-	427,786
Charges for Services	16,509	-	-	-	16,509
Fees, Fines and Forfeitures	257,371	-	-	-	257,371
Investment Income	-	-	-	435	435
Other Revenue	37,749	-	-	-	37,749
	<u>669,439</u>	<u>-</u>	<u>208,158</u>	<u>435</u>	<u>878,032</u>
Total Revenues					
<b>EXPENDITURES:</b>					
Current:					
General Government	98,748	-	-	-	98,748
Public Safety	200	-	-	-	200
Public Health	122,251	-	-	410	122,661
Transportation	32,572	-	411	-	32,983
Community Development	220,869	-	-	-	220,869
Culture and Recreation	70,664	-	-	-	70,664
Capital Outlay	37,875	-	81,940	-	119,815
Debt Service:					
Principal	72,935	-	30,015	-	102,950
Interest	55,730	10,388	9,192	-	75,310
	<u>711,844</u>	<u>10,388</u>	<u>121,558</u>	<u>410</u>	<u>844,200</u>
Total Expenditures					
Excess (Deficit) of Revenues Over/ (Under) Expenditures	<u>(42,405)</u>	<u>(10,388)</u>	<u>86,600</u>	<u>25</u>	<u>33,832</u>
<b>OTHER FINANCING SOURCES/(USES):</b>					
Transfers In	44,984	-	-	-	44,984
Transfers Out	-	-	(46,044)	-	(46,044)
	<u>44,984</u>	<u>-</u>	<u>(46,044)</u>	<u>-</u>	<u>(1,060)</u>
Total Other Financing Sources/(Uses)					
Net Change in Fund Balance	2,579	(10,388)	40,556	25	32,772
Fund Balance, Beginning of Year	<u>204,234</u>	<u>10,388</u>	<u>12,854</u>	<u>10,000</u>	<u>237,476</u>
Fund Balance, End of Year	<u>\$ 206,813</u>	<u>-</u>	<u>53,410</u>	<u>10,025</u>	<u>270,248</u>

**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2006

	Indigent Driver	Enforcement & Education
<b>REVENUES:</b>		
Property Taxes	\$ -	-
Intergovernmental	-	-
Charges for Services	-	-
Fees, Fines and Forfeitures	7,101	2,000
Other Revenue	-	-
Total Revenues	7,101	2,000
<b>EXPENDITURES:</b>		
Current:		
General Government	-	-
Public Safety	-	-
Public Health	23,596	-
Transportation	-	-
Community Development	-	-
Culture and Recreation	-	-
Capital Outlay	-	-
Debt Service:		
Principal	-	-
Interest	-	-
Total Expenditures	23,596	-
Excess (Deficit) of Revenues Over/ (Under) Expenditures	(16,495)	2,000
<b>OTHER FINANCING SOURCES/(USES):</b>		
Transfers In	-	-
Total Other Financing Sources/(Uses)	-	-
Net Change in Fund Balance	(16,495)	2,000
Fund Balance, Beginning of Year	67,578	9,715
Fund Balance, End of Year	\$ 51,083	11,715

<u>Law Enforcement</u>	<u>Computerization Upgrade</u>	<u>Municipal Court Special Projects Fund</u>	<u>State Highway Improvement</u>	<u>Cemetery</u>
-	-	-	-	57,589
-	-	-	30,979	13,373
-	-	-	-	-
756	99,070	148,444	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>756</u>	<u>99,070</u>	<u>148,444</u>	<u>30,979</u>	<u>70,962</u>
-	97,068	1,680	-	-
200	-	-	-	-
-	-	-	-	98,655
-	-	-	32,572	-
-	-	-	-	-
-	-	-	-	-
-	2,875	-	-	-
-	-	72,935	-	-
<u>-</u>	<u>-</u>	<u>55,730</u>	<u>-</u>	<u>-</u>
<u>200</u>	<u>99,943</u>	<u>130,345</u>	<u>32,572</u>	<u>98,655</u>
<u>556</u>	<u>(873)</u>	<u>18,099</u>	<u>(1,593)</u>	<u>(27,693)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,693</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,693</u>
556	(873)	18,099	(1,593)	-
<u>861</u>	<u>26,496</u>	<u>69,084</u>	<u>5,624</u>	<u>-</u>
<u>1,417</u>	<u>25,623</u>	<u>87,183</u>	<u>4,031</u>	<u>-</u>

(Continued)

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

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2006  
(Continued)

	Recreation	Swimming Pool
<b>REVENUES:</b>		
Property Taxes	\$ -	-
Intergovernmental	-	-
Charges for Services	16,509	-
Fees, Fines and Forfeitures	-	-
Other Revenue	-	-
Total Revenues	16,509	-
<b>EXPENDITURES:</b>		
Current:		
General Government	-	-
Public Safety	-	-
Public Health	-	-
Transportation	-	-
Community Development	-	-
Culture and Recreation	24,902	12,014
Capital Outlay	-	-
Debt Service:		
Principal	-	-
Interest	-	-
Total Expenditures	24,902	12,014
Excess (Deficit) of Revenues Over/ (Under) Expenditures	(8,393)	(12,014)
<b>OTHER FINANCING SOURCES/(USES):</b>		
Transfers In	7,291	10,000
Total Other Financing Sources/(Uses)	7,291	10,000
Net Change in Fund Balance	(1,102)	(2,014)
Fund Balance, Beginning of Year	5,549	5,110
Fund Balance, End of Year	\$ 4,447	3,096

Robert's Bridge	Fort St. Clair	Small Cities	Community Housing	Home Investment	Total Special Revenue Funds
-	-	-	-	-	57,589
-	-	35,000	160,869	60,000	300,221
-	-	-	-	-	16,509
-	-	-	-	-	257,371
-	37,749	-	-	-	37,749
-	37,749	35,000	160,869	60,000	669,439
-	-	-	-	-	98,748
-	-	-	-	-	200
-	-	-	-	-	122,251
-	-	-	-	-	32,572
-	-	-	160,869	60,000	220,869
630	33,118	-	-	-	70,664
-	-	35,000	-	-	37,875
-	-	-	-	-	72,935
-	-	-	-	-	55,730
630	33,118	35,000	160,869	60,000	711,844
(630)	4,631	-	-	-	(42,405)
-	-	-	-	-	44,984
-	-	-	-	-	44,984
(630)	4,631	-	-	-	2,579
1,043	13,174	-	-	-	204,234
413	17,805	-	-	-	206,813

**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, 2006

	Issue II	TIF	Total Capital Projects Funds
<b>REVENUES:</b>			
Property Taxes	\$ -	80,593	80,593
Intergovernmental	<u>127,565</u>	<u>-</u>	<u>127,565</u>
Total Revenues	<u>127,565</u>	<u>80,593</u>	<u>208,158</u>
<b>EXPENDITURES:</b>			
Current:			
Transportation	411	-	411
Capital Outlay	81,940	-	81,940
Debt Service:			
Principal	-	30,015	30,015
Interest	<u>-</u>	<u>9,192</u>	<u>9,192</u>
Total Expenditures	<u>82,351</u>	<u>39,207</u>	<u>121,558</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	<u>45,214</u>	<u>41,386</u>	<u>86,600</u>
<b>OTHER FINANCING SOURCES/(USES):</b>			
Transfers Out	<u>(46,044)</u>	<u>-</u>	<u>(46,044)</u>
Total Other Financing Sources/(Uses)	<u>(46,044)</u>	<u>-</u>	<u>(46,044)</u>
Net Change in Fund Balance	(830)	41,386	40,556
Fund Balance, Beginning of Year	<u>830</u>	<u>12,024</u>	<u>12,854</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>53,410</u>	<u>53,410</u>



**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
Combining Statement of Changes in Assets  
and Liabilities - Agency Fund  
For the Year Ended December 31, 2006

	Balance 12/31/2005	Additions	Deductions	Balance 12/31/2006
<u>State Patrol Transfer Fund</u>				
Assets:				
Cash and Cash Equivalents	\$ 21,652	-	21,652	-
Due from Other Governments	4,084	5,360	4,084	5,360
Total Assets	\$ <u>25,736</u>	<u>5,360</u>	<u>25,736</u>	<u>5,360</u>
Liabilities:				
Accounts Payable	\$ <u>25,736</u>	<u>5,360</u>	<u>25,736</u>	<u>5,360</u>
Total Liabilities	\$ <u>25,736</u>	<u>5,360</u>	<u>25,736</u>	<u>5,360</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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fees, Fines and Forfeitures	\$ 5,000	5,000	9,521	4,521
<b>EXPENDITURES:</b>				
Public Health	70,891	70,891	23,847	47,044
Change in Fund Balance	(65,891)	(65,891)	(14,326)	51,565
Fund Balance, Beginning of Year	65,891	65,891	65,891	-
Fund Balance, End of Year	\$ -	-	51,565	51,565

**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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fees, Fines and Forfeitures	\$ 1,000	1,000	1,887	887
<b>EXPENDITURES:</b>				
Public Safety	10,754	10,754	40	10,714
Change in Fund Balance	(9,754)	(9,754)	1,847	11,601
Fund Balance, Beginning of Year	9,715	9,715	9,715	-
Prior Year Encumbrances Appropriated	40	40	40	-
Fund Balance, End of Year	\$ 1	1	11,602	11,601

**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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Total Revenues	\$ -	-	756	756
<b>EXPENDITURES:</b>				
Public Safety	861	861	200	661
Change in Fund Balance	(861)	(861)	556	1,417
Fund Balance, Beginning of Year	861	861	861	-
Fund Balance, End of Year	\$ -	-	1,417	1,417

**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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fees, Fines and Forfeitures	\$ 85,000	98,000	99,017	1,017
<b>EXPENDITURES:</b>				
General Government	106,364	119,364	98,100	21,264
Change in Fund Balance	(21,364)	(21,364)	917	22,281
Fund Balance, Beginning of Year	21,364	21,364	21,364	-
Fund Balance, End of Year	\$ -	-	22,281	22,281

**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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fees, Fines and Forfeitures	\$ 126,500	131,500	148,170	16,670
Total Revenues	<u>126,500</u>	<u>131,500</u>	<u>148,170</u>	<u>16,670</u>
<b>EXPENDITURES:</b>				
Capital Outlay	95,813	100,813	42,185	58,628
Debt Service:				
Principal Payments	72,935	72,935	72,935	-
Interest	<u>55,754</u>	<u>55,754</u>	<u>55,730</u>	<u>24</u>
Total Expenditures	<u>224,502</u>	<u>229,502</u>	<u>170,850</u>	<u>58,652</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>(98,002)</u>	<u>(98,002)</u>	<u>(22,680)</u>	<u>75,322</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Advances In	20,000	-	-	-
Advances Out	<u>(20,000)</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	(98,002)	(98,002)	(22,680)	75,322
Fund Balance, Beginning of Year	37,066	37,066	37,066	-
Prior Year Encumbrances Appropriated	<u>60,937</u>	<u>60,937</u>	<u>60,937</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>1</u>	<u>75,323</u>	<u>75,322</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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 28,200	28,200	31,213	3,013
<b>EXPENDITURES:</b>				
Transportation	33,012	33,012	31,753	1,259
Change in Fund Balance	(4,812)	(4,812)	(540)	4,272
Fund Balance, Beginning of Year	4,812	4,812	4,812	-
Fund Balance, End of Year	\$ -	-	4,272	4,272

**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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property Taxes	\$ 64,800	64,800	57,589	(7,211)
Intergovernmental	4,350	5,855	13,373	7,518
Total Revenues	69,150	70,655	70,962	307
<b>EXPENDITURES:</b>				
Public Health	98,655	98,655	98,655	-
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(29,505)	(28,000)	(27,693)	307
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	29,505	28,000	27,693	(307)
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  
Recreation Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for Services	\$ 13,000	16,300	16,509	209
<b>EXPENDITURES:</b>				
Culture and Recreation	26,413	30,213	25,281	4,932
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(13,413)	(13,913)	(8,772)	5,141
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	7,000	7,500	7,291	(209)
Net Change in Fund Balance	(6,413)	(6,413)	(1,481)	4,932
Fund Balance, Beginning of Year	6,413	6,413	6,413	-
Fund Balance, End of Year	\$ -	-	4,932	4,932

**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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Total Revenues	\$ -	-	-	-
<b>EXPENDITURES:</b>				
Culture and Recreation	15,299	15,299	12,123	3,176
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(15,299)	(15,299)	(12,123)	3,176
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	10,000	10,000	10,000	-
Net Change in Fund Balance	(5,299)	(5,299)	(2,123)	3,176
Fund Balance, Beginning of Year	5,300	5,300	5,300	-
Fund Balance, End of Year	\$ 1	1	3,177	3,176

**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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Total Revenues	\$ -	-	-	-
<b>EXPENDITURES:</b>				
Culture and Recreation	1,043	1,043	630	413
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(1,043)	(1,043)	(630)	413
Fund Balance, Beginning of Year	1,043	1,043	1,043	-
Fund Balance, End of Year	\$ -	-	413	413

**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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Other Revenue	\$ 31,200	26,300	37,686	11,386
<b>EXPENDITURES:</b>				
Culture and Recreation	58,668	46,668	32,597	14,071
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(27,468)	(20,368)	5,089	25,457
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	12,000	4,900	-	(4,900)
Net Change in Fund Balance	(15,468)	(15,468)	5,089	20,557
Fund Balance, Beginning of Year	15,469	15,469	15,469	-
Fund Balance, End of Year	\$ 1	1	20,558	20,557

**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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental Revenue	\$ 36,000	35,000	35,000	-
<b>EXPENDITURES:</b>				
Capital Outlay	36,000	35,000	35,000	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	-	-	-

**CITY OF EATON, OHIO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Community Housing Improvement  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental Revenue	\$ 322,000	160,869	160,869	-
<b>EXPENDITURES:</b>				
Transportation	322,000	160,869	160,869	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	-	-	-



**CITY OF EATON, OHIO**  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Home Investment Partnership Grant  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental Revenue	\$ 234,000	60,000	60,000	-
<b>EXPENDITURES:</b>				
Transportation	234,000	60,000	60,000	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	-	-	-

**CITY OF EATON  
PREBLE COUNTY, OHIO**  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis  
Bond Retirement Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Total Revenues	\$ -	-	-	-
<b>EXPENDITURES:</b>				
Debt Service:				
Interest	10,388	10,388	10,388	-
Total Expenditures	10,388	10,388	10,388	-
Net Change in Fund Balance	(10,388)	(10,388)	(10,388)	-
Fund Balance, Beginning of Year	10,388	10,388	10,388	-
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  
Issue II Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental Revenue	\$ 100,000	127,565	127,565	-
<b>EXPENDITURES:</b>				
Capital Outlay	100,830	128,395	128,395	-
Net Change in Fund Balance	(830)	(830)	(830)	-
Fund Balance, Beginning of Year	830	830	830	-
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  
TIF Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property Taxes	\$ 77,250	80,000	80,593	593
Intergovernmental Revenue	12,750	-	-	-
Total Revenues	90,000	80,000	80,593	593
<b>EXPENDITURES:</b>				
Capital Outlay	102,023	92,023	39,207	52,816
Net Change in Fund Balance	(12,023)	(12,023)	41,386	53,409
Fund Balance, Beginning of Year	12,024	12,024	12,024	-
Fund Balance, End of Year	\$ 1	1	53,410	53,409

**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-8  
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.

**Revenue Capacity** S-8 – S-9  
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-10 – S-12  
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-13 – S-14  
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-15 – S-20  
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**

**Schedule 1**

Net Assets by Component,  
Last Five Fiscal Years  
(accrual basis of accounting)

	<b>Fiscal Year</b>				
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>Governmental Activities:</b>					
Invested in Capital Assets, Net of Related Debt	\$ 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	1,285,819	1,237,373	1,044,279	1,071,313	382,501
Capital Projects	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
Unrestricted	<u>1,708,875</u>	<u>1,054,211</u>	<u>1,829,189</u>	<u>1,920,539</u>	<u>2,099,002</u>
Total net assets	\$ <u>10,674,302</u>	<u>9,462,098</u>	<u>8,730,492</u>	<u>8,411,416</u>	<u>8,189,318</u>

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

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

**CITY OF EATON  
PREBLE COUNTY, OHIO**

**Schedule 2**

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

	<b>Fiscal Year</b>				
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>Expenses:</b>					
Governmental Activities:					
General Government	\$ 2,292,327	1,841,644	2,109,868	1,847,486	1,787,812
Public Safety	2,499,063	2,391,588	2,171,369	2,180,635	2,069,768
Public Health	149,790	137,836	171,062	148,194	155,547
Transportation	1,140,312	954,615	450,405	967,800	986,280
Community Development	562,329	338,883	683,209	208,519	193,767
Culture and Recreation	105,966	127,088	196,266	268,863	169,256
Interest on Long-Term Debt	72,797	77,514	73,212	52,923	-
<b>Total Governmental Activities Expenses</b>	<b>6,822,584</b>	<b>5,869,168</b>	<b>5,855,391</b>	<b>5,674,420</b>	<b>5,362,430</b>
Business-Type Activities:					
Water	799,655	962,433	674,554	749,140	751,735
Sewer	997,632	927,580	797,216	759,188	743,713
Refuse	481,251	475,803	462,213	506,051	489,692
Other Business-Type Activities	120	12,147	15,589	27,636	30,644
<b>Total Business-Type Activities Expenses</b>	<b>2,278,658</b>	<b>2,377,963</b>	<b>1,949,572</b>	<b>2,042,015</b>	<b>2,015,784</b>
<b>Total Primary Government Expenses</b>	<b>\$ 9,101,242</b>	<b>8,247,131</b>	<b>7,804,963</b>	<b>7,716,435</b>	<b>7,378,214</b>
<b>Program Revenues:</b>					
Governmental Activities:					
Charges for Services:					
General Government	\$ 869,171	798,013	768,181	846,408	814,805
Public Safety	123,144	130,849	130,667	165,807	206,305
Public Health	9,101	11,668	9,019	8,144	18,195
Transportation	-	-	-	-	-
Community Development	337,472	207,122	230,617	159,612	137,191
Culture and Recreation	16,509	8,805	44,288	38,077	69,716
<b>Total Charges for Services</b>	<b>1,355,397</b>	<b>1,156,457</b>	<b>1,182,772</b>	<b>1,218,048</b>	<b>1,246,212</b>
Operating Grants and Contributions:					
Public Safety	4,825	1,000	-	-	-
Transportation	-	-	-	10,463	-
Community Development	220,869	-	-	-	-
Culture and Recreation	19,489	16,602	14,931	17,990	25,100
<b>Total Operating Grants and Contributions</b>	<b>245,183</b>	<b>17,602</b>	<b>14,931</b>	<b>28,453</b>	<b>25,100</b>
Capital Grants and Contributions:					
Public Safety	511,305	117,365	29,654	-	-
Public Health	-	-	-	19,602	-
Transportation	127,565	129,064	257,542	-	-
Community Development	35,000	37,000	36,828	176,562	111,073
Culture and Recreation	-	137,719	-	-	-
<b>Total Capital Grants and Contributions</b>	<b>673,870</b>	<b>421,148</b>	<b>324,024</b>	<b>196,164</b>	<b>111,073</b>
<b>Total Governmental Activities Program Revenues</b>	<b>2,274,450</b>	<b>1,595,207</b>	<b>1,521,727</b>	<b>1,442,665</b>	<b>1,382,385</b>

**CITY OF EATON  
PREBLE COUNTY, OHIO**

**Schedule 2**

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

	<b>Fiscal Year</b>				
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>Business-Type Activities:</b>					
Charges for Services:					
Water	1,336,688	1,245,084	1,099,204	1,052,010	812,272
Sewer	1,138,587	1,231,520	959,627	803,960	813,870
Refuse	513,757	527,259	491,855	492,123	479,400
Other Business-Type Activities	3,245	10,748	17,627	22,405	27,645
<b>Total Charges for Services</b>	<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>
 Capital Grants and Contributions:					
Water	-	-	2,828	51,462	17,131
Sewer	83,672	37,000	147,161	-	96,450
<b>Total Capital Grants and Contributions</b>	<u>83,672</u>	<u>37,000</u>	<u>149,989</u>	<u>51,462</u>	<u>113,581</u>
<b>Total Business-Type Activities Program Revenues</b>	<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>
<b>Total Primary Government Program Revenues</b>	<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>
 <b>Net (Expense)/Revenue:</b>					
Governmental Activities	(4,548,134)	(4,273,961)	(4,333,664)	(4,231,755)	(3,980,045)
Business-Type Activities	797,291	673,648	768,730	379,945	230,984
<b>Total Primary Government Net (Expense)/Revenue</b>	<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>
 <b>General Revenues and Other Changes in Net Assets:</b>					
Governmental Activities:					
Taxes:					
Property Taxes, Levied for:					
General Purposes	702,920	593,900	608,928	572,948	581,914
Cemetery	57,589	64,072	68,162	62,689	-
Municipal Income	3,812,240	3,343,517	3,053,495	2,809,463	2,498,138
Grants and Contributions not					
Restricted to Specific Programs	828,139	788,963	846,990	918,067	814,859
Investment Income	329,882	181,468	62,328	59,086	78,132
Gain (Loss) on Sale of Capital Assets	2,748	-	-	-	(41,144)
Other Revenue	26,820	33,647	12,837	31,600	19,672
<b>Total General Revenues, Governmental Activities</b>	<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>
 Business-Type Activities:					
Gain on Sale of Capital Assets	-	-	-	-	500
<b>Total General Revenues, Business-Type Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>
 <b>Change in Net Assets:</b>					
Governmental Activities	1,212,204	731,606	319,076	222,098	(28,474)
Business-Type Activities	797,291	673,648	768,730	379,945	231,484
<b>Total Change in Net Assets, Primary Government</b>	<u>\$ 2,009,495</u>	<u>1,405,254</u>	<u>1,087,806</u>	<u>602,043</u>	<u>203,010</u>

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

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

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

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

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>General Fund:</b>										
Reserved	\$ 3,737	5,493	5,105	5,105	15,882	4,782	3,000	57,577	48,544	460,957
Unreserved	1,901,458	1,247,574	1,352,774	1,832,260	2,534,598	2,619,369	2,463,678	2,078,424	1,962,454	1,576,545
Total General Fund	\$ 1,905,195	1,253,067	1,357,879	1,837,365	2,550,480	2,624,151	2,466,678	2,136,001	2,010,998	2,037,502
<b>All Other Governmental Funds</b>										
Reserved	\$ 239,943	62,526	315,577	376,349	145,280	81,877	77,712	333,169	251,697	508,275
Unreserved, reported in:										
Special Revenue Funds	951,162	998,100	840,195	764,079	305,750	496,590	385,635	356,012	329,598	313,103
Debt Service Fund	-	10,388	29,968	-	-	-	-	-	-	-
Capital Projects Fund	2,357,206	2,040,796	2,430,576	2,142,362	1,502,068	1,141,169	664,147	248,492	697,416	797,444
Permanent Fund	25	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 3,548,336	3,111,810	3,616,316	3,282,790	1,953,098	1,719,636	1,127,494	937,673	1,278,711	1,618,822
Total Governmental Funds	\$ 5,453,531	4,364,877	4,974,195	5,120,155	4,503,578	4,343,787	3,594,172	3,073,674	3,289,709	3,656,324

Source: City of Eaton, Finance Department



**CITY OF EATON**  
**PREBLE COUNTY, OHIO**  
 Changes in Fund Balance, Governmental Funds,  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Revenues:</b>										
Property taxes	\$ 760,509	657,972	675,172	635,637	581,914	608,408	577,453	482,287	492,722	495,560
Municipal income taxes	3,782,344	3,331,069	3,016,876	2,859,663	2,663,915	3,049,209	2,984,205	3,142,815	2,779,428	2,626,950
Intergovernmental	1,335,068	1,331,407	1,276,622	1,173,456	1,020,739	914,573	1,144,472	990,372	987,195	884,572
Charges for services	540,843	174,829	84,439	78,689	108,628	98,104	50,464	98,471	81,054	172,565
Licenses and permits	133,518	157,333	160,156	163,977	138,471	220,970	201,297	212,799	189,301	199,740
Fines and forfeitures	857,555	718,834	724,765	813,335	830,729	825,475	760,857	733,364	618,956	496,234
Special Assessments	55,774	71,679	69,380	68,740	69,087	67,415	10,393	28,578	30,552	24,428
Investment earnings	329,882	181,468	62,329	59,086	78,132	156,717	219,105	170,676	222,461	187,082
Other revenue	63,890	76,430	97,516	27,466	122,702	78,046	41,420	40,629	89,991	143,641
Total revenues	<u>7,859,383</u>	<u>6,701,021</u>	<u>6,167,255</u>	<u>5,880,049</u>	<u>5,614,317</u>	<u>6,018,917</u>	<u>5,989,666</u>	<u>5,899,991</u>	<u>5,491,660</u>	<u>5,230,772</u>
<b>Expenditures</b>										
Current:										
General government	1,694,048	1,606,632	1,774,623	1,534,544	1,507,695	1,471,988	1,337,974	1,280,997	989,628	879,687
Public safety	2,367,151	2,231,878	1,955,748	2,137,702	1,796,840	1,767,507	1,748,473	1,581,410	1,522,883	1,441,443
Public health	149,790	137,836	27,129	148,193	155,547	139,717	130,404	121,759	118,494	115,750
Transportation	1,126,438	910,360	516,551	550,809	480,413	481,053	475,059	435,581	420,136	373,930
Community development	457,345	239,624	619,470	157,179	138,655	147,659	142,737	119,722	116,505	108,035
Culture and recreation	70,664	91,786	145,853	128,657	156,221	157,287	169,411	142,780	121,601	102,907
Capital outlay	692,281	1,906,490	1,659,692	1,881,144	1,217,587	1,072,541	1,456,289	3,127,240	2,639,686	1,239,936
Debt Service:										
Principal	140,450	107,131	103,977	69,600	37,500	37,500	18,750	-	-	-
Interest	75,310	78,602	70,673	32,244	-	-	-	-	-	-
Total Expenditures	<u>6,773,477</u>	<u>7,310,339</u>	<u>6,873,716</u>	<u>6,640,072</u>	<u>5,490,458</u>	<u>5,275,252</u>	<u>5,479,097</u>	<u>6,809,489</u>	<u>5,928,933</u>	<u>4,261,688</u>
Excess (deficiency) of revenues over expenditures	<u>1,085,906</u>	<u>(609,318)</u>	<u>(706,461)</u>	<u>(760,023)</u>	<u>1,23,859</u>	<u>743,665</u>	<u>510,569</u>	<u>(909,498)</u>	<u>(437,273)</u>	<u>969,084</u>
<b>Other Financing Sources(Uses)</b>										
Sale of capital assets	2,748	-	10,501	1,600	35,932	5,950	9,929	11,759	2,362	2,053
General long-term debt issued	-	-	550,000	1,375,000	-	-	-	681,704	68,296	-
Transfers in	91,028	561,727	584,637	124,425	106,635	90,568	372,187	917,544	392,795	231,220
Transfers out	(91,028)	(561,727)	(584,637)	(124,425)	(106,635)	(90,568)	(372,187)	(917,544)	(392,795)	(231,220)
Total other financing sources(uses)	<u>2,748</u>	<u>-</u>	<u>560,501</u>	<u>1,376,600</u>	<u>35,932</u>	<u>5,950</u>	<u>9,929</u>	<u>693,463</u>	<u>70,658</u>	<u>2,053</u>
Net changes in fund balances	<u>1,088,654</u>	<u>(609,318)</u>	<u>(145,960)</u>	<u>616,577</u>	<u>159,791</u>	<u>749,615</u>	<u>520,498</u>	<u>(216,035)</u>	<u>(366,615)</u>	<u>971,137</u>
Debt service as a percentage of noncapital expenditures	<b>3.68%</b>	<b>3.56%</b>	<b>3.47%</b>	<b>2.19%</b>	<b>0.89%</b>	<b>0.90%</b>	<b>0.47%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

Source: City of Eaton, Finance Department

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

**Schedule 5**

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

Year	Individual		Total	Corporate	Total	Income Tax Rate
	Withholding	Non-Withholding	Individual			
1997	\$ 1,988,310.00	132,446.00	2,120,756.00	480,821.00	2,601,577.00	1.50%
1998	2,065,732.00	150,267.00	2,215,999.00	579,219.00	2,795,218.00	1.50%
1999	2,334,712.00	168,088.00	2,502,800.00	677,616.00	3,180,416.00	1.50%
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%

**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 2005. The .5% tax will expire December 31, 2007. 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**  
Ranking of Top Ten Income Tax Withholders  
Current Year and Nine Years Ago

Schedule 6

<b>2006</b>		<b>1997</b>	
<b>Taxpayer</b>	<b>Rank</b>	<b>Taxpayer</b>	<b>Rank</b>
Neaton Auto Products	1	Neaton Auto Products	1
Henny Penny Corporation	2	Parker Hannifin	2
Parker Hannifin	3	Henny Penny Corporation	3
Preble County Auditor	4	Preble County Auditor	4
Bullen Ultrasonics Inc.	5	Eaton Community Schools	5
Eaton Community Schools	6	Weyerhaeuser Company	6
Weyerhaeuser Company	7	Allegiance Healthcare	7
CBS Personnel Services	8	Emerson Power Transmission Co.	8
Wal Mart Associates, Inc.	9	Bullen Ultrasonics Inc.	9
City of Eaton	10	City of Eaton	10

Combined percentage of Total Income Taxes	60.80%	Combined percentage of Total Income Taxes	35.60%
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**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**  
 Computation of Legal Debt Margin  
 Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total assessed valuation	\$ 128,329,560	129,262,320	145,991,950	155,111,530	157,780,890	166,868,890	168,595,250	171,483,270	176,545,917	179,048,330
Overall debt limitation 10 1/2% of assessed valuation	13,474,604	13,572,544	15,329,155	16,286,711	16,566,993	17,521,233	17,702,501	18,005,743	18,537,321	18,800,075
Gross indebtedness	997,922	935,960	1,474,745	1,299,184	1,089,631	863,355	1,961,650	2,407,673	2,330,542	2,160,092
Less: Debt outside limitations	997,922	935,960	1,474,745	1,299,184	1,089,631	863,355	1,961,650	2,407,673	2,330,542	2,160,092
Debt within 10 1/2% limitation	-	-	-	-	-	-	-	-	-	-
Less: Debt Service Fund balance	-	-	-	-	-	-	-	29,968	10,388	-
Net debt within 10 1/2% limitation	-	-	-	-	-	-	-	(29,968)	(10,388)	-
Legal debt margin within 10 1/2% limitation	\$ 13,474,604	13,572,544	15,329,155	16,286,711	16,566,993	17,521,233	17,702,501	18,035,711	18,547,709	18,800,075
Unvoted debt limitation 5 1/2% of assessed valuation	\$ 7,058,126	7,109,428	8,029,557	8,531,134	8,677,949	9,177,789	9,272,739	9,431,580	9,710,025	9,847,658
Gross indebtedness authorized by Council	997,922	935,960	1,474,745	1,299,184	1,089,631	863,355	1,961,650	2,407,673	2,330,542	2,160,092
Less: Debt outside limitations	997,922	935,960	1,474,745	1,299,184	1,089,631	863,355	1,961,650	2,407,673	2,330,542	2,160,092
Debt within 5 1/2% limitation	-	-	-	-	-	-	-	-	-	-
Less: Bond Retirement Fund balance	-	-	-	-	-	-	-	29,968	10,388	-
Net debt within 5 1/2% limitation	-	-	-	-	-	-	-	(29,968)	(10,388)	-
Legal debt margin within 5 1/2% limitation	\$ 7,058,126	7,109,428	8,029,557	8,531,134	8,677,949	9,177,789	9,272,739	9,461,548	9,720,413	9,847,658

Source: City of Eaton, Finance Department

**CITY OF EATON  
PREBLE COUNTY, OHIO**

Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Governmental Activities <sup>(1)</sup></b>										
General Obligation Bonds Payable	\$ -	-	-	-	-	-	1,342,900	1,276,423	1,206,792	1,133,857
Issue II Loan Payable	-	68,296	750,000	731,250	693,750	656,250	618,750	581,250	543,750	506,250
Tax Incremental Financing Loan Payable	-	-	-	-	-	-	-	550,000	550,000	519,985
<b>Total Governmental Activities</b>	<b>-</b>	<b>68,296</b>	<b>750,000</b>	<b>731,250</b>	<b>693,750</b>	<b>656,250</b>	<b>1,961,650</b>	<b>2,407,673</b>	<b>2,300,542</b>	<b>2,160,092</b>
<b>Business-Type Activities <sup>(1)</sup></b>										
OWDA Loan Payable	997,922	867,664	724,745	567,934	395,881	207,105	-	-	-	-
<b>Total Primary Government</b>	<b>997,922</b>	<b>935,960</b>	<b>1,474,745</b>	<b>1,299,184</b>	<b>1,089,631</b>	<b>863,355</b>	<b>1,961,650</b>	<b>2,407,673</b>	<b>2,300,542</b>	<b>2,160,092</b>

**Population <sup>(2)</sup>**

City of Eaton	7,396	7,396	7,396	8,133	8,133	8,133	8,133	8,133	8,133	8,133
Outstanding Debt per Capita	\$ 135	127	199	160	134	106	241	296	283	266

**Income <sup>(3)</sup>**

Personal (in thousands)	159,339	165,219	167,763	194,070	189,035	187,189	194,289	208,668	216,387	216,387
Percentage of Personal Income	0.63%	0.57%	0.88%	0.67%	0.58%	0.46%	1.01%	1.15%	1.06%	1.00%

**Sources:**

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

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

**Schedule 9**

Computation of Direct and Overlapping Debt  
December 31, 2006

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Eaton</u>	<u>Amount Applicable to City of Eaton</u>
City of Eaton	\$ 2,160,092	100.0%	\$2,160,092
Preble County	\$ 7,472,555	0.0%	\$ -

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

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

**Schedule 10**

Demographic Statistics  
December 31, 2006

	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
Population	6,070	6,839	7,396	8,133
Per capita income	\$ 3,340	6,843	11,112	16,771
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><u>1,690</u></u>	<u><u>2,693</u></u>	<u><u>2,032</u></u>	<u><u>2,146</u></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

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

Schedule 11

<u>Employer</u>	<u>2006</u>		<u>1997</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Neaton Auto Products Mfg, Inc	745	1	562	2
Preble County	474	2	375	4
Henny Penny Corp	431	3	458	3
CBS Personnel Services	412	4		*
Parker Hannifin	322	5	697	1
Eaton Community Schools	225	6		*
Weyerhaeuser Co	129	7	155	5
Wal-Mart Associates Inc	120	8		*
City of Eaton	71	9	59	7
Bullen Ultrasonics Inc	64	10		*
Total	2,993		2,306	

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

\* - Not all information for 1997 employer rankings is available.



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

Schedule 12

Full-time-Equivalent City Government Employees by Function/Program,  
Last Ten Fiscal Years

	Full-time-Equivalent Employees as of December 31									
<u>Function/Program</u>	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Government	13	12	13	11	11	11	10	13	10	9
Municipal Court	12	12	13	12	12	11	11	11	11	10
Police	14	14	15	15	15	13	14	13	12	11
Fire & Emergency Medica	3	3	3	2	2	2	2	2	2	2
Public Safety/Dispatch	6	7	6	7	7	7	7	7	6	6
Water & Sewer	11	12	12	12	12	10	9	9	10	10
Public Maintenance	<u>12</u>	<u>12</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>12</u>	<u>12</u>	<u>13</u>	<u>11</u>	<u>11</u>
	<u>71</u>	<u>72</u>	<u>75</u>	<u>72</u>	<u>72</u>	<u>66</u>	<u>65</u>	<u>68</u>	<u>62</u>	<u>59</u>

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

**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		Assessed Value as a Percent of Estimated Actual Value
		Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual	
1996	1997	\$ 84,294,240	\$ 240,840,686	\$ 37,365,190	\$ 42,460,443	\$ 6,670,130	\$ 29,000,565	\$ 128,329,560	\$ 312,301,694	41.09%
1997	1998	\$ 87,644,520	\$ 250,412,914	\$ 34,260,320	\$ 38,932,182	\$ 7,357,480	\$ 31,989,043	\$ 129,262,320	\$ 321,334,140	40.23%
1998	1999	\$ 105,034,610	\$ 300,098,886	\$ 33,574,060	\$ 38,152,341	\$ 7,383,280	\$ 32,101,217	\$ 145,991,950	\$ 370,352,444	39.42%
1999	2000	\$ 109,053,270	\$ 311,580,771	\$ 38,612,260	\$ 43,877,568	\$ 7,446,000	\$ 32,373,913	\$ 155,111,530	\$ 387,832,253	39.99%
2000	2001	\$ 110,980,570	\$ 317,087,343	\$ 41,584,980	\$ 47,255,659	\$ 5,215,340	\$ 22,675,391	\$ 157,780,890	\$ 387,018,393	40.77%
2001	2002	\$ 123,174,090	\$ 351,925,971	\$ 38,263,490	\$ 43,481,239	\$ 5,431,310	\$ 23,614,391	\$ 166,868,890	\$ 419,021,601	39.82%
2002	2003	\$ 126,090,110	\$ 360,257,457	\$ 37,179,340	\$ 42,249,250	\$ 5,325,800	\$ 23,155,652	\$ 168,595,250	\$ 425,662,359	39.61%
2003	2004	\$ 128,601,780	\$ 367,433,657	\$ 37,808,150	\$ 42,963,807	\$ 5,073,340	\$ 22,058,000	\$ 171,483,270	\$ 432,455,464	39.65%
2004	2005	\$ 143,000,620	\$ 408,573,200	\$ 28,483,467	\$ 32,367,576	\$ 5,061,830	\$ 22,007,957	\$ 176,545,917	\$ 462,948,733	38.14%
2005	2006	\$ 144,398,120	\$ 412,566,057	\$ 29,712,540	\$ 33,764,250	\$ 4,937,670	\$ 21,468,130	\$ 179,048,330	\$ 467,798,438	38.27%

**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 for manufacturing equipment, inventory and other equipment) for the ten fiscal years presented.

**CITY OF EATON  
PREBLE COUNTY, OHIO**

**Schedule 14**

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>
1997	4.00	0.60	4.60	35.98	7.67	48.25
1998	4.00	0.60	4.60	35.78	8.67	49.05
1999	4.00	0.60	4.60	35.78	8.67	49.05
2000	4.00	0.60	4.60	35.78	8.07	48.45
2001	4.00	0.60	4.60	33.10	8.07	45.77
2002	4.00	0.60	4.60	38.60	7.88	51.08
2003	4.00	0.60	4.60	38.60	7.78	50.98
2004	4.00	0.60	4.60	38.30	7.78	50.68
2005	4.00	0.60	4.60	38.30	7.78	50.68
2006	4.00	0.60	4.60	38.30	8.13	51.03

**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**

Property Tax Levies and Collections,  
Last Ten Fiscal Years

Fiscal Year Ended December 31,	Total Tax Levy	Current Tax Collections	Percent of		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		Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes		
1997	\$ 366,406	336,553	91.85%	12,665	349,218	95.31%	33,305	9.09%	
1998	301,640	294,261	97.55%	8,220	302,481	100.28%	32,504	10.78%	
1999	316,110	304,830	96.43%	8,980	313,810	99.27%	34,804	11.01%	
2000	360,950	352,140	97.56%	12,615	364,755	101.05%	30,988	8.59%	
2001	375,462	365,291	97.29%	9,639	374,930	99.86%	31,520	8.39%	
2002	414,749	388,281	93.62%	11,627	399,908	96.42%	31,004	7.48%	
2003	441,177	423,711	96.04%	20,344	444,055	100.65%	28,126	6.38%	
2004	474,130	453,492	95.65%	29,614	483,106	101.89%	19,150	4.04%	
2005	452,213	436,027	96.42%	13,637	449,664	99.44%	24,032	5.31%	
2006	605,615	579,781	95.73%	14,483	594,264	98.13%	25,834	4.27%	

**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**  
Principal Property Tax Payers,  
Current Year and Nine Years Ago

Schedule 16

<u>Taxpayer</u>	<u>2006</u>			<u>1997</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Neaton Auto Products	\$ 12,348,300	1	6.88%	\$ 10,266,880	1	8.00%
Henny Penny Corporation	10,017,800	2	5.58%	6,023,340	3	4.69%
WalMartReal Estate Business Trust	8,402,000	3	4.68%			
Durbin Eaton Property LLC	5,426,450	4	3.02%			
Preble County Youth Foundation	3,909,260	5	2.18%			
Bullen Ultrasonics	3,089,480	6	1.72%			
Continental 51 Fund	3,000,000	7	1.67%	1,937,100	8	1.51%
Weyerhaeuser Company	2,357,650	8	1.31%	3,124,270	7	2.43%
Parker Hannifin	1,990,980	9	1.11%	5,500,200	4	4.29%
Timken Company	1,168,370	10	0.65%			
Dayton Power & Light	757,010	11	0.42%	4,846,790	5	3.78%
Emerson Electric Company				9,398,200	2	7.32%
Allegiance Healthcare				4,650,850	6	3.62%
United Telephone Company of Ohio				1,700,150	9	1.32%
P.B. Realty, Inc.				1,369,010	10	1.07%
Total	\$ 52,467,300		29.24%			38.04%
Total assessed valuation of City	\$ 179,048,330			\$ 128,329,560		

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

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

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

Capital Assets and Infrastructure Statistics by Function  
Last Nine Fiscal Years

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Governmental Activities</b>										
General Government										
Area (square acres)	3,938	3,938	3,884	3,820	3,820	3,820	3,820	3,756	3,756	3,756
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)	58	65	65	65	68	53	54	54	57	57
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of sworn police officers	14	14	14	14	13	13	13	19	17	17
Transportation										
Miles of streets	43	43	43	42	41	41	41	41	41	41
Number of street lights	590	590	568	568	566	545	545	545	545	545
Community Development										
Buildings:										
Permits issued	133	137	118	134	130	107	104	74	89	98
Valuation of construction	\$10,670,057	\$8,594,911	\$15,118,269	\$34,133,502	\$9,427,935	\$772,985	\$6,703,976	\$6,854,938	\$10,837,204	\$12,848,050
Culture and Recreation										
Number of parks	9	9	9	9	9	4	4	4	4	4
Number of tennis courts	5	5	3	3	3	3	3	3	3	3
Number of baseball diamonds	10	10	10	10	10	5	5	5	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	3,486	3,461	3,418	3,373	3,352	3,336	3,336	3,253	3,318	3,231
Average daily production (gallons)	1,292,306	1,277,794	1,217,244	1,364,369	1,400,766	861,460	862,295	1,324,500	1,245,467	1,223,850
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	40.5

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  
AUGUST 21, 2007**