



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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 26, 2009. 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 opinion 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 June 26, 2009.

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 certain noncompliance or other matter that we reported to the City's management in a separate letter dated June 26, 2009.

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.



Mary Taylor, CPA
Auditor of State

June 26, 2009

**CITY OF EATON
PREBLE COUNTY, OHIO**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2008

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

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CITY OF EATON
PREBLE COUNTY, OHIO
Comprehensive Annual Financial Report
For the Year Ended December 31, 2008

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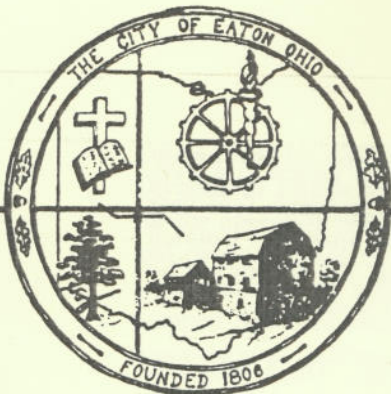
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City of Eaton

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

June 26, 2009

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, 2008 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, Parker Hannifin Corporation, Timkin Company, and Bullen Semiconductor.

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 2008 the division responded to 6,770 calls. The five dispatchers received 10,229 public safety calls, of which 1,524 were 911 calls.

Division of Fire and Division of Emergency Medical Services: The Fire and EMS Divisions are separate divisions according to the City Charter, but are operated under the direction of a single chief. Many changes have been seen in the last 18 to 24 months as these emergency services have become more operational on a 24 hour basis. The Fire and EMS Divisions provide emergency medical response, fire protection and related services within the City and by contractual agreement to three surrounding townships. During 2008, the Fire Division responded to 1,259 calls, of which 24 were structure fires and 33 were other significant fires. They also responded to 821 serious medical emergencies, 118 motor vehicle accidents, and 84 fire alarms. The EMS Division responded to 2,228 calls, resulting in the transport of 1,478 patients to a facility of higher medical care.

Division of Building Services: The Building Division consists of two full-time employees including a certified building inspector and a clerk. In addition, the City has contracts for related professional services for back-up inspectors and plan review and examination. The Ohio Board of Building Standards certifies the division, which allows the City to issue permits for commercial and industrial uses and as such has a number of contracts with area jurisdictions. In 2008, the division issued 8 permits for the construction of new single family homes, which required 83 inspections. Residential additions, garages and sheds accounted for another 37 permits and 76 inspections. There were 31 commercial/industrial permits issued for both new construction and additions which required 78 inspections. A total of 361 miscellaneous permits were issued for electrical, HVAC, sprinklers, pools, roofing, fire alarms, signs, and demolitions, which required 495 inspections. The division is also responsible for processing zoning certificates and code enforcement.

DEPARTMENT OF SERVICE

Division of Public Works: The Division of Public Works consists of 11 employees who are responsible for the operation and maintenance of the City's wastewater treatment facility, two water treatment plants and over 90 miles of water distribution and sewer collection mains. The Division provides water and sewer services to approximately 3,511 residential, commercial and industrial users. In 2008 the City pumped 410.0 million gallons of water from its operating wells and treated 462.4 million gallons of wastewater at its Class IV advanced treatment facility.

Division of Public Maintenance: The Division of Public Maintenance includes 14 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 2008, the court handled 9,768 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 23.

MAJOR INITIATIVES

The City completed the construction of a new water tower on South Barron Street and the upgrade to the Black Water Treatment Plant. Due to careful financial planning, the City has contributed close to \$1.0 million toward this project, which reduces the overall loan amount and will lower the payments for the next 20 years. The sewer line on West High Street was re-lined as a part of our continuing effort to upgrade the old lines in the heart of our residential section. The reconstruction of Washington-Jackson Road was completed in early winter, with only the road striping yet to do. We also completed phase one of the Hillcrest project by widening the intersection of Hillcrest and South Barron, and installing new curb and gutter.

ECONOMIC CONDITIONS AND OUTLOOK

Looking forward into 2009, the current economic recession will cause the City to put a hold on all improvement projects for the foreseeable future until we can determine just what effect this may have on our revenues. We have positioned ourselves well, and do not anticipate major cutbacks in our essential services or layoffs.

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

Debt administration: At December 31, 2008, the City had five debt issues outstanding: two Ohio Public Works Commission Issue II interest-free loans, one for \$550,000, the other for \$431,250; bond indebtedness with U.S. Bank in the amount of \$977,440; bond indebtedness for \$394,487, also with U.S. Bank; and an OWDA loan with an outstanding balance of \$4,271,640. 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 13 found on page 43.

Cash management: Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, and the State Treasury Asset Reserve of Ohio (STAROhio). The City earned interest revenue of \$204,656 on all investments for the year ended December 31, 2008.

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 12 found on page 42.

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, 2008, 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, 2007. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

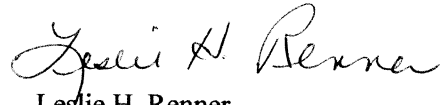
Acknowledgments: The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Department of Finance and other City departments. We express our sincere appreciation for the contributions made in the preparation of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

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

Sincerely,



David A. Daily
City Manager



Leslie H. Renner
Director of Finance

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

LISTING OF PRINCIPAL CITY OFFICIALS
December 31, 2008

ELECTED OFFICIALS

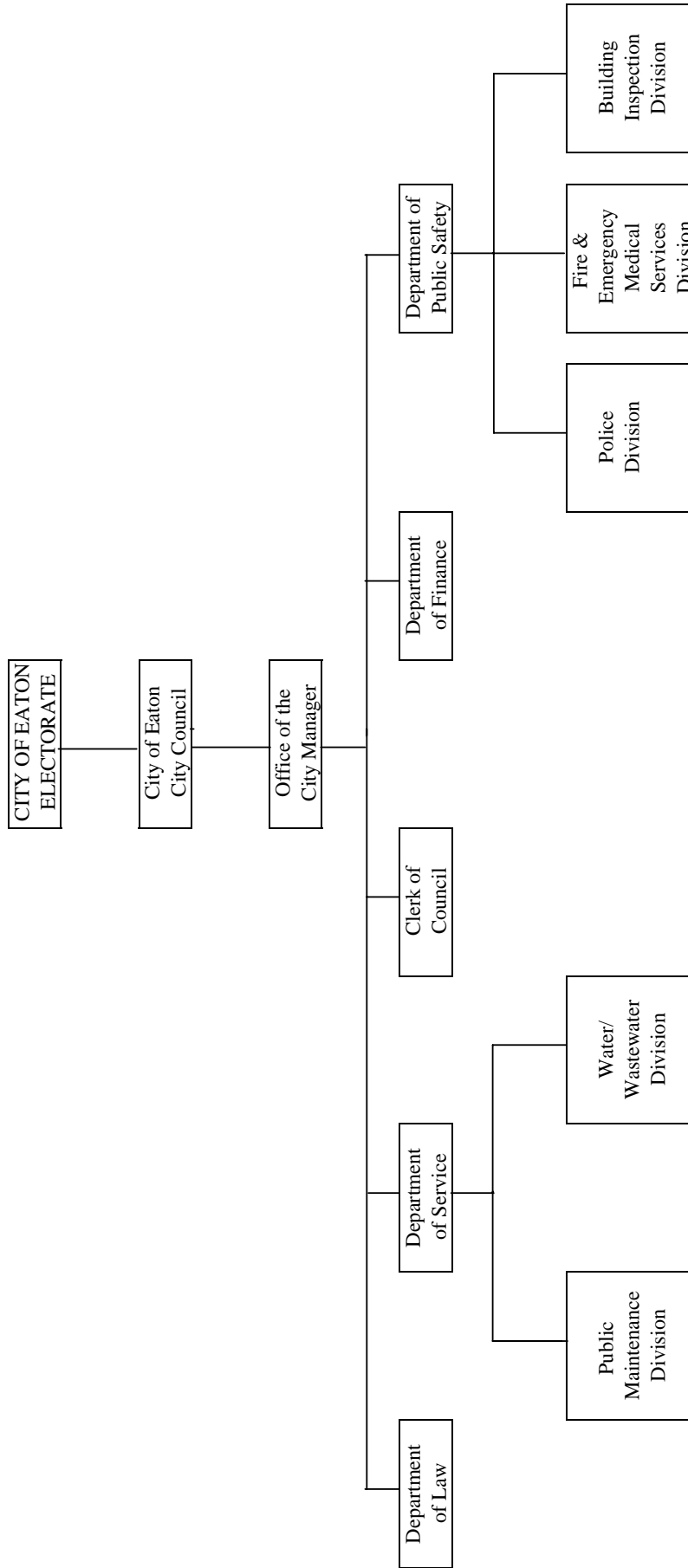
Mayor	Gary Wagner
Vice-Mayor	Ben Maffett
Council Member	Dave Kirsch
Council Member	Bob Brower
Council Member	Emily Medearis
Municipal Judge	Paul D. Henry

APPOINTED OFFICIALS

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

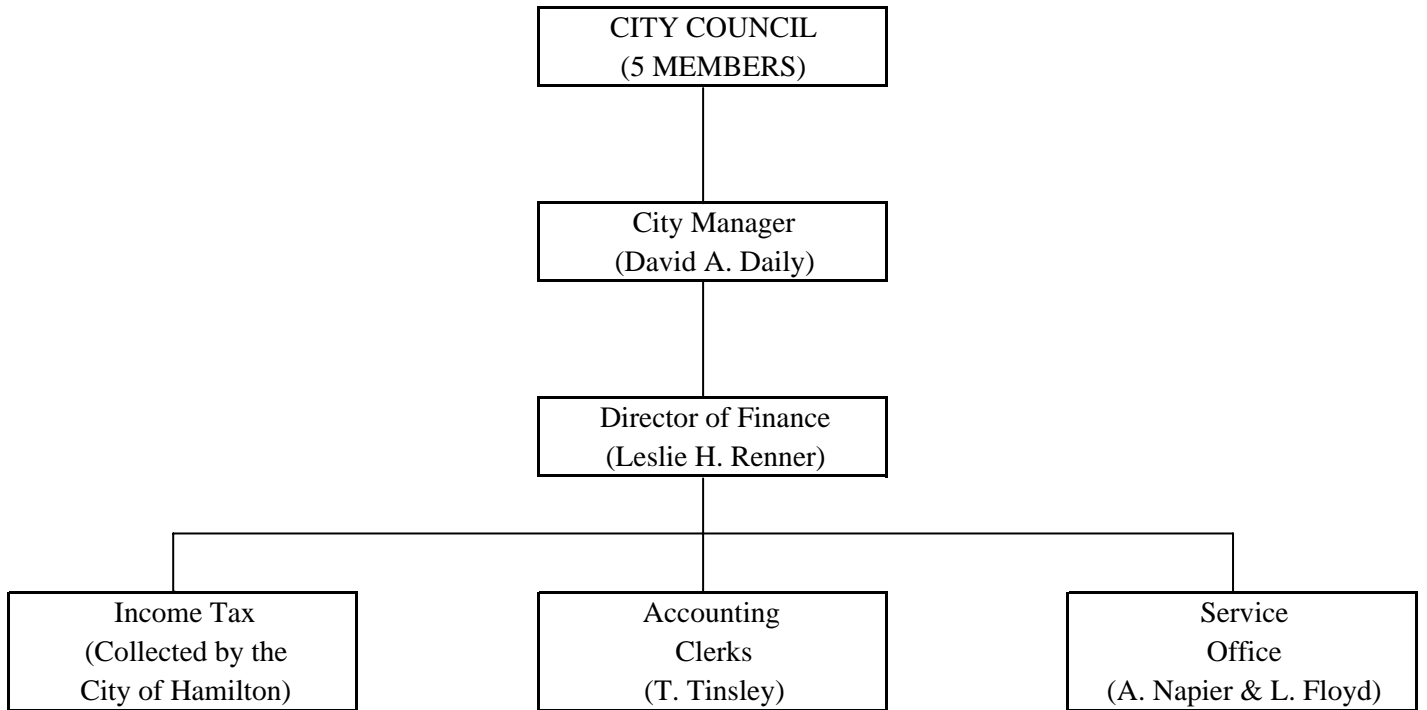
**CITY OF EATON
PREBLE COUNTY, OHIO**

CITY ORGANIZATION
as of December 31, 2008



**CITY OF EATON
PREBLE COUNTY, OHIO**

DEPARTMENT OF FINANCE
as of December 31, 2008



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, 2007

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



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

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, 2008, 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, 2008, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis and the respective budgetary comparisons for the General and Public Safety Funds are not 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

June 26, 2009

CITY OF EATON
PREBLE COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2008
(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, 2008. 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 2008 are as follows:

- Governmental activities reported a positive net change in net assets of \$611,195, a 5.11% increase.
- Business-type activities reported a positive net change in net assets of \$174,211, a 2.05% increase.
- The General Fund reported a fund balance of \$2,666,277 which represents an increase of \$112,774, or 4.42%.
- Revenues exceeded expenditures on a budgetary basis in the General Fund by \$205,203, which increases the unencumbered cash balance to \$2,485,243.

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 2008?" The broad answer to this question can be obtained with a look at the Statement of Net Assets and the Statement of Activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting methods used by private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenditures, regardless of when the actual cash was received or paid.

CITY OF EATON
PREBLE COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2008
(Unaudited)

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

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

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

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

The City as a Whole

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

Table 1 provides a summary of the City's net assets for the year ended December 31, 2008 as compared to December 31, 2007.

TABLE 1
Statement of Net Assets, December 31

	2008			2007		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Assets:						
Current and Other Assets	\$ 7,993,896	3,066,493	11,060,389	8,430,765	3,804,626	12,235,391
Capital Assets	8,459,946	10,190,427	18,650,373	7,153,760	9,384,156	16,537,916
Total Assets	<u>16,453,842</u>	<u>13,256,920</u>	<u>29,710,762</u>	<u>15,584,525</u>	<u>13,188,782</u>	<u>28,773,307</u>
Liabilities:						
Current and Other Liabilities	1,007,620	183,590	1,191,210	1,144,799	413,774	1,558,573
Long-term Liabilities	2,882,308	4,400,671	7,282,979	2,487,007	4,276,560	6,763,567
Total Liabilities	<u>3,889,928</u>	<u>4,584,261</u>	<u>8,474,189</u>	<u>3,631,806</u>	<u>4,690,334</u>	<u>8,322,140</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	6,106,769	5,918,787	12,025,556	5,169,206	5,225,983	10,395,189
Restricted	3,902,582	-	3,902,582	4,378,405	-	4,378,405
Unrestricted	2,554,563	2,753,872	5,308,435	2,405,108	3,272,465	5,677,573
Total Net Assets	<u>\$ 12,563,914</u>	<u>8,672,659</u>	<u>21,236,573</u>	<u>11,952,719</u>	<u>8,498,448</u>	<u>20,451,167</u>

The amount by which the City's assets exceeded its liabilities is called net assets. As of December 31, 2008 the City's net assets were \$21.24 million. Of this amount, \$12.03 million was invested in capital assets, net of related debt as compared to \$10.40 in 2007. Restricted net assets, those that are subject to external restrictions, decreased slightly to \$3.90 million from the \$4.38 million reported in 2007. Unrestricted net assets, the amount that may be used to meet the City's ongoing obligations to citizens and creditors decreased to \$5.31 million in 2008 from \$5.68 million in 2007. The business-type activities unrestricted net assets increased from \$8.50 million in 2007 to \$8.67 million in 2008. This increase is a

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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 \$2.55 million from \$2.41 million in 2007. This increase is largely due to the City's policy of accruing cash balances for internal financing of major purchases or construction projects.

TABLE 2
Change in Net Assets, December 31

	2008			2007		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
REVENUES:						
Program Revenues:						
Charges for Services	\$ 1,717,706	3,069,431	4,787,137	1,895,712	3,102,614	4,998,326
Operating Grants and Contributions	53,681	-	53,681	316,781	-	316,781
Capital Grants and Contributions	230,000	67,712	297,712	31,000	-	31,000
General Revenues:						
Property Taxes	809,051	-	809,051	660,449	-	660,449
Municipal Income Taxes	3,556,558	-	3,556,558	3,810,742	-	3,810,742
Grants and Contributions not Restricted	1,116,326	-	1,116,326	985,586	-	985,586
Investment Income	204,656	-	204,656	435,262	-	435,262
Gain on Sale of Capital Assets	20,540	7,701	28,241	1,251	13,200	14,451
Other Revenue	162,287	-	162,287	83,314	-	83,314
Total Revenue	7,870,805	3,144,844	11,015,649	8,220,097	3,115,814	11,335,911
EXPENSES:						
General Government	2,226,446	-	2,226,446	2,450,191	-	2,450,191
Public Safety	2,777,561	-	2,777,561	2,580,232	-	2,580,232
Public Health	277,929	-	277,929	154,688	-	154,688
Transportation	1,415,615	-	1,415,615	1,249,885	-	1,249,885
Community Development	326,122	-	326,122	349,374	-	349,374
Culture and Recreation	173,279	-	173,279	86,872	-	86,872
Water	-	1,292,642	1,292,642	-	1,003,774	1,003,774
Sewer	-	1,095,245	1,095,245	-	993,485	993,485
Refuse	-	582,746	582,746	-	620,992	620,992
Other Business-Type Activities	-	-	-	-	17	17
Interest Expense	62,658	-	62,658	70,438	-	70,438
Total Expenses	7,259,610	2,970,633	10,230,243	6,941,680	2,618,268	9,559,948
Change in Net Assets	611,195	174,211	785,406	1,278,417	497,546	1,775,963
Net Assets, Beginning of Year	11,952,719	8,498,448	20,451,167	10,674,302	8,000,902	18,675,204
Net Assets, End of Year	\$ 12,563,914	8,672,659	21,236,573	11,952,719	8,498,448	20,451,167

The City's net assets increased by \$785,406, of which \$611,195 is from governmental activities and \$174,211 is from business-type activities. The increase in governmental activities is largely due to the capitalization of capital assets not recognized as expenses and managements diligence in the management of the City's funds. The fluctuation of the operating grants and contributions and capital grants and contributions from 2008 and 2007 is the end of a grant awarded for community housing in 2007 and Issue

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II funds awarded for a road project in 2008. The City's total expenses for governmental activities shows a slight increase of \$317,930 from 2007, spread evenly among the City's activities, and reflects a moderate cost of living and inflationary increase. In the business-type activities, charges for services saw a small decrease of 1.07%. The Water Fund saw a 11.72% increase in operating expenses as they continued a major expansion project with the construction of a new water tower and treatment plant upgrade. The Refuse Fund saw a reduction of 6.16% in operating expenses as the City is in the final stages of work on the reconstruction of a closed landfill.

Governmental Activities

The two functions that have the greatest amount of expense are Public Safety and General Government. Public Safety includes the Divisions of Police, Fire, and Emergency Medical Services. In addition to the revenue received for charges for services, which are those fees paid by the neighboring townships for fire and ambulance service, the Public Safety Division receives a .5% income tax that is voted on by the taxpayers triennially. Allowing for one-third of the municipal income tax dollars, or \$1,193,632, to be credited to the Public Safety program, we see that more than 50% of the net expense of \$2,114,223 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 \$1,288,835.

Business-Type Activities

Overall, the City's business-type activities generated \$3.07 million in operating revenues, which more than covered the cost of doing business of \$2.97 million. 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.

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

	<u>2008</u>		<u>2007</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>
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 2,226,446	(1,288,835)	2,450,191	(1,395,958)
Public Safety	2,777,561	(2,114,223)	2,580,232	(1,861,745)
Public Health	277,929	(264,182)	154,688	(143,497)
Transportation	1,415,615	(1,215,615)	1,249,885	(1,249,885)
Community Development	326,122	(161,519)	349,374	92,278
Culture and Recreation	173,279	(151,191)	86,872	(68,942)
Interest Expense	62,658	(62,658)	70,438	(70,438)
Total Expenses	<u>\$ 7,259,610</u>	<u>(5,258,223)</u>	<u>6,941,680</u>	<u>(4,698,187)</u>

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	<u>2008</u>		<u>2007</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>
BUSINESS-TYPE ACTIVITIES:				
Water	\$ 1,292,642	59,134	1,003,774	381,951
Sewer	1,095,245	104,990	993,485	142,670
Refuse	582,746	806	620,992	(41,374)
Other Business-Type Activities	-	1,580	17	1,099
Total Expenses	\$ <u>2,970,633</u>	<u>166,510</u>	<u>2,618,268</u>	<u>484,346</u>

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

THE CITY'S FUNDS

The balance sheet for the City's major governmental funds is reflected on pages 14 – 15. These funds are reported using a modified accrual basis of accounting, allowing for a reasonable comparison to last year balances. Total governmental fund balances are \$6.31 million, of which \$6.07 million is unreserved. Revenues and expenditures are reflected on pages 16 – 17. The net change in the fund balances were a decrease of \$213,013.

The General Fund balance increased by \$112,774, which was a result of management exercising control over expenditures with the known reductions in revenues.

Fund balance in the Public Safety Fund decreased by \$215,466 to \$902,907; due to reductions in the amount of municipal income tax collected and the amount billed to insurance companies for ambulance services.

The Capital Improvement Fund reported a fund balance of \$2,079,857 at December 31, 2008 down from \$2,459,124.

Governmental fund expenditures showed an increase over 2007 of \$1,581,622, or 22.17%. This increase was related to the acquisition and construction of capital assets.

The proprietary funds showed a net operating income of \$269,998. The Water Fund is currently involved in a major expansion project and the Sewer Fund will be looking at a major expansion project, so we have been setting aside funds toward these projects. User fees have been increased in both the Water and Sewer Funds to pay for the debt service that will be needed for the expansion of these facilities. This is in keeping with the philosophy that a proprietary fund be treated as a business-type activity.

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General Fund Budgeting Highlights

There were no unexpected variances within the General Fund budget or budget to actual statements. The General Fund's actual revenues were down from 2007 with the biggest reduction in investment income. Offsetting a portion of the drop in investment income was an increase in intergovernmental revenue. The other sources of revenues were relatively flat in comparing to 2007.

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, 2008, the City has invested in land, construction in progress, infrastructure, buildings and equipment with amounts totaling \$8.46 million and \$10.19 million in governmental activities and business-type activities, respectively. Table 4 shows December 31, 2008 balances compared to December 31, 2007 amounts. Additional information regarding the City's capital assets can be found in the Notes to the Basic Financial Statements in Note 8.

TABLE 4
Capital Assets, December 31

	2008			2007		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 820,439	582,108	1,402,547	820,439	579,892	1,400,331
Construction in Progress	1,008,956	-	1,008,956	35,482	4,057,478	4,092,960
Infrastructure	2,835,711	-	2,835,711	2,662,887	-	2,662,887
Buildings	3,951,937	13,501,564	17,453,501	3,951,937	8,167,845	12,119,782
Equipment	4,963,448	3,937,168	8,900,616	4,635,774	4,149,486	8,785,260
Less: Accumulated						
Depreciation	(5,120,545)	(7,830,413)	(12,950,958)	(4,952,759)	(7,570,545)	(12,523,304)
Totals	\$ 8,459,946	10,190,427	18,650,373	7,153,760	9,384,156	16,537,916

Overall, capital assets increased approximately \$2.11 million from December 31, 2007. The increase in capital assets related primarily to the construction of progress related to the construction of a new water tower and the renovation of the main water treatment plant and a \$1 million dollar road project.

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DEBT ADMINISTRATION

At December 31, 2008, the City's debt consisted of the following loan obligations:

<u>Issue</u>	<u>Rate %</u>	<u>Issued</u>	<u>Maturity</u>	<u>Outstanding</u>
Issue II - Downtown	0.0%	7-1-1997	1-1-2020	\$ 431,250
Issue II – Washington	0.0%	7-1-2008	1-1-2019	\$ 550,000
TIF Loan	3.56%	5-1-2005	4-20-2014	\$ 394,487
Eaton Municipal Court Facility Bond	4.69%	3-5-2004	3-1-2018	\$ 997,440
OWDA Loan	2.75%	1-1-2007	1-1-2027	\$ 4,271,640

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, 2008, the City has no general obligation bonded debt.

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

The City's overall legal debt margin at December 31, 2008 was \$16,529,673. See Note 13 of the Notes to the Basic Financial Statements for more detailed information on long-term debt of the City.

CONTACTING THE CITY'S FINANCE DEPARTMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF EATON
PREBLE COUNTY, OHIO

Statement of Net Assets
December 31, 2008

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ 5,659,948	2,570,022	8,229,970
Investments	10,000	-	10,000
Receivables (net of allowances for uncollectibles):			
Taxes	1,443,611	-	1,443,611
Accounts	4,365	495,446	499,811
Special Assessments	94,753	-	94,753
Accrued Interest	3,415	-	3,415
Due from Other Governments	774,804	1,025	775,829
Materials and Supplies Inventory	3,000	-	3,000
Capital Assets:			
Capital assets not subject to depreciation:			
Land	820,439	582,108	1,402,547
Construction in Progress	1,008,956	-	1,008,956
Capital assets, net of accumulated depreciation	<u>6,630,551</u>	<u>9,608,319</u>	<u>16,238,870</u>
 Total Assets	 <u>\$ 16,453,842</u>	 <u>13,256,920</u>	 <u>29,710,762</u>
LIABILITIES:			
Accounts Payable	\$ 159,618	116,822	276,440
Accrued Wages and Benefits	75,497	8,033	83,530
Due to Other Governments	85,553	-	85,553
Accrued Interest Payable	18,051	58,735	76,786
Unearned Revenue	668,901	-	668,901
Noncurrent Liabilities:			
Due Within One Year	384,609	226,877	611,486
Due In More Than One Year	<u>2,497,699</u>	<u>4,173,794</u>	<u>6,671,493</u>
 Total Liabilities	 <u>3,889,928</u>	 <u>4,584,261</u>	 <u>8,474,189</u>
NET ASSETS:			
Invested in capital assets, net of related debt	6,106,769	5,918,787	12,025,556
Restricted for:			
Public Safety	919,321	-	919,321
Indigent Driver	33,626	-	33,626
Special Project	180,308	-	180,308
Streets and Highways	176,783	-	176,783
Capital Improvement	2,242,088	-	2,242,088
Issue II	340,456	-	340,456
Perpetual Care:			
Nonexpendable	10,000	-	10,000
Unrestricted	<u>2,554,563</u>	<u>2,753,872</u>	<u>5,308,435</u>
 Total Net Assets	 <u>\$ 12,563,914</u>	 <u>8,672,659</u>	 <u>21,236,573</u>

See accompanying notes to the basic financial statements.

CITY OF EATON
PREBLE COUNTY, OHIO
Statement of Activities
For the Year Ended December 31, 2008

Functions/Programs:	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
Governmental Activities:							
General Government	\$ 2,226,446	937,611	-	-	(1,288,835)		(1,288,835)
Public Safety	2,777,561	657,378	5,960	-	(2,114,223)		(2,114,223)
Public Health	277,929	13,747	-	-	(264,182)		(264,182)
Transportation	1,415,615	-	-	200,000	(1,215,615)		(1,215,615)
Community Development	326,122	105,295	29,308	30,000	(161,519)		(161,519)
Culture and Recreation	173,279	3,675	18,413	-	(151,191)		(151,191)
Interest Expense	62,658	-	-	-	(62,658)		(62,658)
Total Governmental Activities	<u>7,259,610</u>	<u>1,717,706</u>	<u>53,681</u>	<u>230,000</u>	<u>(5,258,223)</u>		<u>(5,258,223)</u>
Business-Type Activities:							
Water	1,292,642	1,351,776	-	-		59,134	59,134
Sewer	1,095,245	1,132,523	-	67,712		104,990	104,990
Refuse	582,746	583,552	-	-		806	806
Other Business-Type Activities	-	1,580	-	-		1,580	1,580
Total Business-Type Activities	<u>2,970,633</u>	<u>3,069,431</u>	<u>-</u>	<u>67,712</u>		<u>166,510</u>	<u>166,510</u>
Total	\$ <u>10,230,243</u>	<u>4,787,137</u>	<u>53,681</u>	<u>297,712</u>	<u>(5,258,223)</u>	<u>166,510</u>	<u>(5,091,713)</u>
General Revenues:							
Taxes:							
Property Taxes Levied for:							
General Purposes					555,204	-	555,204
Cemetery					42,871	-	42,871
Community Development					210,976	-	210,976
Municipal Income					3,556,558	-	3,556,558
Grants and Contributions not Restricted to Specific Programs					1,116,326	-	1,116,326
Investment Income					204,656	-	204,656
Gain on Sale of Capital Assets					20,540	7,701	28,241
Other Revenue					162,287	-	162,287
Total General Revenues					<u>5,869,418</u>	<u>7,701</u>	<u>5,877,119</u>
Change in Net Assets					611,195	174,211	785,406
Net Assets, Beginning of Year					11,952,719	8,498,448	20,451,167
Net Assets, End of Year					\$ <u>12,563,914</u>	<u>8,672,659</u>	<u>21,236,573</u>

See accompanying notes to the basic financial statements.

**CITY OF EATON
PREBLE COUNTY, OHIO**

Balance Sheet
Governmental Funds
December 31, 2008

	General Fund	Public Safety Fund	Capital Improvement Fund	Issue II Fund
ASSETS:				
Cash and Cash Equivalents	\$ 2,702,802	782,577	1,892,543	6,868
Investments	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Taxes	844,576	258,237	303,798	-
Accounts	3,223	180	-	-
Special Assessments	-	-	94,753	-
Accrued Interest	3,403	-	-	-
Due from Other Governments	209,387	6,525	-	335,365
Due from Other Funds	-	-	-	-
Materials and Supplies Inventory	3,000	-	-	-
	<u>3,766,391</u>	<u>1,047,519</u>	<u>2,291,094</u>	<u>342,233</u>
Total Assets	\$ <u>3,766,391</u>	<u>1,047,519</u>	<u>2,291,094</u>	<u>342,233</u>
LIABILITIES:				
Accounts Payable	\$ 118,499	21,770	5,534	1,777
Accrued Wages and Benefits	47,185	21,317	3,730	-
Due to Other Governments	73,379	12,174	-	-
Due to Other Funds	17,514	-	-	-
Deferred Revenue	843,537	89,351	201,973	-
	<u>1,100,114</u>	<u>144,612</u>	<u>211,237</u>	<u>1,777</u>
Total Liabilities	<u>1,100,114</u>	<u>144,612</u>	<u>211,237</u>	<u>1,777</u>
FUND BALANCES:				
Reserved for:				
Encumbrances	18,816	28,235	177,364	3,967
Materials and Supplies Inventory	3,000	-	-	-
Permanent Fund	-	-	-	-
Unreserved, Undesignated:				
General Fund	2,644,461	-	-	-
Capital Projects Fund	-	-	1,902,493	336,489
Special Revenue Funds	-	874,672	-	-
	<u>2,666,277</u>	<u>902,907</u>	<u>2,079,857</u>	<u>340,456</u>
Total Fund Balances	<u>2,666,277</u>	<u>902,907</u>	<u>2,079,857</u>	<u>340,456</u>
Total Liabilities and Fund Balances	\$ <u>3,766,391</u>	<u>1,047,519</u>	<u>2,291,094</u>	<u>342,233</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, 2008

Nonmajor Governmental Funds	Total Governmental Funds		
		Total Governmental Fund Balances	\$ 6,308,362
275,158	5,659,948	Amounts reported for governmental	
10,000	10,000	activities in the Statement of Net Assets	
		are different because:	
37,000	1,443,611	Capital assets used in governmental	
962	4,365	activities are not financial resources and	
-	94,753	therefore are not reported in the funds.	8,459,946
12	3,415		
223,527	774,804	Other long-term assets are not available to	
17,514	17,514	pay for current period expenditures and	
-	3,000	therefore are deferred in the funds.	695,965
<u>564,173</u>	<u>8,011,410</u>		
		Long-term liabilities, including Issue II loans	
12,038	159,618	payable, are not due and payable in the current	
3,265	75,497	period and therefore are not reported in the funds:	
-	85,553	Issue II Loans Payable	(431,250)
-	17,514	OPWC Note Payable	(550,000)
<u>230,005</u>	<u>1,364,866</u>	TIF Loans Payable	(394,487)
		General Obligation Bonds Payable	(977,440)
245,308	1,703,048	Accrued Interest on Long-Term Debt	(18,051)
		Compensated Absences	(529,131)
-	228,382	Net Assets of Governmental Activities	\$ <u>12,563,914</u>
-	3,000		
10,000	10,000		
-	2,644,461		
48,724	2,287,706		
<u>260,141</u>	<u>1,134,813</u>		
<u>318,865</u>	<u>6,308,362</u>		
<u>564,173</u>	<u>8,011,410</u>		

CITY OF EATON
PREBLE COUNTY, OHIO

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General Fund	Public Safety Fund	Capital Improvement Fund	Issue II Fund
REVENUES:				
Property Taxes	\$ 555,204	-	-	-
Municipal Income Taxes	1,009,655	1,193,632	1,382,609	-
Intergovernmental Revenue	719,658	151,770	-	200,000
Charges for Services	29,776	508,188	-	-
Licenses and Permits	106,459	-	-	-
Fees, Fines and Forfeitures	644,327	-	-	-
Special Assessments	-	-	23,671	-
Investment Income	204,223	-	-	-
Other Revenue	145,064	-	-	-
	<u>3,414,366</u>	<u>1,853,590</u>	<u>1,406,280</u>	<u>200,000</u>
EXPENDITURES:				
Current:				
General Government	1,390,171	43,192	142,702	-
Public Safety	1,179,298	1,416,886	-	-
Public Health	139,587	-	-	-
Transportation	239,431	-	633,642	-
Community Development	208,361	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	26,285	624,148	436,338	944,909
Debt Service:				
Principal	-	-	37,500	-
Interest	-	-	-	-
	<u>3,183,133</u>	<u>2,084,226</u>	<u>1,250,182</u>	<u>944,909</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>231,233</u>	<u>(230,636)</u>	<u>156,098</u>	<u>(744,909)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Sale of Capital Assets	5,370	15,170	-	-
Proceeds from Long-Term Financing - OPWC	-	-	-	550,000
Transfers In	-	-	-	535,365
Transfers Out	(123,829)	-	(535,365)	-
	<u>(118,459)</u>	<u>15,170</u>	<u>(535,365)</u>	<u>1,085,365</u>
Net Change in Fund Balances	112,774	(215,466)	(379,267)	340,456
Fund Balance, Beginning of Year	<u>2,553,503</u>	<u>1,118,373</u>	<u>2,459,124</u>	<u>-</u>
Fund Balance, End of Year	\$ <u>2,666,277</u>	<u>902,907</u>	<u>2,079,857</u>	<u>340,456</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, 2008

Nonmajor Governmental Funds	Total Governmental Funds		
253,847	809,051	Total Net Change in Fund Balances - Governmental Funds	\$ (213,013)
-	3,585,896		
488,695	1,560,123	Amounts reported for governmental activities in the statement of activities are different because:	
7,992	545,956		
615	107,074		
272,323	916,650	Governmental funds report capital outlays as expenditures.	
-	23,671	However, in the statement of activities, the cost of those	
433	204,656	assets is allocated over their estimated useful lives as	
35,635	180,699	depreciation expense. This is the amount by which depreciation	
1,059,540	7,933,776	exceeded capital outlay in the current period.	
		Capital Asset Additions	1,849,956
		Current Year Depreciation	(543,770)
308,340	1,884,405	Proceeds from the issuance of long-term financing provide	
861	2,597,045	current financial resources to governmental funds, but	
138,342	277,929	issuing debt increases long-term liabilities in the statement	
440,207	1,313,280	of net assets.	(550,000)
-	208,361		
101,737	101,737		
57,113	2,088,793	Repayment of long-term debt principal is an expenditure in the	
		governmental funds, but the repayment reduces long-term	
143,877	181,377	liabilities in the statement of net assets.	181,377
64,402	64,402		
1,254,879	8,717,329	Revenues in the statement of activities that do not provide current	
		financial resources are not reported as revenues on the funds.	(83,511)
(195,339)	(783,553)		
		Some expenses reported in the statement of activities do not	
-	20,540	require the use of current financial resources and therefore are	
-	550,000	not reported as expenditures in governmental funds:	
123,829	659,194	Compensated Absences	(31,588)
-	(659,194)	Accrued Interest Payable	1,744
123,829	570,540	Change in Net Assets of Governmental Activities	\$ <u>611,195</u>
(71,510)	(213,013)		
390,375	6,521,375		
318,865	6,308,362		

CITY OF EATON
PREBLE COUNTY, OHIO

Statement of Net Assets
Proprietary Funds
December 31, 2008

	Water	Sewer & Sewer Disposal	Refuse	Non-Major Enterprise Fund	Total
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 1,104,759	1,327,939	131,198	6,126	2,570,022
Receivables:					
Accounts	211,403	184,313	99,705	25	495,446
Due from Other Governments	<u>865</u>	<u>160</u>	<u>-</u>	<u>-</u>	<u>1,025</u>
Total Current Assets	<u>1,317,027</u>	<u>1,512,412</u>	<u>230,903</u>	<u>6,151</u>	<u>3,066,493</u>
Capital Assets:					
Land	532,271	30,500	19,337	-	582,108
Capital Assets, net of accumulated depreciation	<u>6,302,640</u>	<u>3,305,679</u>	<u>-</u>	<u>-</u>	<u>9,608,319</u>
Total Capital Assets	<u>6,834,911</u>	<u>3,336,179</u>	<u>19,337</u>	<u>-</u>	<u>10,190,427</u>
Total Assets	<u>\$ 8,151,938</u>	<u>4,848,591</u>	<u>250,240</u>	<u>6,151</u>	<u>13,256,920</u>
LIABILITIES:					
Current Liabilities:					
Accounts Payable	\$ 56,250	19,379	41,193	-	116,822
Accrued Wages and Benefits	3,415	3,923	695	-	8,033
Accrued Interest	<u>58,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,735</u>
Total Current Liabilities	<u>118,400</u>	<u>23,302</u>	<u>41,888</u>	<u>-</u>	<u>183,590</u>
Noncurrent Liabilities:					
Accrued Compensated Absences	57,588	59,318	12,125	-	129,031
Loan Payable	<u>4,271,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,271,640</u>
Total Noncurrent Liabilities	<u>4,329,228</u>	<u>59,318</u>	<u>12,125</u>	<u>-</u>	<u>4,400,671</u>
Total Liabilities	<u>4,447,628</u>	<u>82,620</u>	<u>54,013</u>	<u>-</u>	<u>4,584,261</u>
NET ASSETS:					
Invested in capital assets, net of related debt	2,563,271	3,336,179	19,337	-	5,918,787
Unrestricted	<u>1,141,039</u>	<u>1,429,792</u>	<u>176,890</u>	<u>6,151</u>	<u>2,753,872</u>
Total Net Assets	<u>3,704,310</u>	<u>4,765,971</u>	<u>196,227</u>	<u>6,151</u>	<u>8,672,659</u>
Total Liabilities and Net Assets	<u>\$ 8,151,938</u>	<u>4,848,591</u>	<u>250,240</u>	<u>6,151</u>	<u>13,256,920</u>

See accompanying notes to the basic financial statements.

CITY OF EATON
PREBLE COUNTY, OHIO

Statement of Revenues, Expenses and
Changes in Fund Net Assets

Proprietary Funds

For the Year Ended December 31, 2008

	Water	Sewer & Sewer Disposal	Refuse	Non-Major Enterprise Fund	Total
OPERATING REVENUES:					
Charges for Services	\$ 1,351,776	1,132,523	583,552	1,580	3,069,431
Total Operating Revenues	<u>1,351,776</u>	<u>1,132,523</u>	<u>583,552</u>	<u>1,580</u>	<u>3,069,431</u>
OPERATING EXPENSES:					
Personnel Services	242,188	272,620	51,583	-	566,391
Fringe Benefits	92,715	102,320	21,193	-	216,228
Contractual Services	297,288	184,697	470,116	-	952,101
Materials and Supplies	125,605	68,037	450	-	194,092
Utilities	78,416	178,933	1,978	-	259,327
Other Operating Expenses	5,303	-	37,426	-	42,729
Depreciation	279,927	288,638	-	-	568,565
Total Operating Expenses	<u>1,121,442</u>	<u>1,095,245</u>	<u>582,746</u>	<u>-</u>	<u>2,799,433</u>
Operating Income	<u>230,334</u>	<u>37,278</u>	<u>806</u>	<u>1,580</u>	<u>269,998</u>
NON-OPERATING REVENUES (EXPENSES):					
Capital Grants	-	67,712	-	-	67,712
Gain on Sale of Capital Assets	1,851	5,850	-	-	7,701
Interest Expense	(171,200)	-	-	-	(171,200)
Total Non-Operating Revenues (Expenses)	<u>(169,349)</u>	<u>73,562</u>	<u>-</u>	<u>-</u>	<u>(95,787)</u>
Change in Net Assets	60,985	110,840	806	1,580	174,211
Net Assets, Beginning of Year	<u>3,643,325</u>	<u>4,655,131</u>	<u>195,421</u>	<u>4,571</u>	<u>8,498,448</u>
Net Assets, End of Year	\$ <u>3,704,310</u>	<u>4,765,971</u>	<u>196,227</u>	<u>6,151</u>	<u>8,672,659</u>

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, 2008

	Water	Sewer & Sewer Disposal	Refuse	Non-Major Enterprise Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 1,349,753	1,127,981	586,398	1,605	3,065,737
Cash Paid for Personnel and Benefits	(354,659)	(396,017)	(77,389)	-	(828,065)
Cash Paid to Goods and Services	(460,857)	(432,015)	(527,134)	-	(1,420,006)
Other Operating Expenses	(1,024)	-	-	-	(1,024)
Net Cash Provided (Used) by Operating Activities	<u>533,213</u>	<u>299,949</u>	<u>(18,125)</u>	<u>1,605</u>	<u>816,642</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the Sale of Capital Assets	1,851	5,850	-	-	7,701
Loan Proceeds	525,951	-	-	-	525,951
Principal Paid on Long-Term Liabilities	(95,835)	-	-	-	(95,835)
Interest Paid	(112,465)	-	-	-	(112,465)
Acquisition of Capital Assets	(1,305,456)	(316,101)	(2,216)	-	(1,623,773)
Net Cash Used by Capital and Related Financing Activities	<u>(985,954)</u>	<u>(310,251)</u>	<u>(2,216)</u>	<u>-</u>	<u>(1,298,421)</u>
Increase (Decrease) in Cash and Cash Equivalents	(452,741)	(10,302)	(20,341)	1,605	(481,779)
Cash and Cash Equivalents, Beginning of Year	<u>1,557,500</u>	<u>1,338,241</u>	<u>151,539</u>	<u>4,521</u>	<u>3,051,801</u>
Cash and Cash Equivalents, End of Year	\$ <u>1,104,759</u>	<u>1,327,939</u>	<u>131,198</u>	<u>6,126</u>	<u>2,570,022</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	\$ 230,334	37,278	806	1,580	269,998
Adjustment to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	279,927	288,638	-	-	568,565
Changes in Assets and Liabilities:					
Accounts Receivable	(2,173)	(4,421)	2,846	25	(3,723)
Due from Other Governments	316,798	(120)	-	-	316,678
Accounts Payable	(271,918)	(349)	(17,165)	-	(289,432)
Accrued Wages & Benefits	142	370	1	-	513
Accrued Compensated Absences	4,318	4,981	1,345	-	10,644
Due to Other Funds	(24,215)	(26,428)	(5,958)	-	(56,601)
Net Cash Provided (Used) by Operating Activities	\$ <u>533,213</u>	<u>299,949</u>	<u>(18,125)</u>	<u>1,605</u>	<u>816,642</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Borrowings under accruals	\$ <u>316,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,648</u>

See accompanying notes to the basic financial statements.

CITY OF EATON
PREBLE COUNTY, OHIO
Statement of Fiduciary Net Assets
Fiduciary Fund
December 31, 2008

	<u>Agency Fund</u>
ASSETS:	
Due from Other Governments	\$ <u>4,276</u>
LIABILITIES:	
Accounts Payable	\$ <u>4,276</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, 2008

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, 2008.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Eaton have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the City's accounting policies are described below.

CITY OF EATON
PREBLE COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus (Continued)

Fund Financial Statements

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

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

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

C. Fund Accounting

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

Governmental Funds

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

General Fund – The General Fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred in accordance with the Charter and legislation of the City of Eaton and/or the general laws of the State of Ohio.

CITY OF EATON
PREBLE COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

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

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

Issue II Fund – The Issue II fund accounts for funds received from the State of Ohio for the reconstruction of Washington/Jackson Road.

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, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 4). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned Revenue/Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance year 2008 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, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Expenses/Expenditures

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

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

E. Cash and Cash Equivalents and Investments

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

During fiscal year 2008, investments of the City were limited to the State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2008. 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 2007 to 2008.

CITY OF EATON
PREBLE COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of enterprise capital assets is also capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

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

H. Interfund Activity

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

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

I. Compensated Absences

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

CITY OF EATON
PREBLE COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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, 2008, there was no liability recognized in the fund financial statements. The noncurrent portion of the liability is not reported in the fund financial statements. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Fund Balance Reserves

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

L. Net Assets

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

CITY OF EATON
PREBLE COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets (Continued)

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

M. Operating Revenues and Expenses

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

N. Contributions of Capital

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

O. Estimates

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

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

CITY OF EATON
PREBLE COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City has no deposit policy for custodial risk beyond the requirements of State statute. By Ohio law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds on deposit with that specific institution. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions. At December 31, 2008, the carrying amount of the City's deposits was \$5,289,430 and the bank balance was \$5,614,105. Of the bank balance, \$1,181,785 was covered by federal depository insurance and \$4,432,320 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name.

Investments

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

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

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

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

At December 31, 2008, the City's only investment was amounts on deposit with STAR Ohio, with a fair value of \$2,839,525, which is included in the "Equity in Pooled Cash and Cash Equivalents" amount on the Statement of Net Assets.

NOTE 4 – PROPERTY TAXES

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

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

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

CITY OF EATON
PREBLE COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 4 – PROPERTY TAXES (Continued)

Real property and public utility taxes collected during 2008 were levied in October 2007 on assessed values listed as of January 1, 2007, the lien date. One-half of these taxes were due in February 2008, with the remaining balance due in July 2008.

Tangible personal property taxes collected during 2008 had a lien and levy date of December 31, 2007. One-half of these taxes were due by April 30, 2008, with the remaining balance due in September 2008. Personal property revenue recognized represents those taxes levied for and due within the fiscal year, and collected within 60 days after fiscal year end.

Assessed values on real property are established by state law at 35% of appraised market value. A revaluation of all property is required to be completed no less than every six years with equalization adjustments in the third year following reappraisal. The last revaluation was completed in 2007. Public utility property taxes are assessed on tangible personal property as well as land and improvements at taxable value (approximately 88% of cost). Tangible personal property assessments are 25% of true value. The assessed value for 2007 upon which the 2008 levy was based was approximately \$173,600,700. The assessed value for 2008 upon which the 2009 levy was based was approximately \$157,425,460.

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

NOTE 5 – INCOME TAXES

Municipalities within the State of Ohio are permitted by state statute to levy an income tax up to a maximum rate of 1% subject to the approval of the local legislative body. Any rate in excess of 1% requires the approval of a majority of the eligible voters residing within the municipal corporation. The city income tax of 1.5% is levied, by ordinance. One percent (1%) of the tax is levied indefinitely and .5% was renewed by the voters of the City in November 2007. The .5% tax will expire December 31, 2010. This tax is applicable to substantially all income earned within the City. Employers within the City are required to withhold income tax on employee compensation and remit this withholding quarterly. Corporations, partnerships, and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the City. Residents of the City are required to pay City income taxes on income they earn outside the City; however, credit is allowed for all income taxes paid to other municipalities.

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

CITY OF EATON
PREBLE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 6 – RECEIVABLES

Receivables at December 31, 2008 consisted of current and delinquent property taxes, special assessments, accounts, intergovernmental grants, accrued interest on investments and interfund transactions. All receivables are considered collectible in full due to the ability to foreclose for nonpayment of taxes and the stable condition of State programs. A summary of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities:	
Local Government and Local Government Revenue Assistance	\$ 124,238
Reimbursements	42,375
State Grants	335,365
Homestead and Rollback	37,679
Gasoline and Excise Tax	179,847
Motor Vehicle License Fees	41,928
Public Safety	6,525
Liquor License	198
Other	6,649
Total Governmental Activities	774,804
 Business-Type Activities:	
Other	1,025
Total Business-Type Activities	1,025
Total	\$ 775,829

NOTE 7 - INTERFUND TRANSFERS AND BALANCES

Interfund transfers for the year ended December 31, 2008, consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital Improvement Fund</u>	
Cemetery	\$ 40,829	-	40,829
Recreation	65,000	-	65,000
Swimming Pool	15,000	-	15,000
Fort St. Clair	3,000	-	3,000
Issue II Fund	-	535,365	535,365
Total	\$ 123,829	535,365	659,194

CITY OF EATON
PREBLE COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 7 - INTERFUND TRANSFERS AND BALANCES (Continued)

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

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

Interfund balances at December 31, 2008, consisted of the following amounts and represent charges for services or reimbursable expenses approved and authorized in 2008 but not made until 2009. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. All are expected to be paid within one year.

Due To	Due From	
	General Fund	Total
Indigent Driver Fund	\$ 315	315
Enforcement & Education Fund	86	86
Computerization Upgrade Fund	6,830	6,830
Municipal Court Special Projects Fund	10,283	10,283
Total	\$ 17,514	17,514

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CITY OF EATON
PREBLE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008, was as follows:

	Balance 12/31/2007	Additions	Deductions	Balance 12/31/2008
<u>GOVERNMENTAL ACTIVITIES:</u>				
<u>Capital Assets, not being depreciated</u>				
Land	\$ 820,439	-	-	820,439
Construction in Progress	35,482	973,474	-	1,008,956
	<u>855,921</u>	<u>973,474</u>	<u>-</u>	<u>1,829,395</u>
<u>Capital Assets, being depreciated</u>				
Buildings	3,951,937	-	-	3,951,937
Infrastructure	2,662,887	172,824	-	2,835,711
Furniture and Equipment	4,635,774	703,658	(375,984)	4,963,448
	<u>11,250,598</u>	<u>876,482</u>	<u>(375,984)</u>	<u>11,751,096</u>
<u>Less: Accumulated Depreciation</u>				
Buildings	(1,070,370)	(111,095)	-	(1,181,465)
Infrastructure	(280,246)	(115,382)	-	(395,628)
Furniture and Equipment	(3,602,143)	(317,293)	375,984	(3,543,452)
	<u>(4,952,759)</u>	<u>(543,770) *</u>	<u>375,984</u>	<u>(5,120,545)</u>
Capital Assets, being depreciated, net	<u>6,297,839</u>	<u>332,712</u>	<u>-</u>	<u>6,630,551</u>
Capital Assets, net	<u>\$ 7,153,760</u>	<u>1,306,186</u>	<u>-</u>	<u>8,459,946</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>				
<u>Capital Assets, not being depreciated</u>				
Land	\$ 579,892	2,216	-	582,108
Construction in Progress	4,057,478	938,666	(4,996,144)	-
	<u>4,637,370</u>	<u>940,882</u>	<u>(4,996,144)</u>	<u>582,108</u>
<u>Capital Assets, being depreciated</u>				
Buildings and Systems	8,167,845	5,336,419	(2,700)	13,501,564
Furniture and Equipment	4,149,486	93,679	(305,997)	3,937,168
	<u>12,317,331</u>	<u>5,430,098</u>	<u>(308,697)</u>	<u>17,438,732</u>
<u>Less: Accumulated Depreciation</u>				
Buildings and Systems	(4,631,410)	(451,095)	2,700	(5,079,805)
Furniture and Equipment	(2,939,135)	(117,470)	305,997	(2,750,608)
	<u>(7,570,545)</u>	<u>(568,565)</u>	<u>308,697</u>	<u>(7,830,413)</u>
Capital Assets, being depreciated, net	<u>4,746,786</u>	<u>4,861,533</u>	<u>-</u>	<u>9,608,319</u>
Capital Assets, net	<u>\$ 9,384,156</u>	<u>5,802,415</u>	<u>(4,996,144)</u>	<u>10,190,427</u>

CITY OF EATON
PREBLE COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 8 - CAPITAL ASSETS (Continued)

* Depreciation expense was charged to governmental functions as follows:

General Government	\$	86,504
Public Safety		183,188
Transportation		87,332
Community Development		115,381
Culture and Recreation		<u>71,365</u>
Total Depreciation Expense	\$	<u><u>543,770</u></u>

NOTE 9 – DEFINED BENEFIT PENSION PLANS

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

A. Ohio Public Employees Retirement System

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

1. **The Traditional Pension Plan** — A cost sharing, multiple-employer defined benefit pension plan.
2. **The Member-Directed Plan** — A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. **The Combined Plan** — A cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-6701 or 800-222-7377.

CITY OF EATON
PREBLE COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (Continued)

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The 2008 member contribution rates were 10.0% of their annual covered salary to fund pension's obligations. The employer contribution rate was 114.0% of covered payroll. The City's contributions, representing 100% of employer contributions for the periods ended December 31, 2008, 2007, and 2006 were \$366,485, 339,772, and \$326,913, 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, 2008, 2007, and 2006 were \$185,685, \$167,288, and \$142,473, respectively, equal to the required contribution for each year.

NOTE 10 – POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

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

In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered to be an Other Post-employment Benefit (OPEB) as described in GASB Statement 12.

CITY OF EATON
PREBLE COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 10 – POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System (Continued)

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2008, local government employer units contributed at 14.0% of covered payroll. The portion of employer contributions, for all employers, allocated to health care was 7.0% in 2008 for all employers.

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, 2007.

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

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

Investment Return: The investment assumption rate for 2007 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 4% for the next 7 years. In subsequent years (8 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

OPEB is advance-funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 363,503 active contributing participants as of December 31, 2008. The number of active contributing participants for both plans used in the December 31, 2007, actuarial valuation was 364,076. The portion of City's contributions that were used to fund post-employment benefits was \$183,242. The amount of \$12.8 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2007. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2007, reported the actuarially accrued liability and the unfunded actuarial accrued liability for OPEB at \$29.8 billion and \$17.0 billion, respectively.

CITY OF EATON
PREBLE COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 10 – POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System (Continued)

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

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

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

Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 6.75% of covered payroll in 2007 and 6.75% of covered payroll in 2008. 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, 2007, the date of the last actuarial valuation available, are 14,295 for Police and 10,583 for Firefighters. The City's annual contribution for 2008 that were used to fund postemployment benefits was \$49,896 for Police and \$11,655 for Firefighters. OP&F's total health care expenses for the year ending December 31, 2007, the date of the last actuarial valuation available, was \$93,205,319, which was net of members contributions of \$56,031,875.

CITY OF EATON
PREBLE COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 11 – COMPENSATED ABSENCES

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

Vacation is accumulated based upon length of service as follows:

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

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

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

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

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

As of December 31, 2008, the accrued liability for unpaid compensated absences was \$658,162 for all funds.

CITY OF EATON
PREBLE COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2008, the City contracted with the Houston Casualty Insurance Company to provide conventional insurance protection.

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

<u>Type of Coverage</u>	<u>Per Occurrence</u>	<u>Deductible</u>
Property insurance	\$ 22,272,366	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	1,487,702	1,000
Automobile	3,534,716	1,000*

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

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

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

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CITY OF EATON
PREBLE COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 13 – LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation activity by fund type for the year ended December 31, 2008:

	Balance 12/31/2007	Additions	Retirements	Balance 12/31/2008	Due within One Year
<u>Governmental Activities:</u>					
Compensated Absences	\$ 502,453	161,732	135,054	529,131	169,641
Issue II - Washington	-	550,000	-	550,000	27,500
Issue II - Downtown	468,750	-	37,500	431,250	37,500
Eaton Municipal Court Facility Bond	1,057,461	-	80,021	977,440	83,818
TIF - WJ/ Auk	458,343	-	63,856	394,487	66,150
	<u>2,487,007</u>	<u>711,732</u>	<u>316,431</u>	<u>2,882,308</u>	<u>384,609</u>
<u>Business-Type Activities:</u>					
Compensated Absences	118,387	29,820	19,176	129,031	32,571
OWDA Loan Payable	4,158,173	209,303	95,836	4,271,640	194,306
	<u>4,276,560</u>	<u>239,123</u>	<u>115,012</u>	<u>4,400,671</u>	<u>226,877</u>
	<u>\$ 6,763,567</u>	<u>950,855</u>	<u>431,443</u>	<u>7,282,979</u>	<u>611,486</u>

Long-term obligations of the City at December 31, 2008 are as follows:

<u>Issue</u>	<u>Rate %</u>	<u>Issued</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>
Issue II – Downtown	0.0%	7-1-1997	1-1-2020	\$ 431,250
Issue II – Washington Road	0.0%	7-1-2008	1-1-2019	\$ 550,000
TIF Loan	3.56%	5-1-2005	4-20-2014	\$ 394,487
Eaton Municipal Court Facility Bond	4.69%	3-5-2004	3-1-2018	\$ 977,440
OWDA Loan	2.75%	1-1-2007	1-1-2028	\$ 4,271,640

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

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

On March 5, 2003, the City issued bonds in the amount of \$1,375,000 for the purpose of paying costs of constructing the new Eaton Municipal Court Facility, including landscaping, utility and other site improvements, and furniture and equipment. The bonds carry an interest rate of 4.69% per annum and mature on March 1, 2018. The 2008 debt service payment, which includes interest, was \$128,678 and was paid out of the Municipal Court Special Projects Fund.

CITY OF EATON
PREBLE COUNTY, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

On April 20, 2004, the City borrowed \$550,000 under the State of Ohio Tax Increment Financing (TIF) program for the purpose of paying costs for the extension of Washington, Jackson and Aukerman Streets. The loan carries an interest rate of 3.56% per annum and will mature on April 20, 2014. Annual debt payments, which include interest, are \$79,610 and are paid out of the TIF Fund.

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

As of December 31, 2008, the City's legal debt margin (the ability to issue additional principal amounts of general obligation bonded debt) was approximately \$16.53 million. Principal and interest requirements to retire long-term governmental activities obligations outstanding at December 31, 2008 are as follows:

	OPWC Loan	Issue II Loan	Eaton Municipal Court Facility Bond		TIF Loan	
	Principal	Principal	Principal	Interest	Principal	Interest
2009	\$ 27,500	37,500	83,818	44,871	66,150	13,460
2010	55,000	37,500	87,795	40,893	68,526	11,084
2011	55,000	37,500	91,961	36,728	70,987	8,623
2012	55,000	37,500	96,324	32,364	73,537	6,073
2013	55,000	37,500	100,894	27,794	76,178	3,432
2014-2018	275,000	187,500	516,648	62,447	39,109	696
2019-2020	27,500	56,250	-	-	-	-
	\$ 550,000	431,250	977,440	245,097	394,487	43,368

NOTE 14 – CONTINGENT LIABILITIES

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

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

CITY OF EATON
PREBLE COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS

Mound Hill Union Cemetery

One or more municipal corporations and the boards of township trustees of one or more townships established the Mound Hill Union Cemetery in accordance with Ohio Revised Code Sections 759.27 to 759.48 to unite in the establishment and management of a cemetery. The Board of Cemetery Trustees consists of three members; one member from the City of Eaton Council, one member from the Washington Township Board of Trustees, and the third member appointed by the other two members. The Board of Cemetery Trustees adopts appropriations and the cemetery serves as its own fiscal agent. For the year ended December 31, 2008, the City of Eaton contributed \$110,655 towards the general operation of the cemetery. The cemetery issues a publicly available stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained from Mound Union Hill Cemetery at 533 West Main Street, Eaton, Ohio 45320.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EATON
PREBLE COUNTY, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Property Taxes	\$ 542,500	542,500	555,203	12,703
Municipal Income Taxes	953,200	953,200	1,014,578	61,378
Intergovernmental Revenue	431,950	431,950	713,616	281,666
Charges for Services	20,000	20,000	29,776	9,776
Licenses and Permits	100,000	100,000	106,459	6,459
Investment Income	126,500	126,500	211,485	84,985
Fees, Fines and Forfeitures	597,500	597,500	645,167	47,667
Other Revenue	<u>130,000</u>	<u>130,000</u>	<u>273,851</u>	<u>143,851</u>
 Total Revenues	 <u>2,901,650</u>	 <u>2,901,650</u>	 <u>3,550,135</u>	 <u>648,485</u>
EXPENDITURES:				
Current:				
General Government	3,051,835	3,022,885	1,527,660	1,495,225
Public Safety	1,290,750	1,319,700	1,184,811	134,889
Public Health	27,150	27,150	27,129	21
Transportation	381,300	381,300	285,767	95,533
Community Development	<u>256,200</u>	<u>256,200</u>	<u>208,606</u>	<u>47,594</u>
 Total Expenditures	 <u>5,007,235</u>	 <u>5,007,235</u>	 <u>3,233,973</u>	 <u>1,773,262</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	<u>(2,105,585)</u>	<u>(2,105,585)</u>	<u>316,162</u>	<u>2,421,747</u>
OTHER FINANCING SOURCES (USES):				
Sale of Capital Assets	-	-	5,370	5,370
Transfers In	-	-	7,500	7,500
Transfers Out	<u>(174,455)</u>	<u>(174,455)</u>	<u>(123,829)</u>	<u>50,626</u>
 Total Other Financing Sources (Uses)	 <u>(174,455)</u>	 <u>(174,455)</u>	 <u>(110,959)</u>	 <u>63,496</u>
Net Change in Fund Balance	(2,280,040)	(2,280,040)	205,203	2,485,243
Fund Balance, Beginning of Year	2,218,466	2,218,466	2,218,466	-
Prior Year Encumbrances Appropriated	<u>61,574</u>	<u>61,574</u>	<u>61,574</u>	<u>-</u>
Fund Balance, End of Year	\$ <u>-</u>	<u>-</u>	<u>2,485,243</u>	<u>2,485,243</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Municipal Income Taxes	\$ 1,131,900	1,131,900	1,201,783	69,883
Intergovernmental Revenue	125,000	125,000	155,767	30,767
Charges for Services	<u>500,000</u>	<u>500,000</u>	<u>504,524</u>	<u>4,524</u>
Total Revenues	<u>1,756,900</u>	<u>1,756,900</u>	<u>1,862,074</u>	<u>105,174</u>
EXPENDITURES:				
Current:				
General Government	945,041	367,791	42,627	325,164
Public Safety	<u>1,838,425</u>	<u>2,415,675</u>	<u>2,111,513</u>	<u>304,162</u>
Total Expenditures	<u>2,783,466</u>	<u>2,783,466</u>	<u>2,154,140</u>	<u>629,326</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>(1,026,566)</u>	<u>(1,026,566)</u>	<u>(292,066)</u>	<u>734,500</u>
OTHER FINANCING SOURCES (USES):				
Sale of Capital Assets	<u>-</u>	<u>-</u>	<u>15,170</u>	<u>15,170</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>15,170</u>	<u>15,170</u>
Net Change in Fund Balance	(1,026,566)	(1,026,566)	(276,896)	749,670
Fund Balance, Beginning of Year	1,011,534	1,011,534	1,011,534	-
Prior Year Encumbrances Appropriated	<u>15,032</u>	<u>15,032</u>	<u>15,032</u>	<u>-</u>
Fund Balance, End of Year	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>749,670</u></u>	<u><u>749,670</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, 2008

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, 2008

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:

	General Fund	Public Safety Fund
Net Change in Fund Balance - GAAP Basis	\$ 112,774	(215,466)
Increase/(Decrease):		
Due to Revenues	135,769	8,484
Due to Expenditures	(89,850)	(52,040)
Other Financing Sources	7,500	-
Encumbrances	39,010	(17,874)
Net Change in Fund Balance - Budgetary Basis	\$ 205,203	(276,896)

SUPPLEMENTARY INFORMATION

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

Major Governmental Funds

General Fund – The General Fund accounts for all financial resources except those required to be accounted for in a separate fund.

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

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

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

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Property Taxes:				
General	\$ 505,000	505,000	513,288	8,288
Tangible Personal	37,500	37,500	41,915	4,415
Total Property Taxes	542,500	542,500	555,203	12,703
Municipal Income Taxes	953,200	953,200	1,014,578	61,378
Intergovernmental Revenue:				
Local Government Revenue	253,500	253,500	252,290	(1,210)
Homestead/Rollback	52,000	52,000	69,430	17,430
State Levied Shared Taxes	115,000	115,000	130,263	15,263
Inheritance	-	-	243,052	243,052
Cigarette Licenses	250	250	319	69
Liquor and Beer Permits	7,500	7,500	10,562	3,062
Police Firing Range	3,700	3,700	3,380	(320)
Other Grants	-	-	4,320	4,320
Total Intergovernmental Revenue	431,950	431,950	713,616	281,666
Charges for Services:				
General Government-Cable Franchise	20,000	20,000	29,764	9,764
Miscellaneous	-	-	12	12
Total Charges for Services	20,000	20,000	29,776	9,776
Licenses and Permits	100,000	100,000	106,459	6,459
Investment Income	126,500	126,500	211,485	84,985
Fees, Fines and Forfeitures	597,500	597,500	645,167	47,667
Other Revenue	130,000	130,000	273,851	143,851
Total Revenues	2,901,650	2,901,650	3,550,135	648,485

EXPENDITURES:

Current:

General Government:

Administration:

 Personal Services

 Operating Expenses

Council:

 Personal Services

 Operating Expenses

Municipal Court:

 Personal Services

 Operating Expenses

 Total General Government

468,500	468,500	466,443	2,057
1,779,535	1,750,585	294,442	1,456,143
8,600	8,600	8,187	413
3,500	3,500	2,444	1,056
665,000	651,500	634,178	17,322
126,700	140,200	121,966	18,234
3,051,835	3,022,885	1,527,660	1,495,225

(Continued)

CITY OF EATON
PREBLE COUNTY, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
General Fund
For the Year Ended December 31, 2008
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public Safety:				
Police Division:				
Personal Services	1,116,000	1,116,000	1,002,146	113,854
Operating Expenses	112,750	131,700	116,110	15,590
Headquarters:				
Personal Services	62,000	72,000	66,555	5,445
Total Public Safety	<u>1,290,750</u>	<u>1,319,700</u>	<u>1,184,811</u>	<u>134,889</u>
Public Health:				
Administration:				
Operating Expenses	27,150	27,150	27,129	21
Total Public Health	<u>27,150</u>	<u>27,150</u>	<u>27,129</u>	<u>21</u>
Transportation:				
Traffic Lights:				
Operating Expenses	88,300	88,300	72,068	16,232
Public Maintenance:				
Personal Services	195,000	195,000	117,327	77,673
Operating Expenses	98,000	98,000	96,372	1,628
Total Transportation	<u>381,300</u>	<u>381,300</u>	<u>285,767</u>	<u>95,533</u>
Community Development:				
Building and Zoning:				
Personal Services	171,000	171,000	148,425	22,575
Operating Expenses	85,200	85,200	60,181	25,019
Total Building and Zoning	<u>256,200</u>	<u>256,200</u>	<u>208,606</u>	<u>47,594</u>
Total Expenditures	<u>5,007,235</u>	<u>5,007,235</u>	<u>3,233,973</u>	<u>1,773,262</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>(2,105,585)</u>	<u>(2,105,585)</u>	<u>316,162</u>	<u>2,421,747</u>
OTHER FINANCING SOURCES (USES):				
Sale of Capital Assets	-	-	5,370	5,370
Transfers In	-	-	7,500	7,500
Transfers Out	(174,455)	(174,455)	(123,829)	50,626
Total Other Financing Sources (Uses)	<u>(174,455)</u>	<u>(174,455)</u>	<u>(110,959)</u>	<u>63,496</u>
Net Change in Fund Balance	(2,280,040)	(2,280,040)	205,203	2,485,243
Fund Balance, Beginning of Year	2,218,466	2,218,466	2,218,466	-
Prior Year Encumbrances Appropriated	61,574	61,574	61,574	-
Fund Balance, End of Year	<u>\$ -</u>	<u>-</u>	<u>2,485,243</u>	<u>2,485,243</u>

**CITY OF EATON
PREBLE COUNTY, OHIO**

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Public Safety Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Municipal Income Taxes	\$ 1,131,900	1,131,900	1,201,783	69,883
Intergovernmental Revenue:				
Federal Grants	-	-	5,960	5,960
Fire Contracts	75,000	75,000	90,074	15,074
Ambulance Contracts	50,000	50,000	59,733	9,733
Total Intergovernmental Revenue	125,000	125,000	155,767	30,767
Charges for Services:				
Ambulance Removal Fees	500,000	500,000	504,524	4,524
Total Charges for Services	500,000	500,000	504,524	4,524
Total Revenues	1,756,900	1,756,900	1,862,074	105,174
EXPENDITURES:				
Current:				
General Government:				
Administration:				
Operating Expenses	945,041	367,791	42,627	325,164
Total General Government	945,041	367,791	42,627	325,164
Public Safety:				
Police Division:				
Personal Services	181,000	181,000	113,557	67,443
Operating Expenses	95,450	95,450	88,558	6,892
Headquarters:				
Personal Services	327,000	327,000	301,037	25,963
Operating Expenses	19,600	19,600	15,549	4,051
Fire Division:				
Personal Services	455,000	443,000	401,110	41,890
Operating Expenses	139,825	718,525	697,088	21,437
EMS Division:				
Personal Services	448,000	448,000	339,214	108,786
Operating Expenses	172,550	183,100	155,400	27,700
Total Public Safety	1,838,425	2,415,675	2,111,513	304,162
Total Expenditures	2,783,466	2,783,466	2,154,140	629,326
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(1,026,566)	(1,026,566)	(292,066)	734,500

(Continued)

CITY OF EATON
PREBLE COUNTY, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Public Safety Fund
For the Year Ended December 31, 2008
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES):				
Sale of Capital Assets	-	-	15,170	15,170
Total Other Financing Sources (Uses)	-	-	15,170	15,170
Net Change in Fund Balance	(1,026,566)	(1,026,566)	(276,896)	749,670
Fund Balance, Beginning of Year	1,011,534	1,011,534	1,011,534	-
Prior Year Encumbrances Appropriated	15,032	15,032	15,032	-
Fund Balance, End of Year	\$ -	-	749,670	749,670

CITY OF EATON
PREBLE COUNTY, OHIO

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Capital Improvement Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Municipal Income Taxes	\$ 1,310,600	1,310,600	1,393,988	83,388
Special Assessments	20,000	20,000	23,671	3,671
Total Revenues	<u>1,330,600</u>	<u>1,330,600</u>	<u>1,417,659</u>	<u>87,059</u>
EXPENDITURES:				
Capital Outlay:				
Personal Services	432,000	432,000	400,227	31,773
Operating Expenses	3,174,803	2,774,803	1,074,890	1,699,913
Debt Service:				
Principal Payments	37,500	37,500	37,500	-
Total Expenditures	<u>3,644,303</u>	<u>3,244,303</u>	<u>1,512,617</u>	<u>1,731,686</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>(2,313,703)</u>	<u>(1,913,703)</u>	<u>(94,958)</u>	<u>1,818,745</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	(400,000)	(535,365)	(135,365)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(400,000)</u>	<u>(535,365)</u>	<u>(135,365)</u>
Net Change in Fund Balance	(2,313,703)	(2,313,703)	(630,323)	1,683,380
Fund Balance, Beginning of Year	2,054,921	2,054,921	2,054,921	-
Prior Year Encumbrances Appropriated	258,782	258,782	258,782	-
Fund Balance, End of Year	<u>\$ -</u>	<u>-</u>	<u>1,683,380</u>	<u>1,683,380</u>

CITY OF EATON
PREBLE COUNTY, OHIO

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Issue II Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental Revenue	\$ -	200,000	200,000	-
EXPENDITURES:				
Capital Outlay:				
Operating Expenses	-	950,000	948,815	1,185
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	-	(750,000)	(748,815)	1,185
OTHER FINANCING SOURCES (USES):				
Loan Proceeds	-	702,476	214,635	(487,841)
Transfers In	-	47,524	535,365	487,841
Total Other Financing Sources (Uses)	-	750,000	750,000	-
Net Change in Fund Balance	-	-	1,185	1,185
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	-	1,185	1,185

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Combining Statements – Nonmajor Governmental Funds

NONMAJOR SPECIAL REVENUE FUNDS

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.

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

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

Cemetery Fund – To account for the joint operations with a Township of the Mound Hill Union Cemetery.

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

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

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

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

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

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

Combining Statements – Nonmajor Governmental Funds
(Continued)

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

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

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

NONMAJOR CAPITAL PROJECTS FUNDS

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.

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

Since there is only one nonmajor Capital Projects Fund, the **TIF Fund**, no individual fund information is presented.

NONMAJOR PERMANENT FUND

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

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

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

CITY OF EATON
PREBLE COUNTY, OHIO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008

	Special Revenue Funds	Capital Project Fund	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 226,434	48,724	-	275,158
Investments	-	-	10,000	10,000
Receivables (net of allowance for uncollectibles):				
Taxes	37,000	-	-	37,000
Accounts	962	-	-	962
Accrued Interest	-	-	12	12
Due from Other Governments	223,527	-	-	223,527
Due from Other Funds	17,514	-	-	17,514
	<u>505,437</u>	<u>48,724</u>	<u>10,012</u>	<u>564,173</u>
Total Assets	\$ 505,437	48,724	10,012	564,173
LIABILITIES:				
Accounts Payable	\$ 12,026	-	12	12,038
Accrued Wages and Benefits	3,265	-	-	3,265
Deferred Revenue	230,005	-	-	230,005
	<u>245,296</u>	<u>-</u>	<u>12</u>	<u>245,308</u>
Total Liabilities	245,296	-	12	245,308
FUND BALANCE:				
Reserved for:				
Permanent Fund	-	-	10,000	10,000
Unreserved:				
Undesignated	260,141	48,724	-	308,865
	<u>260,141</u>	<u>48,724</u>	<u>10,000</u>	<u>318,865</u>
Total Fund Balance	260,141	48,724	10,000	318,865
Total Liabilities and Fund Balance	\$ 505,437	48,724	10,012	564,173

CITY OF EATON
PREBLE COUNTY, OHIO
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008

	Indigent Driver	Enforcement & Education	Law Enforcement
ASSETS:			
Cash and Cash Equivalents	\$ 36,208	10,062	3,156
Receivables (net of allowance for uncollectibles):			
Taxes	-	-	-
Accounts	-	-	-
Due from Other Governments	-	-	-
Due from Other Funds	315	86	-
 Total Assets	\$ 36,523	10,148	3,156
LIABILITIES:			
Accounts Payable	\$ 2,582	-	-
Accrued Wages and Benefits	-	-	-
Deferred Revenue	-	-	-
 Total Liabilities	2,582	-	-
FUND BALANCE:			
Unreserved	33,941	10,148	3,156
 Total Fund Balance	33,941	10,148	3,156
 Total Liabilities and Fund Balance	\$ 36,523	10,148	3,156

Computerization Upgrade	Municipal Court Special Projects Fund	Street Construction, Maintenance & Repair	State Highway Improvement	Cemetery	Recreation
3,838	100,287	11,753	8,185	-	16,038
-	-	-	-	37,000	-
-	-	43	-	-	-
-	-	205,698	16,078	1,751	-
<u>6,830</u>	<u>10,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>10,668</u>	<u>110,570</u>	<u>217,494</u>	<u>24,263</u>	<u>38,751</u>	<u>16,038</u>
37	-	5,661	-	-	904
446	-	2,375	222	-	222
<u>-</u>	<u>-</u>	<u>177,465</u>	<u>13,789</u>	<u>38,751</u>	<u>-</u>
<u>483</u>	<u>-</u>	<u>185,501</u>	<u>14,011</u>	<u>38,751</u>	<u>1,126</u>
<u>10,185</u>	<u>110,570</u>	<u>31,993</u>	<u>10,252</u>	<u>-</u>	<u>14,912</u>
<u>10,185</u>	<u>110,570</u>	<u>31,993</u>	<u>10,252</u>	<u>-</u>	<u>14,912</u>
<u>10,668</u>	<u>110,570</u>	<u>217,494</u>	<u>24,263</u>	<u>38,751</u>	<u>16,038</u>

(Continued)

CITY OF EATON
PREBLE COUNTY, OHIO
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008

	Swimming Pool	Robert's Bridge	Bicentennial Park
ASSETS:			
Cash and Cash Equivalents	\$ 5,277	413	1,521
Receivables (net of allowance for uncollectibles):			
Taxes	-	-	-
Accounts	-	-	-
Due from Other Governments	-	-	-
Due from Other Funds	-	-	-
	<u>5,277</u>	<u>413</u>	<u>1,521</u>
Total Assets	\$ <u>5,277</u>	<u>413</u>	<u>1,521</u>
LIABILITIES:			
Accounts Payable	\$ 52	-	-
Accrued Wages and Benefits	-	-	-
Deferred Revenue	-	-	-
	<u>52</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>52</u>	<u>-</u>	<u>-</u>
FUND BALANCE:			
Unreserved	<u>5,225</u>	<u>413</u>	<u>1,521</u>
Total Fund Balance	<u>5,225</u>	<u>413</u>	<u>1,521</u>
Total Liabilities and Fund Balance	\$ <u>5,277</u>	<u>413</u>	<u>1,521</u>

Fort St. Clair	Small Cities	Community Housing	Home Investment	Total Special Revenue Funds
28,696	1,000	-	-	226,434
-	-	-	-	37,000
919	-	-	-	962
-	-	-	-	223,527
-	-	-	-	17,514
<u>29,615</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>505,437</u>
2,790	-	-	-	12,026
-	-	-	-	3,265
-	-	-	-	230,005
<u>2,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,296</u>
<u>26,825</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>260,141</u>
<u>26,825</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>260,141</u>
<u>29,615</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>505,437</u>

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CITY OF EATON
PREBLE COUNTY, OHIO

Combining Statement of Revenue, Expenditures and
Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2008

	Special Revenue Funds	Capital Project Fund	Permanent Fund	Total Nonmajor Governmental Funds
REVENUES:				
Property Taxes	\$ 42,871	210,976	-	253,847
Intergovernmental Revenue	488,695	-	-	488,695
Charges for Services	7,992	-	-	7,992
Licenses and Permits	615	-	-	615
Fees, Fines and Forfeitures	272,323	-	-	272,323
Investment Income	-	-	433	433
Other Revenue	35,635	-	-	35,635
	<u>848,131</u>	<u>210,976</u>	<u>433</u>	<u>1,059,540</u>
Total Revenues				
EXPENDITURES:				
Current:				
General Government	232,863	75,477	-	308,340
Public Safety	861	-	-	861
Public Health	137,909	-	433	138,342
Transportation	440,207	-	-	440,207
Culture and Recreation	101,737	-	-	101,737
Capital Outlay	57,113	-	-	57,113
Debt Service:				
Principal	80,021	63,856	-	143,877
Interest	48,657	15,745	-	64,402
	<u>1,099,368</u>	<u>155,078</u>	<u>433</u>	<u>1,254,879</u>
Total Expenditures				
Excess (Deficit) of Revenues Over/ (Under) Expenditures	<u>(251,237)</u>	<u>55,898</u>	<u>-</u>	<u>(195,339)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	123,829	-	-	123,829
	<u>123,829</u>	<u>-</u>	<u>-</u>	<u>123,829</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	(127,408)	55,898	-	(71,510)
Fund Balance, Beginning of Year	387,549	(7,174)	10,000	390,375
Fund Balance, End of Year	<u>\$ 260,141</u>	<u>48,724</u>	<u>10,000</u>	<u>318,865</u>

CITY OF EATON
PREBLE COUNTY, OHIO
Combining Statement of Revenue, Expenditures and
Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Indigent Driver	Enforcement & Education	Law Enforcement
REVENUES:			
Property Taxes	\$ -	-	-
Intergovernmental Revenue	-	-	-
Charges for Services	-	-	-
Licenses and Permits	-	-	-
Fees, Fines and Forfeitures	9,925	3,823	400
Other Revenue	-	-	-
	<u>9,925</u>	<u>3,823</u>	<u>400</u>
Total Revenues	<u>9,925</u>	<u>3,823</u>	<u>400</u>
EXPENDITURES:			
Current:			
General Government	-	-	-
Public Safety	-	-	861
Public Health	27,047	207	-
Transportation	-	-	-
Culture and Recreation	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
	<u>27,047</u>	<u>207</u>	<u>861</u>
Total Expenditures	<u>27,047</u>	<u>207</u>	<u>861</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	<u>(17,122)</u>	<u>3,616</u>	<u>(461)</u>
OTHER FINANCING SOURCES (USES):			
Transfers In	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(17,122)	3,616	(461)
Fund Balance, Beginning of Year	<u>51,063</u>	<u>6,532</u>	<u>3,617</u>
Fund Balance, End of Year	\$ <u><u>33,941</u></u>	<u><u>10,148</u></u>	<u><u>3,156</u></u>

Computerization Upgrade	Municipal Court Special Projects Fund	Street Construction, Maintenance & Repair	State Highway Improvement	Cemetery	Recreation
-	-	-	-	42,871	-
-	-	372,250	30,182	26,955	-
-	-	4,317	-	-	3,675
-	-	615	-	-	-
103,345	154,830	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>103,345</u>	<u>154,830</u>	<u>377,182</u>	<u>30,182</u>	<u>69,826</u>	<u>3,675</u>
112,419	6,958	-	-	-	-
-	-	-	-	-	-
-	-	-	-	110,655	-
-	-	414,181	26,026	-	-
-	-	-	-	-	58,052
889	27,224	-	-	-	-
-	80,021	-	-	-	-
<u>-</u>	<u>48,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>113,308</u>	<u>162,860</u>	<u>414,181</u>	<u>26,026</u>	<u>110,655</u>	<u>58,052</u>
<u>(9,963)</u>	<u>(8,030)</u>	<u>(36,999)</u>	<u>4,156</u>	<u>(40,829)</u>	<u>(54,377)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,829</u>	<u>65,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,829</u>	<u>65,000</u>
(9,963)	(8,030)	(36,999)	4,156	-	10,623
<u>20,148</u>	<u>118,600</u>	<u>68,992</u>	<u>6,096</u>	<u>-</u>	<u>4,289</u>
<u>10,185</u>	<u>110,570</u>	<u>31,993</u>	<u>10,252</u>	<u>-</u>	<u>14,912</u>

(Continued)

CITY OF EATON
PREBLE COUNTY, OHIO
Combining Statement of Revenue, Expenditures and
Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Swimming Pool	Robert's Bridge	Bicentennial Park
REVENUES:			
Property Taxes	\$ -	-	-
Intergovernmental Revenue	-	-	-
Charges for Services	-	-	-
Licenses and Permits	-	-	-
Fees, Fines and Forfeitures	-	-	-
Other Revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:			
Current:			
General Government	-	-	-
Public Safety	-	-	-
Public Health	-	-	-
Transportation	-	-	-
Culture and Recreation	18,031	-	1,000
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>18,031</u>	<u>-</u>	<u>1,000</u>
Excess (Deficit) of Revenues Over/ (Under) Expenditures	<u>(18,031)</u>	<u>-</u>	<u>(1,000)</u>
OTHER FINANCING SOURCES (USES):			
Transfers In	<u>15,000</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(3,031)	-	(1,000)
Fund Balance, Beginning of Year	<u>8,256</u>	<u>413</u>	<u>2,521</u>
Fund Balance, End of Year	\$ <u><u>5,225</u></u>	<u><u>413</u></u>	<u><u>1,521</u></u>

Fort St. Clair	Small Cities	Community Housing	Home Investment	Total Special Revenue Funds
-	-	-	-	42,871
-	30,000	10,308	19,000	488,695
-	-	-	-	7,992
-	-	-	-	615
-	-	-	-	272,323
<u>35,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,635</u>
<u>35,635</u>	<u>30,000</u>	<u>10,308</u>	<u>19,000</u>	<u>848,131</u>
-	-	49,040	64,446	232,863
-	-	-	-	861
-	-	-	-	137,909
-	-	-	-	440,207
24,654	-	-	-	101,737
-	29,000	-	-	57,113
-	-	-	-	80,021
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,657</u>
<u>24,654</u>	<u>29,000</u>	<u>49,040</u>	<u>64,446</u>	<u>1,099,368</u>
<u>10,981</u>	<u>1,000</u>	<u>(38,732)</u>	<u>(45,446)</u>	<u>(251,237)</u>
<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,829</u>
<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,829</u>
13,981	1,000	(38,732)	(45,446)	(127,408)
<u>12,844</u>	<u>-</u>	<u>38,732</u>	<u>45,446</u>	<u>387,549</u>
<u>26,825</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>260,141</u>

CITY OF EATON
PREBLE COUNTY, OHIO
Combining Statement of Changes in Assets
and Liabilities - Agency Fund
For the Year Ended December 31, 2008

	<u>Balance</u> <u>12/31/2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/2008</u>
<u>State Patrol Transfer Fund</u>				
Assets:				
Cash and Cash Equivalents	\$ -	59,665	59,665	-
Due from Other Governments	<u>4,093</u>	<u>4,276</u>	<u>4,093</u>	<u>4,276</u>
Total assets	<u>\$ 4,093</u>	<u>63,941</u>	<u>63,758</u>	<u>4,276</u>
Liabilities:				
Accounts Payable	<u>\$ 4,093</u>	<u>63,941</u>	<u>63,758</u>	<u>4,276</u>
Total Liabilities	<u>\$ 4,093</u>	<u>63,941</u>	<u>63,758</u>	<u>4,276</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fees, Fines and Forfeitures	\$ 5,000	5,000	9,888	4,888
EXPENDITURES:				
Public Health:				
Operating Expenses	56,116	56,116	24,797	31,319
Change in Fund Balance	(51,116)	(51,116)	(14,909)	36,207
Fund Balance, Beginning of Year	51,116	51,116	51,116	-
Fund Balance, End of Year	\$ -	-	36,207	36,207

**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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fees, Fines and Forfeitures	\$ 1,000	1,000	3,744	2,744
EXPENDITURES:				
Public Safety:				
Operating Expenses	7,525	7,525	208	7,317
Change in Fund Balance	(6,525)	(6,525)	3,536	10,061
Fund Balance, Beginning of Year	6,525	6,525	6,525	-
Fund Balance, End of Year	\$ -	-	10,061	10,061

**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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fees, Fines and Forfeitures	\$ -	-	400	400
EXPENDITURES:				
Public Safety:				
Operating Expenses	<u>3,618</u>	<u>3,618</u>	<u>861</u>	<u>2,757</u>
Change in Fund Balance	(3,618)	(3,618)	(461)	3,157
Fund Balance, Beginning of Year	<u>3,618</u>	<u>3,618</u>	<u>3,618</u>	<u>-</u>
Fund Balance, End of Year	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,157</u></u>	<u><u>3,157</u></u>

**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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fees, Fines and Forfeitures	\$ <u>100,000</u>	<u>102,100</u>	<u>103,532</u>	<u>1,432</u>
Total Revenues	<u>100,000</u>	<u>102,100</u>	<u>103,532</u>	<u>1,432</u>
EXPENDITURES:				
General Government:				
Personal Services	58,000	54,000	53,950	50
Operating Expenses	<u>60,164</u>	<u>66,264</u>	<u>63,907</u>	<u>2,357</u>
Total Expenditures	<u>118,164</u>	<u>120,264</u>	<u>117,857</u>	<u>2,407</u>
Change in Fund Balance	(18,164)	(18,164)	(14,325)	3,839
Fund Balance, Beginning of Year	<u>18,164</u>	<u>18,164</u>	<u>18,164</u>	<u>-</u>
Fund Balance, End of Year	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,839</u></u>	<u><u>3,839</u></u>

**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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fees, Fines and Forfeitures	\$ 135,000	135,000	155,066	20,066
Total Revenues	135,000	135,000	155,066	20,066
EXPENDITURES:				
General Government:				
Operating Expenses	114,385	114,385	34,181	80,204
Debt Service:				
Principal Payments	80,025	80,025	80,021	4
Interest	48,670	48,670	48,657	13
Total Expenditures	243,080	243,080	162,859	80,221
Net Change in Fund Balance	(108,080)	(108,080)	(7,793)	100,287
Fund Balance, Beginning of Year	108,080	108,080	108,080	-
Fund Balance, End of Year	\$ -	-	100,287	100,287

**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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 380,000	376,500	374,898	(1,602)
Charges for Services	-	-	4,274	4,274
Licenses and Permits	-	-	615	615
Total Revenues	380,000	376,500	379,787	3,287
EXPENDITURES:				
Transportation				
Personal Services	312,000	306,600	301,801	4,799
Operating Expenses	136,921	138,821	135,360	3,461
Total Expenditures	448,921	445,421	437,161	8,260
Net Change in Fund Balance	(68,921)	(68,921)	(57,374)	11,547
Fund Balance, Beginning of Year	66,563	66,563	66,563	-
Prior Year Encumbrances Appropriated	2,358	2,358	2,358	-
Fund Balance, End of Year	\$ -	-	11,547	11,547

**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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 30,100	28,100	30,397	2,297
EXPENDITURES:				
Transportation:				
Personal Services	36,451	34,451	28,563	5,888
Change in Fund Balance	(6,351)	(6,351)	1,834	8,185
Fund Balance, Beginning of Year	6,351	6,351	6,351	-
Fund Balance, End of Year	\$ -	-	8,185	8,185

**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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Property Taxes	\$ 56,700	56,700	64,857	8,157
Intergovernmental	4,500	4,500	4,969	469
Total Revenues	61,200	61,200	69,826	8,626
EXPENDITURES:				
Public Health:				
Operating Expenses	110,655	110,655	110,655	-
Total Expenditures	110,655	110,655	110,655	-
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(49,455)	(49,455)	(40,829)	8,626
OTHER FINANCING SOURCES (USES):				
Transfers In	49,455	49,455	40,829	(8,626)
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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for Services	\$ 3,000	3,000	3,675	675
Total Revenues	3,000	3,000	3,675	675
EXPENDITURES:				
Culture and Recreation:				
Personal Services	41,850	32,850	28,629	4,221
Operating Expenses	56,628	40,628	29,486	11,142
Total Expenditures	98,478	73,478	58,115	15,363
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(95,478)	(70,478)	(54,440)	16,038
OTHER FINANCING SOURCES (USES):				
Transfers In	90,000	65,000	65,000	-
Net Change in Fund Balance	(5,478)	(5,478)	10,560	16,038
Fund Balance, Beginning of Year	5,478	5,478	5,478	-
Fund Balance, End of Year	\$ -	-	16,038	16,038

**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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Total Revenues	\$ -	-	-	-
EXPENDITURES:				
Culture and Recreation:				
Operating Expenses	23,310	23,310	18,033	5,277
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(23,310)	(23,310)	(18,033)	5,277
OTHER FINANCING SOURCES (USES):				
Transfers In	15,000	15,000	15,000	-
Net Change in Fund Balance	(8,310)	(8,310)	(3,033)	5,277
Fund Balance, Beginning of Year	8,310	8,310	8,310	-
Fund Balance, End of Year	\$ -	-	5,277	5,277

**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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Total Revenues	\$ -	-	-	-
EXPENDITURES:				
Culture and Recreation:				
Operating Expenses	413	413	-	413
Net Change in Fund Balance	(413)	(413)	-	413
Fund Balance, Beginning of Year	413	413	413	-
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
Bicentennial Park Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Other Revenue	\$ -	-	-	-
EXPENDITURES:				
Culture and Recreation:				
Operating Expenses	2,521	2,521	1,000	1,521
Net Change in Fund Balance	(2,521)	(2,521)	(1,000)	1,521
Fund Balance, Beginning of Year	2,521	2,521	2,521	-
Fund Balance, End of Year	\$ -	-	1,521	1,521

**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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Other Revenue	\$ 32,700	29,500	35,623	6,123
Total Revenues	32,700	29,500	35,623	6,123
EXPENDITURES:				
Culture and Recreation:				
Personal Services	14,300	4,300	3,556	744
Operating Expenses	53,961	46,961	21,931	25,030
Total Expenditures	68,261	51,261	25,487	25,774
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(35,561)	(21,761)	10,136	31,897
OTHER FINANCING SOURCES (USES):				
Transfers In	20,000	6,200	3,000	(3,200)
Total Other Financing Sources (Uses)	20,000	6,200	3,000	(3,200)
Net Change in Fund Balance	(15,561)	(15,561)	13,136	28,697
Fund Balance, Beginning of Year	15,561	15,561	15,561	-
Fund Balance, End of Year	\$ -	-	28,697	28,697

**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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental Revenue	\$ 30,000	29,000	30,000	1,000
EXPENDITURES:				
Capital Outlay	30,000	29,000	29,000	-
Net Change in Fund Balance	-	-	1,000	1,000
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	-	1,000	1,000

CITY OF EATON
PREBLE COUNTY, OHIO

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Community Housing Improvement
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental Revenue	\$ 20,380	10,308	10,308	-
EXPENDITURES:				
Transportation:				
Operating Expenses	59,112	49,040	49,040	-
Net Change in Fund Balance	(38,732)	(38,732)	(38,732)	-
Fund Balance, Beginning of Year	38,732	38,732	38,732	-
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
Home Investment Partnership Grant
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental Revenue	\$ 19,000	19,000	19,000	-
EXPENDITURES:				
General Government:				
Operating Expenses	64,446	64,446	64,446	-
Net Change in Fund Balance	(45,446)	(45,446)	(45,446)	-
Fund Balance, Beginning of Year	45,446	45,446	45,446	-
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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Property Taxes	\$ 142,000	210,975	210,976	1
Total Revenues	<u>142,000</u>	<u>210,975</u>	<u>210,976</u>	<u>1</u>
EXPENDITURES:				
Capital Outlay:				
Operating Expenses	55,210	124,185	75,476	48,709
Debt Service:				
Principal Payments	63,860	63,860	63,856	4
Interest	<u>15,756</u>	<u>15,756</u>	<u>15,745</u>	<u>11</u>
Total Expenditures	<u>134,826</u>	<u>203,801</u>	<u>155,077</u>	<u>48,724</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>7,174</u>	<u>7,174</u>	<u>55,899</u>	<u>48,725</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(7,500)</u>	<u>(7,500)</u>	<u>(7,500)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(7,500)</u>	<u>(7,500)</u>	<u>(7,500)</u>	<u>-</u>
Net Change in Fund Balance	(326)	(326)	48,399	48,725
Fund Balance, Beginning of Year	<u>326</u>	<u>326</u>	<u>326</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>-</u>	<u>48,725</u>	<u>48,725</u>

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CITY OF EATON
PREBLE COUNTY, OHIO

Statistical Tables

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

Contents

Financial Trends S-3 – S-7
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-13
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-14 – S-16
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-17 – S-18
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-19 – S-21
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.

Sources Note:

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

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

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
Governmental Activities:							
Invested in capital assets, net of related debt	\$ 6,106,769	5,169,206	4,931,849	5,002,316	3,550,036	3,016,949	4,003,628
Restricted for:							
Debt Service	-	-	-	10,388	29,968	-	-
Special Revenue	1,310,038	1,672,796	1,285,819	1,237,373	1,044,279	1,071,313	382,501
Capital Projects	2,582,544	2,695,609	2,737,759	2,147,810	2,267,020	2,392,615	1,694,187
Nonexpendable	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Unrestricted	<u>2,554,563</u>	<u>2,405,108</u>	<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 governmental activities net assets	<u>\$ 12,563,914</u>	<u>11,952,719</u>	<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>
Business-Type Activities:							
Invested in capital assets, net of related debt	\$ 5,918,787	5,225,983	5,112,690	4,982,708	4,797,377	4,487,336	4,089,355
Unrestricted	<u>2,753,872</u>	<u>3,272,465</u>	<u>2,888,212</u>	<u>2,220,903</u>	<u>1,732,586</u>	<u>1,273,897</u>	<u>1,291,933</u>
Total business-type activities net assets	<u>\$ 8,672,659</u>	<u>8,498,448</u>	<u>8,000,902</u>	<u>7,203,611</u>	<u>6,529,963</u>	<u>5,761,233</u>	<u>5,381,288</u>
Primary Government							
Invested in capital assets, net of related debt	\$ 12,025,556	10,395,189	10,044,539	9,985,024	8,347,413	7,504,285	8,092,983
Restricted	3,902,582	4,378,405	4,033,578	3,405,571	3,351,267	3,473,928	2,086,688
Unrestricted	<u>5,308,435</u>	<u>5,677,573</u>	<u>4,597,087</u>	<u>3,275,114</u>	<u>3,561,775</u>	<u>3,194,436</u>	<u>3,390,935</u>
	<u>\$ 21,236,573</u>	<u>20,451,167</u>	<u>18,675,204</u>	<u>16,665,709</u>	<u>15,260,455</u>	<u>14,172,649</u>	<u>13,570,606</u>

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 Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
Expenses:							
Governmental Activities:							
General Government	\$ 2,226,446	2,450,191	2,292,327	1,841,644	2,109,868	1,847,486	1,787,812
Public Safety	2,777,561	2,580,232	2,499,063	2,391,588	2,171,369	2,180,635	2,069,768
Public Health	277,929	154,688	149,790	137,836	171,062	148,194	155,547
Transportation	1,415,615	1,249,885	1,140,312	954,615	450,405	967,800	986,280
Community Development	326,122	349,374	562,329	338,883	683,209	208,519	193,767
Culture and Recreation	173,279	86,872	105,966	127,088	196,266	268,863	169,256
Interest on Long-Term Debt	62,658	70,438	72,797	77,514	73,212	52,923	-
Total Governmental Activities Expenses	<u>7,259,610</u>	<u>6,941,680</u>	<u>6,822,584</u>	<u>5,869,168</u>	<u>5,855,391</u>	<u>5,674,420</u>	<u>5,362,430</u>
Business-Type Activities:							
Water	1,292,642	1,003,774	799,655	962,433	674,554	749,140	751,735
Sewer	1,095,245	993,485	997,632	927,580	797,216	759,188	743,713
Refuse	582,746	620,992	481,251	475,803	462,213	506,051	489,692
Other Business-Type Activities	-	17	120	12,147	15,589	27,636	30,644
Total Business-Type Activities Expenses	<u>2,970,633</u>	<u>2,618,268</u>	<u>2,278,658</u>	<u>2,377,963</u>	<u>1,949,572</u>	<u>2,042,015</u>	<u>2,015,784</u>
Total Primary Government Expenses	\$ <u>10,230,243</u>	<u>9,559,948</u>	<u>9,101,242</u>	<u>8,247,131</u>	<u>7,804,963</u>	<u>7,716,435</u>	<u>7,378,214</u>
Program Revenues:							
Governmental Activities:							
Charges for Services:							
General Government	\$ 937,611	1,054,233	869,171	798,013	768,181	846,408	814,805
Public Safety	657,378	711,487	123,144	130,849	130,667	165,807	206,305
Public Health	13,747	11,191	9,101	11,668	9,019	8,144	18,195
Transportation	-	-	-	-	-	-	-
Community Development	105,295	114,901	337,472	207,122	230,617	159,612	137,191
Culture and Recreation	3,675	3,900	16,509	8,805	44,288	38,077	69,716
Total Charges for Services	<u>1,717,706</u>	<u>1,895,712</u>	<u>1,355,397</u>	<u>1,156,457</u>	<u>1,182,772</u>	<u>1,218,048</u>	<u>1,246,212</u>
Operating Grants and Contributions:							
Public Safety	5,960	7,000	4,825	1,000	-	-	-
Transportation	-	-	-	-	-	10,463	-
Community Development	29,308	295,751	220,869	-	-	-	-
Culture and Recreation	18,413	14,030	19,489	16,602	14,931	17,990	25,100
Total Operating Grants and Contributions	<u>53,681</u>	<u>316,781</u>	<u>245,183</u>	<u>17,602</u>	<u>14,931</u>	<u>28,453</u>	<u>25,100</u>
Capital Grants and Contributions:							
Public Safety	-	-	511,305	117,365	29,654	-	-
Public Health	-	-	-	-	-	19,602	-
Transportation	200,000	-	127,565	129,064	257,542	-	-
Community Development	30,000	31,000	35,000	37,000	36,828	176,562	111,073
Culture and Recreation	-	-	-	137,719	-	-	-
Total Capital Grants and Contributions	<u>230,000</u>	<u>31,000</u>	<u>673,870</u>	<u>421,148</u>	<u>324,024</u>	<u>196,164</u>	<u>111,073</u>
Total Governmental Activities							
Program Revenues	<u>2,001,387</u>	<u>2,243,493</u>	<u>2,274,450</u>	<u>1,595,207</u>	<u>1,521,727</u>	<u>1,442,665</u>	<u>1,382,385</u>
Business-Type Activities:							
Charges for Services:							
Water	1,351,776	1,385,725	1,336,688	1,245,084	1,099,204	1,052,010	812,272
Sewer	1,132,523	1,136,155	1,138,587	1,231,520	959,627	803,960	813,870
Refuse	583,552	579,618	513,757	527,259	491,855	492,123	479,400
Other Business-Type Activities	1,580	1,116	3,245	10,748	17,627	22,405	27,645
Total Charges for Services	<u>3,069,431</u>	<u>3,102,614</u>	<u>2,992,277</u>	<u>3,014,611</u>	<u>2,568,313</u>	<u>2,370,498</u>	<u>2,133,187</u>
Capital Grants and Contributions:							
Water	-	-	-	-	2,828	51,462	17,131
Sewer	67,712	-	83,672	37,000	147,161	-	96,450
Total Capital Grants and Contributions	<u>67,712</u>	<u>-</u>	<u>83,672</u>	<u>37,000</u>	<u>149,989</u>	<u>51,462</u>	<u>113,581</u>
Total Business-Type Activities							
Program Revenues	<u>3,137,143</u>	<u>3,102,614</u>	<u>3,075,949</u>	<u>3,051,611</u>	<u>2,718,302</u>	<u>2,421,960</u>	<u>2,246,768</u>
Total Primary Government							
Program Revenues	<u>5,138,530</u>	<u>5,346,107</u>	<u>5,350,399</u>	<u>4,646,818</u>	<u>4,240,029</u>	<u>3,864,625</u>	<u>3,629,153</u>

**CITY OF EATON
PREBLE COUNTY, OHIO**

Schedule 2

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

	Fiscal Year						
	2008	2007	2006	2005	2004	2003	2002
Net (Expense)/Revenue:							
Governmental Activities	(5,258,223)	(4,698,187)	(4,548,134)	(4,273,961)	(4,333,664)	(4,231,755)	(3,980,045)
Business-Type Activities	166,510	484,346	797,291	673,648	768,730	379,945	230,984
Total Primary Government							
Net (Expense)/Revenue	<u>(5,091,713)</u>	<u>(4,213,841)</u>	<u>(3,750,843)</u>	<u>(3,600,313)</u>	<u>(3,564,934)</u>	<u>(3,851,810)</u>	<u>(3,749,061)</u>
General Revenues and Other Changes in Net Assets:							
Governmental Activities:							
Taxes:							
Property Taxes, Levied for:							
General Purposes	555,204	591,086	702,920	593,900	608,928	572,948	581,914
Cemetery	42,871	50,337	57,589	64,072	68,162	62,689	-
Community Development	210,976	19,026	-	-	-	-	-
Municipal Income	3,556,558	3,810,742	3,812,240	3,343,517	3,053,495	2,809,463	2,498,138
Grants and Contributions not							
Restricted to Specific Programs	1,116,326	985,586	828,139	788,963	846,990	918,067	814,859
Investment Income	204,656	435,262	329,882	181,468	62,328	59,086	78,132
Gain (Loss) on Sale of Capital Assets	20,540	1,251	2,748	-	-	-	(41,144)
Other Revenue	162,287	83,314	26,820	33,647	12,837	31,600	19,672
Total General Revenues,							
Governmental Activities	<u>5,869,418</u>	<u>5,976,604</u>	<u>5,760,338</u>	<u>5,005,567</u>	<u>4,652,740</u>	<u>4,453,853</u>	<u>3,951,571</u>
Business-Type Activities:							
Gain on Sale of Capital Assets	7,701	13,200	-	-	-	-	500
Total General Revenues,							
Business-Type Activities	<u>7,701</u>	<u>13,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>
Change in Net Assets:							
Governmental Activities	611,195	1,278,417	1,212,204	731,606	319,076	222,098	(28,474)
Business-Type Activities	174,211	497,546	797,291	673,648	768,730	379,945	231,484
Total Change in Net Assets,							
Primary Government	<u>\$ 785,406</u>	<u>1,775,963</u>	<u>2,009,495</u>	<u>1,405,254</u>	<u>1,087,806</u>	<u>602,043</u>	<u>203,010</u>

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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Fund:										
Reserved	\$ 21,816	12,200	3,737	5,493	5,105	5,105	15,882	4,782	3,000	57,577
Unreserved	2,644,461	2,541,303	1,901,458	1,247,574	1,352,774	1,832,260	2,534,598	2,619,369	2,463,678	2,078,424
Total General Fund	\$ 2,666,277	2,553,503	1,905,195	1,253,067	1,357,879	1,837,365	2,550,480	2,624,151	2,466,678	2,136,001
All Other Governmental Funds										
Reserved	\$ 219,566	203,587	239,943	62,526	315,577	376,349	145,280	81,877	77,712	333,169
Unreserved, reported in:										
Special Revenue Funds	1,134,813	1,503,283	951,162	998,100	840,195	764,079	305,750	496,590	385,635	356,012
Debt Service Fund	-	-	-	10,388	29,968	-	-	-	-	-
Capital Projects Fund	2,287,706	2,261,002	2,357,206	2,040,796	2,430,576	2,142,362	1,502,068	1,141,169	664,147	248,492
Permanent Fund	-	-	25	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 3,642,085	3,967,872	3,548,336	3,111,810	3,616,316	3,282,790	1,953,098	1,719,636	1,127,494	937,673
Total Governmental Funds	\$ 6,308,362	6,521,375	5,453,531	4,364,877	4,974,195	5,120,155	4,503,578	4,343,787	3,594,172	3,073,674

CITY OF EATON
PREBLE COUNTY, OHIO

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

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues:										
Property taxes	\$ 809,051	660,449	760,509	657,972	675,172	635,637	581,914	608,408	577,453	482,287
Municipal income taxes	3,585,896	3,703,958	3,782,344	3,331,069	3,016,876	2,859,663	2,663,915	3,049,209	2,984,205	3,142,815
Intergovernmental	1,560,123	1,339,744	1,335,068	1,331,407	1,276,622	1,173,456	1,020,739	914,573	1,144,472	990,372
Charges for services	545,956	756,303	540,843	174,829	84,439	78,689	108,628	98,104	50,464	98,471
Licenses and permits	107,074	159,949	133,518	157,333	160,156	163,977	138,471	220,970	201,297	212,799
Fines and forfeitures	916,650	1,034,110	857,555	718,834	724,765	813,335	830,729	825,475	760,857	733,364
Special Assessments	23,671	25,144	55,774	71,679	69,380	68,740	69,087	67,415	10,393	28,578
Investment earnings	204,656	435,262	329,882	181,468	62,329	59,086	78,132	156,717	219,105	170,676
Other revenue	180,699	83,314	63,890	76,430	97,516	27,466	122,702	78,046	41,420	40,629
Total revenues	7,933,776	8,198,233	7,859,383	6,701,021	6,167,255	5,880,049	5,614,317	6,018,917	5,989,666	5,899,991
Expenditures										
Current:										
General government	1,884,405	1,851,892	1,694,048	1,606,632	1,774,623	1,534,544	1,507,695	1,471,988	1,337,974	1,280,997
Public safety	2,597,045	2,425,488	2,367,151	2,231,878	1,955,748	2,137,702	1,796,840	1,767,507	1,748,473	1,581,410
Public health	277,929	154,688	149,790	137,836	27,129	148,193	155,547	139,717	130,404	121,759
Transportation	1,313,280	1,030,897	1,126,438	910,360	516,551	550,809	480,413	481,053	475,059	435,581
Community development	208,361	238,791	457,345	239,624	619,470	157,179	138,655	147,659	142,737	119,722
Culture and recreation	101,737	88,466	70,664	91,786	145,853	128,657	156,221	157,287	169,411	142,780
Capital outlay	2,088,793	1,099,687	692,281	1,906,490	1,659,692	1,881,144	1,217,587	1,072,541	1,456,289	3,127,240
Debt Service:										
Principal	181,377	175,538	140,450	107,131	103,977	69,600	37,500	37,500	18,750	-
Interest	64,402	70,260	75,310	78,602	70,673	32,244	-	-	-	-
Total Expenditures	8,717,329	7,135,707	6,773,477	7,310,339	6,873,716	6,640,072	5,490,458	5,275,252	5,479,097	6,809,489
Excess (deficiency) of revenues over expenditures	(783,553)	1,062,526	1,085,906	(609,318)	(706,461)	(760,023)	123,859	743,665	510,569	(909,498)
Other Financing Sources(Uses)										
Sale of capital assets	20,540	5,318	2,748	-	10,501	1,600	35,932	5,950	9,929	11,759
General long-term debt issued	550,000	-	-	-	550,000	1,375,000	-	-	-	681,704
Transfers in	659,194	88,434	91,028	561,727	584,637	124,425	106,635	90,568	372,187	917,544
Transfers out	(659,194)	(88,434)	(91,028)	(561,727)	(584,637)	(124,425)	(106,635)	(90,568)	(372,187)	(917,544)
Total other financing sources(uses)	570,540	5,318	2,748	-	560,501	1,376,600	35,932	5,950	9,929	693,463
Net changes in fund balances	(213,013)	1,067,844	1,088,654	(609,318)	(145,960)	616,577	159,791	749,615	520,498	(216,035)
Debt service as a percentage of noncapital expenditures	3.85%	4.25%	3.68%	3.56%	3.47%	2.19%	0.89%	0.90%	0.47%	0.00%

CITY OF EATON
PREBLE COUNTY, OHIO

Schedule 5

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

<u>Year</u>	<u>Individual</u>		<u>Total Individual</u>	<u>Corporate</u>	<u>Total</u>	<u>Income Tax Rate</u>
	<u>Withholding</u>	<u>Non-Withholding</u>				
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%
2007	3,073,442.00	247,607.00	3,321,049.00	518,758.00	3,839,807.00	1.50%
2008	3,068,385.00	290,357.00	3,358,742.00	409,133.00	3,767,875.00	1.50%

Source: City of Eaton, Ohio, Finance Department

The City income tax of 1.5% is levied, by ordinance. One percent (1%) of the tax is levied indefinitely and .5% was renewed by the voters of the City in November 2007. The .5% tax will expire December 31, 2010. This tax is applicable to substantially all income earned within the City. Employers within the City are required to withhold income tax on employee compensation and remit this withholding quarterly. Corporations, partnerships, and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the City. Residents of the City are required to pay City income taxes on income they earn outside the City; however, credit is allowed for all income taxes paid to other municipalities.

CITY OF EATON
PREBLE COUNTY, OHIO

Schedule 6

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

2008		1999	
Taxpayer	Rank	Taxpayer	Rank
Neaton Auto Products	1	Neaton Auto Products	1
Henny Penny Corporation	2	Henny Penny Corporation	2
Silfex	3	Parker Hannifin	3
Parker Hannifin	4	Preble County Auditor	4
Preble County Auditor	5	Eaton Community Schools	5
Eaton Community Schools	6	Bullen Ultrasonics Inc.	6
Wal Mart Associates, Inc.	7	Weyerhaeuser Company	7
CBS Personnel Services	8	Emerson Power Transmission Co.	8
Weyerhaeuser Company	9	City of Eaton	9
Bullen Ultrasonics Inc.	10	Greenbriar Nursing Center	10
Combined percentage of Total Income Taxes	46.8%	Combined percentage of Total Income Taxes	44.6%

Source: City of Eaton, Ohio Finance Department

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

**CITY OF EATON
PREBLE COUNTY, OHIO**

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

Tax Year	Collection Year	Real Property ¹		Personal Property ²		Public Utilities ²		Total Direct Tax Rate	Total		Assessed Value as a Percent of Estimated Actual Value
		Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual		Assessed	Estimated Actual	
2007	2008	\$ 153,009,310	\$ 437,169,457	\$ -	\$ -	\$ 4,458,350	\$ 5,066,307	4.60%	\$ 157,467,660	\$ 442,235,764	35.61%
2006	2007	\$ 148,344,040	\$ 423,840,114	\$ 20,846,340	\$ 166,770,720	\$ 4,410,320	\$ 5,011,727	4.60%	\$ 173,600,700	\$ 595,622,561	29.15%
2005	2006	\$ 144,398,120	\$ 412,566,057	\$ 29,712,540	\$ 158,466,880	\$ 4,937,670	\$ 5,610,989	4.60%	\$ 179,048,330	\$ 576,643,926	31.05%
2004	2005	\$ 143,000,620	\$ 408,573,200	\$ 28,483,467	\$ 113,933,868	\$ 5,061,830	\$ 5,752,080	4.60%	\$ 176,545,917	\$ 528,259,148	33.42%
2003	2004	\$ 128,601,780	\$ 367,433,657	\$ 37,808,150	\$ 151,232,600	\$ 5,073,340	\$ 5,765,159	4.60%	\$ 171,483,270	\$ 524,431,416	32.70%
2002	2003	\$ 126,090,110	\$ 360,257,457	\$ 37,179,340	\$ 148,717,360	\$ 5,325,800	\$ 6,052,045	4.60%	\$ 168,595,250	\$ 515,026,862	32.74%
2001	2002	\$ 123,174,090	\$ 351,925,971	\$ 38,263,490	\$ 153,053,960	\$ 5,431,310	\$ 6,171,943	4.60%	\$ 166,868,890	\$ 511,151,875	32.65%
2000	2001	\$ 110,980,570	\$ 317,087,343	\$ 41,584,980	\$ 166,339,920	\$ 5,215,340	\$ 5,926,523	4.60%	\$ 157,780,890	\$ 489,353,786	32.24%
1999	2000	\$ 109,053,270	\$ 311,580,771	\$ 38,612,260	\$ 154,449,040	\$ 7,446,000	\$ 8,461,364	4.60%	\$ 155,111,530	\$ 474,491,175	32.69%
1998	1999	\$ 105,034,610	\$ 300,098,886	\$ 33,574,060	\$ 134,296,240	\$ 7,383,280	\$ 8,390,091	4.60%	\$ 145,991,950	\$ 442,785,217	32.97%

Source: Preble County Auditor

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

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

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

Fiscal Year Ended December 31,	Total Tax Levy	Current Tax Collections	Percent of		Delinquent Tax Collections	Total Tax Collections	Percent of		Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Total Tax Levy
			Current Tax Collections to Tax Levy	Delinquent Tax Collections			Total Tax Collections to Tax Levy	Total Tax Collections to Tax Levy		
2008	\$ 546,655	523,331	95.73%	24,094	547,425	100.14%	23,324	4.27%		
2007	612,558	584,444	95.41%	16,826	601,270	98.16%	28,114	4.59%		
2006	605,615	579,781	95.73%	14,483	594,264	98.13%	25,834	4.27%		
2005	452,213	436,027	96.42%	13,637	449,664	99.44%	24,032	5.31%		
2004	474,130	453,492	95.65%	29,614	483,106	101.89%	19,150	4.04%		
2003	441,177	423,711	96.04%	20,344	444,055	100.65%	28,126	6.38%		
2002	414,749	388,281	93.62%	11,627	399,908	96.42%	31,004	7.48%		
2001	375,462	365,291	97.29%	9,639	374,930	99.86%	31,520	8.39%		
2000	360,950	352,140	97.56%	12,615	364,755	101.05%	30,988	8.59%		
1999	316,110	304,830	96.43%	8,980	313,810	99.27%	34,804	11.01%		

Source: Preble County Auditor

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

**CITY OF EATON
PREBLE COUNTY, OHIO**

Schedule 9

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

Fiscal Year	City Direct Rates			Overlapping Rates		
	General Fund	Pension Trust Funds	Total Direct Rate	Eaton School District	Preble County	Total Tax Rate
2008	4.00	0.60	4.60	38.30	8.13	51.03
2007	4.00	0.60	4.60	38.30	8.13	51.03
2006	4.00	0.60	4.60	38.30	8.13	51.03
2005	4.00	0.60	4.60	38.30	7.78	50.68
2004	4.00	0.60	4.60	38.30	7.78	50.68
2003	4.00	0.60	4.60	38.60	7.78	50.98
2002	4.00	0.60	4.60	38.60	7.88	51.08
2001	4.00	0.60	4.60	33.10	8.07	45.77
2000	4.00	0.60	4.60	35.78	8.07	48.45
1999	4.00	0.60	4.60	35.78	8.67	49.05

Source: Preble County Auditor

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

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

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

Schedule 10

<u>Taxpayer</u>	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Neaton Auto Products	\$ 4,119,590	1	2.62%	\$ 19,271,940	1	13.20%
Dayton Power & Light	3,650,320	2	2.32%	5,675,910	3	3.89%
Henny Penny Corporation	3,043,670	3	1.93%	7,248,980	2	4.97%
WalMartReal Estate Business Trust	2,273,320	4	1.44%			
Durbin Eaton Property LLC	1,899,260	5	1.21%	1,918,880	5	1.31%
Continental 51 Fund	1,497,360	6	0.95%	1,384,500	7	0.95%
Preble County Youth Foundation	1,368,240	7	0.87%			
Maronda Homes, Inc	1,366,030	8	0.87%			
Miami Valley Psychologists	1,272,010	9	0.81%	1,131,060	10	0.77%
Bullen Semiconductor Corp	1,127,460	10	0.72%	1,331,970	8	0.91%
Parker Appliance Company				2,983,990	4	2.04%
United Telephone Company of Ohio				1,546,480	6	1.06%
Maxxim Medical				1,300,400	9	0.89%
Total	\$ 21,617,260		13.73%	43,794,110		30.00%
Total assessed valuation of City	\$ 157,467,660			\$ 145,991,950		

Source: Preble County Auditor's Office

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

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

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Total assessed valuation	\$ 157,425,460	173,600,700	179,048,330	176,545,917	171,483,270	168,595,250	166,868,890	157,780,890	155,111,530	145,991,950
Overall debt limitation 10 1/2% of assessed valuation	16,529,673	18,228,074	18,800,075	18,537,321	18,005,743	17,702,501	17,521,233	16,566,993	16,286,711	15,329,155
Gross indebtedness	6,624,817	6,142,727	2,160,092	2,330,542	2,407,673	1,961,650	863,355	1,089,631	1,299,184	1,474,745
Less: Debt outside limitations	6,624,817	6,142,727	2,160,092	2,330,542	2,407,673	1,961,650	863,355	1,089,631	1,299,184	1,474,745
Debt within 10 1/2% limitation	-	-	-	-	-	-	-	-	-	-
Less: Debt Service Fund balance	-	-	-	10,388	29,968	-	-	-	-	-
Net debt within 10 1/2% limitation	-	-	-	(10,388)	(29,968)	-	-	-	-	-
Legal debt margin within 10 1/2% limitation	\$ 16,529,673	18,228,074	18,800,075	18,547,709	18,035,711	17,702,501	17,521,233	16,566,993	16,286,711	15,329,155
Unvoted debt limitation 5 1/2% of assessed valuation	\$ 8,658,400	9,548,039	9,847,658	9,710,025	9,431,580	9,272,739	9,177,789	8,677,949	8,531,134	8,029,557
Gross indebtedness authorized by Council	6,624,817	6,142,727	2,160,092	2,330,542	2,407,673	1,961,650	863,355	1,089,631	1,299,184	1,474,745
Less: Debt outside limitations	6,624,817	6,142,727	2,160,092	2,330,542	2,407,673	1,961,650	863,355	1,089,631	1,299,184	1,474,745
Debt within 5 1/2% limitation	-	-	-	-	-	-	-	-	-	-
Less: Bond Retirement Fund balance	-	-	-	10,388	29,968	-	-	-	-	-
Net debt within 5 1/2% limitation	-	-	-	(10,388)	(29,968)	-	-	-	-	-
Legal debt margin within 5 1/2% limitation	\$ 8,658,400	9,548,039	9,847,658	9,720,413	9,461,548	9,272,739	9,177,789	8,677,949	8,531,134	8,029,557

Source: City of Eaton, Finance Department

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

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Governmental Activities ⁽¹⁾											
General Obligation Bonds Payable	\$ 977,440	1,057,461	1,133,857	1,206,792	1,276,423	1,342,900	-	-	-	-	-
Issue II Loan Payable	981,250	468,750	506,250	543,750	581,250	618,750	656,250	693,750	731,250	750,000	68,296
Tax Incremental Financing Loan Payable	394,487	458,343	519,985	550,000	550,000	-	-	-	-	-	-
Total Governmental Activities	\$ 2,353,177	1,984,554	2,160,092	2,300,542	2,407,673	1,961,650	656,250	693,750	731,250	750,000	68,296
Business-Type Activities ⁽¹⁾											
OWDA Loan Payable	\$ 4,271,640	4,158,173	-	-	-	-	207,105	395,881	567,934	724,745	867,664
Total Primary Government	\$ 6,624,817	6,142,727	2,160,092	2,300,542	2,407,673	1,961,650	863,355	1,089,631	1,299,184	1,474,745	935,960
Population ⁽²⁾											
City of Eaton	8,133	8,133	8,133	8,133	8,133	8,133	8,133	8,133	8,133	7,396	7,396
Outstanding Debt per Capita	\$ 815	755	266	283	296	241	106	134	160	199	127
Income ⁽³⁾											
Personal (in thousands)	Not Available	226,390	216,387	216,387	208,668	194,289	187,189	189,035	194,070	167,763	165,219
Percentage of Personal Income	2.93%	2.71%	1.00%	1.06%	1.15%	1.01%	0.46%	0.58%	0.67%	0.88%	0.57%

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 13

Computation of Direct and Overlapping Debt
December 31, 2008

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Eaton</u>	<u>Amount Applicable to City of Eaton</u>
City of Eaton	\$ 6,624,817	100.0%	\$ 6,624,817
Preble County	\$ 5,126,186	20.1%	\$ 1,031,363

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

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

CITY OF EATON
PREBLE COUNTY, OHIO

Schedule 14

Demographic Statistics
December 31, 2008

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

Source: 2000 Federal Census

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

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

Schedule 15

<u>Employer</u>	<u>2008</u>		<u>1999</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Neaton Auto Products Mfg, Inc	687	1	579	2
Henny Penny Corp	480	2	523	3
Preble County	337	3	340	4
Wal-Mart Associates Inc	265	4	*	
Bullen Semiconductor, Inc.	239	5	*	
Parker Hannifin	235	6	665	1
Eaton Community Schools	227	7	*	
Weyerhaeuser International Paper	115	8	120	6
City of Eaton	74	9	64	
Bullen Ultrasonics Inc	62	10	*	
Browning Manufacturing			130	5
Total	2,721		2,421	

Source: City of Eaton, Finance Department

* - Not all information for 1999 employment figures is available.

Note: Total employment figures are not available.

CITY OF EATON
PREBLE COUNTY, OHIO

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

<u>Function/Program</u>	Full-time-Equivalent Employees as of December 31									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Government	12	12	13	12	13	11	11	11	10	13
Municipal Court	12	12	12	12	13	12	12	11	11	11
Police	14	14	14	14	15	15	15	13	14	13
Fire & Emergency Medical	5	5	3	3	3	2	2	2	2	2
Public Safety/Dispatch	6	6	6	7	6	7	7	7	7	7
Water & Sewer	11	10	11	12	12	12	12	10	9	9
Public Maintenance	14	13	12	12	13	13	13	12	12	13
Total	74	72	71	72	75	72	72	66	65	68

Source: City of Eaton, Finance Department

CITY OF EATON
PREBLE COUNTY, OHIO
 Capital Assets and Infrastructure Statistics by Function
 Last Ten Fiscal Years

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Governmental Activities										
General Government										
Area (square acres)	3,938	3,938	3,938	3,938	3,884	3,820	3,820	3,820	3,820	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)	46	41	58	65	65	65	68	53	54	54
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of sworn police officers	14	14	14	14	14	14	13	13	13	19
Transportation										
Miles of streets	43	43	43	43	43	42	41	41	41	41
Number of street lights	616	613	590	590	568	568	566	545	545	545
Community Development										
Buildings:										
Permits issued	76	120	133	137	118	134	130	107	104	74
Valuation of construction	\$5,430,805	\$23,972,847	\$10,670,057	\$8,594,911	\$15,118,269	\$34,133,502	\$9,427,935	\$772,985	\$6,703,976	\$6,854,938
Culture and Recreation										
Number of parks	9	9	9	9	9	9	9	4	4	4
Number of tennis courts	5	5	5	5	3	3	3	3	3	3
Number of baseball diamonds	10	10	10	10	10	10	10	5	5	5
Number of swimming pools	1	1	1	1	1	1	1	1	1	1
Business-Type Activities										
Water										
Number of consumers	3,511	3,515	3,486	3,461	3,418	3,373	3,352	3,336	3,336	3,253
Average daily production (gallons)	1,123,337	1,305,822	1,292,306	1,277,794	1,217,244	1,364,369	1,400,766	861,460	862,295	1,324,500
Miles of water mains	55	55	55	55	55	55	55	55	55	55
Sewer										
Miles of storm sewers	18	18	18	18	18	18	18	18	18	18
Miles of sanitary sewers	41	41	41	41	41	41	41	41	41	41

Source: City of Eaton, Finance Department

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

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Governmental Activities										
General Government:										
Municipal Court cases	9,768	10,658	9,141	9,303	9,025	11,736	12,961	14,721	13,060	12,892
Public Safety:										
Police calls	6,770	7,052	8,035	9,723	10,767	11,318	11,298	10,324	10,524	10,698
Arrests	682	687	748	723	571	588	700	781	646	635
Fire calls	1,252	892	462	427	480	440	518	539	514	516
EMS calls	2,152	2,066	1,873	1,965	1,884	2,026	2,093	2,220	2,112	1,889
Community Development:										
# of permits issued	437	603	618	609	678	643	692	705	798	698
# of inspections	732	1,267	1,471	1,487	1,793	1,638	1,465	1,536	1,929	1,858
Business-Type Activities										
Water:										
Average daily production	1,123,337	1,305,822	1,292,306	1,277,794	1,217,243	1,364,369	1,400,766	1,587,664	1,465,720	1,346,325
# of new service connections	19	33	46	40	44	43	34	29	40	50
Sewer:										
Average daily treatment	1,264,600	1,328,634	1,587,900	1,502,104	1,357,567	1,555,942	1,620,104	1,506,337	1,383,290	1,358,482
# of new service connections	20	34	43	40	44	42	31	30	3	51

Source: City of Eaton, Finance Department

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Mary Taylor, CPA
Auditor of State

CITY OF EATON
PREBLE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 14, 2009