



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF EATON
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	Under Separate Cover
Comprehensive Annual Financial Report	Under Separate Cover
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	1
Schedule of Prior Audit Finding	3

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL 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 general-purpose financial statements of the City of Eaton, Preble County, Ohio (the City), as of and for the year ended December 31, 1999, and have issued our report thereon dated June 27, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated June 27, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control structure over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the City of Eaton in a separate letter dated June 27, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

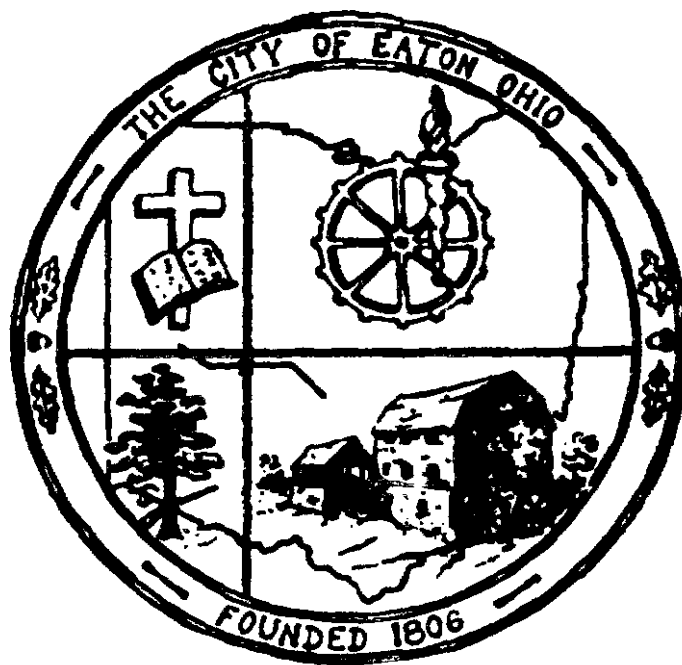
Jim Petro
Auditor of State

June 27, 2000

CITY OF EATON
SCHEDULE OF PRIOR AUDIT FINDING
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 1999

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-20368-001	The City had a lack of segregation of duties within the Utilities Department billing and collection office.	Yes	Finding no longer valid, the Utilities Department now has adequate segregation of duties.

COMPREHENSIVE ANNUAL FINANCIAL REPORT



for the fiscal year ended December 31, 1999

City of Eaton

Council/Manager Government Since 1961

Prepared by: Department of Finance
Leslie H. Renner, Director

Progress With Heritage

CITY OF EATON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 1999

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

CITY OF EATON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 1999

TABLE OF CONTENTS
INTRODUCTORY SECTION

	<u>Page</u>
Title Page	
Table of Contents	i-iv
Letter of Transmittal	vii - xv
Listing of Principal City Officials	xvii
Organizational Chart – City	xviii
Organizational Chart - Department of Finance	xix
GFOA Certificate of Achievement for Excellence in Financial Reporting	xxi

FINANCIAL SECTION

Report of Independent Accountants	1
General Purpose Financial Statements	
<u>Exhibit</u>	<u>Page</u>
I Combined Balance Sheet - All Fund Types and Account Groups	2 - 3
II Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types	5
III Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis - All Governmental Fund Types	6 - 7
IV Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance - Proprietary Fund Type and Nonexpendable Trust Fund	9

<u>Exhibit</u>		<u>Page</u>
V	Combined Statement of Cash Flows - Proprietary Fund Type and Nonexpendable Trust Fund	10 - 11
	Notes to the General Purpose Financial Statements	13 - 31
	Combining and Individual Fund and Account Group Statements and Schedules	
	General Fund	33
A - 1	Comparative Balance Sheet	34
A - 2	Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	35
A - 3	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis	36 - 40
	Special Revenue Funds	41
B - 1	Combining Balance Sheet	42 - 46
B - 2	Combining Statement of Revenues, Expenditures and Changes in Fund Balance	47 - 51
B - 3	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis	52 - 66
	Capital Projects Fund	67
C - 1	Comparative Balance Sheet	68
C - 2	Combining Statement of Revenues, Expenditures and Changes in Fund Balance	69
C - 3	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis	70 - 73
	Enterprise Funds	75
D - 1	Combining Balance Sheet	76
D - 2	Combining Statement of Revenues, Expenses and Changes in Retained Earnings	77

<u>Exhibit</u>		<u>Page</u>
D - 3	Combining Statement of Cash Flows	78
	Trust and Agency Funds	79
E - 1	Combining Balance Sheet	80
E - 2	Comparative Statement of Revenues, Expenses and Changes in Fund Balance - Nonexpendable Trust Fund	81
E - 3	Comparative Statements of Cash Flows - Nonexpendable Trust Fund	82
E - 4	Statement of Changes in Assets and Liabilities - All Agency Funds	83 - 84
	General Fixed Assets Account Group	85
F - 1	Schedule of General Fixed Assets by Sources	86
F - 2	Schedule of General Fixed Assets by Function and Activity	87
F - 3	Schedule of Changes in General Fixed Assets by Function and Activity	88

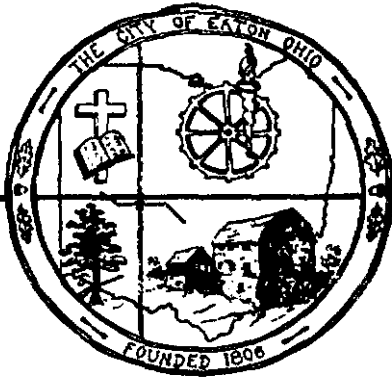
STATISTICAL SECTION

<u>Table</u>		<u>Page</u>
1	General Fund Revenues by Source - Last Ten Fiscal Years	90
2	General Fund Expenditures by Function - Last Ten Fiscal Years	91
3	Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	92
4	Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	93
5	Property Tax Levies and Collections - Last Ten Fiscal Years	94
6	Special Assessment Collections - Last Ten Fiscal Years	95
7	Computation of Legal Debt Margin	96

<u>Table</u>		<u>Page</u>
8	Computation of Direct and Overlapping Debt	97
9	Ratio of Net General Bonded Debt to Assessed Valuation and Net Bonded Debt per Capita - Last Ten Fiscal Years	98
10	Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures - Last Ten Fiscal Years	99
11	Demographic Statistics	100
12	Employment Distribution by Occupation	101
13	Property Value, New Construction and Bank Deposits - Last Ten Fiscal Years	102
14	Principal Taxpayers	103
15	Other Statistics	104

INTRODUCTORY SECTION

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City of Eaton

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

June 27, 2000

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, 1999 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 results of fund operations and account groups 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.

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, 1998. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

This comprehensive annual financial report includes all funds and account groups of the municipal government and general information relating to the City and its operations. The report is organized into three major sections as follows:

I. Introductory

This section includes this transmittal letter, general information about the community and an overview of the government's organization and operations.

II. Financial

This section presents the general-purpose financial statements, the combining and individual fund and account group statements with schedules and the Report of Independent Accountants' on the financial statements.

III. Statistical

This section includes selected financial and demographic information generally on a multi-year basis.

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 today has a population of approximately 7,900. 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 Weyerhaeuser, Parker-Hannifin Corporation, Maxxim Healthcare Products, Henny Penny, Neaton Auto Products, EPT/Browning and Timkin.

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 Vice-Mayor serves these roles in the Mayor's absence. Council's most important functions are to enact laws, establish organizational policy, approve the annual budget, adopt a comprehensive development plan, establish the organizational structure and appoint the City Manager and Finance Director.

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. Major responsibilities of the office include enforcing all laws and ordinances, preparing the annual budget, appointing and removing most officers and employees of the City and serving as an advisor on all City boards and commissions.

The Charter establishes certain administrative departments responsible for specific operational functions of

the City. The departments may further be divided into divisions each with its own administrative head. These are the Department of Law, Department of Finance, the Department of Public Safety that includes the divisions of Police, Fire and Emergency Medical Services, and the Department of Service with operating divisions of Public Works, Public Maintenance and Building Services. Council may, by ordinance and after consultation with the City Manager, create additional departments as needed. The departmental divisions are established by the Administrative Code, which 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. Council can make amendments to and revisions of the Administrative Code after consultation with the City Manager. In addition, Council appoints certain boards and commissions to assist in the operations of specialized functions of the City such as the Planning, Zoning and Building Board, the Parks and Recreation Board, and the Civil Service Commission.

REPORTING ENTITY

Generally accepted accounting principles require that the accompanying general purpose 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 general purpose financial statements.

Mound Hill Union Cemetery is a jointly governed organization established in accordance with Ohio Revised Code Section 759.27 to 759.48 to unite in the establishment and management of a cemetery. The Board of Cemetery Trustees consists of three members; one member from the City of Eaton Council, one member from the Washington Township Board of Trustees, and the third member appointed by the other two members. The 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 general purpose financial statements.

MUNICIPAL SERVICES

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

DEPARTMENT OF PUBLIC SAFETY

Division of Police: The Division of Police consists of 12 full-time sworn officers, a parking control officer, a data management officer and five radio dispatchers. The division provides law enforcement related service involving the protection of lives and property within the corporation limits. During 1999 the division responded to 10,698 calls.

Division of Fire: The Division of Fire is directed by a full-time Fire Chief who manages 25 part-time firefighters. The division provides fire protection and related services within the City and by contractual agreement to several surrounding townships. During 1999, the division responded to 99 fire calls, 69 accidents with injuries, 33 mutual aid calls, 44 haz-mat incidents and 115 miscellaneous service calls. In addition, they performed 156 investigations.

Division of Emergency Medical Services: The Eaton Emergency Squad is directed by a full-time Squad Chief who manages 11 paramedics and 18 emergency medical technicians providing vital emergency medical services to the community and surrounding townships. The Emergency Squad operates two mobile intensive care units and provides basic and advanced life support services. During 1999, the Emergency Squad placed over 46,000 miles on its two ambulances in responding to 1,889 calls.

DEPARTMENT OF SERVICE

Division of Public Works: The Division of Public Works consists of 10 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 and sewer distribution mains. The Division provides water and sewer services to approximately 3,000 residential, commercial and industrial users. In 1999 the City pumped over 490 million gallons of water from its seven operating wells and treated over 468 million gallons of wastewater at its Class IV advanced treatment facility.

Division of Public Maintenance: The Division of Public Maintenance includes 12 full-time employees who are principally responsible for the maintenance of the City's 41 miles of roadways, 30 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.

Division of Building Services: The Building Division consists of two full-time employees including a certified building/electrical inspector and a clerk. In addition, the City has contracts for related professional services including 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 1999, the division issued 34 residential new construction permits with 217 inspections. There were 40 commercial/industrial permits issued with 139 inspections. A total of 340 miscellaneous permits were issued for electrical, HVAC, sprinklers, pools, signs, and demolition's which required 684 inspections. The division is also responsible for processing zoning certificates and code enforcement.

DEPARTMENT OF FINANCE

The Department includes the Director and four full-time clerks. Two clerks are responsible for payroll, accounting activities, disbursements and the collection of all City funds. The other two clerks are responsible for the front service office, maintaining the utility billing system by inputting meter readings and processing monthly service bills. The department also provides support to the City Manager in areas such as insurance administration and 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 serves as the Prosecutor in Eaton Municipal Court.

EATON MUNICIPAL COURT

Although not under the administrative control of the City Manager, the City does provide administrative services for the Court and it is included in this report as an agency fund.

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 two full-time bailiffs, six full-time deputy clerks and two part-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 1999, the court processed 12,890 cases.

MAJOR INITIATIVES

During 1999, the City continued to follow an energetic capital improvement plan. The major focus this year was the completion of the downtown renovation. This project involved the installation of new curb, gutters, and sidewalks and the repaving of the streets. Brick sidewalks were installed at the intersections and decorative streetlights finished the effect. This project was funded through our own reserves and an Issue 2 interest-free 20-year loan from the State of Ohio in the amount of \$750,000.

We also began the renovation of East Main Street from Maple to East Avenue. This area will also see new curbs, gutters, sidewalks and pavement. People entering our city from the east will enjoy the wide, stately street graced by beautiful older homes.

The City cooperated with the Ohio Department of Transportation to begin the reconstruction of North Barron Street from 5-points north to K-Mart. The widened street will now accommodate two traffic lanes and will substantially increase the flow of traffic through our commercial district.

Major vehicle purchases included a new pothole patcher truck, a chassis and box for the leaf truck, a new chassis for the 1994 ambulance and two new vehicles for the Municipal Court bailiffs.

The City completed installation of Y2K compliant hardware and software in June. The new equipment coincided nicely with planned replacement and moved our computer capabilities forward. The new software includes utility billing, payroll, and financial management. We experienced no negative circumstances as we moved into the new millenium.

ECONOMIC CONDITIONS AND OUTLOOK

The local economy remained strong in 1999 with the conditions for 2000 looking stable.

Income tax receipts in 1999, a base indicator of local economic conditions, totaled \$3,163,640, a 21.3% increase above the prior year. Though employment levels have been strong with some job growth in the work sector, the increase in income tax receipts is not expected to continue into 2000 at those same levels. Unemployment rates within the City remain at approximately 3%.

Residential growth is strong, though new home construction decreased for the second straight year. The Building Department issued 34 permits for single-family homes in 1999, compared to 41 in 1998 and 50 in 1997. There are currently seven subdivisions at different stages of active development, offering several options of housing for residents.

A current goal of the local community is the revitalization of the downtown area. With the completion of the renovation work as mentioned under "Major Initiatives", the City and downtown merchants hope to retain our charm.

FINANCIAL INFORMATION

Management of the government 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 organization (i.e., Public Safety, Public Health, Community Development, Transportation, 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. Unused encumbrances 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 meeting its responsibility for sound financial management.

General Government Functions: The following schedule presents a summary of general, special revenue and capital projects funds revenues for the fiscal year ended December 31, 1999 and the amount and percentage of increases and decreases in relation to prior year revenues.

	1999 Amount	Percent of Total	Increase (Decrease) From 1998	Percent of Increase (Decrease)
Revenues				
Property taxes	\$ 482,287	8.2%	(10,435)	(2.1)%
Municipal income taxes	3,142,815	53.3%	363,387	13.1%
State levied shared taxes	678,994	11.5%	11,914	1.8%
Intergovernmental grants and contracts	311,378	5.3%	(8,737)	(2.7)%
Charges for services	98,471	1.7%	17,417	21.5%
Fees, licenses, permits	212,799	3.6%	23,498	12.4%
Interest earnings	170,676	2.9%	(51,785)	(23.3)%
Special assessments	28,578	0.5%	(1,974)	(6.5)%
Fines and forfeitures	733,364	12.4%	114,408	18.5%
All other revenue	<u>40,629</u>	<u>0.6%</u>	<u>(49,362)</u>	<u>(54.9)%</u>
Total	\$ <u>5,899,991</u>	<u>100.0%</u>	<u>408,331</u>	<u>7.4%</u>

Reasons for significant changes in revenue are:

Intergovernmental grants and contracts: There were two Issue 2 projects being funded in 1999. The total amount from Issue 2 was \$681,704.

Charges for services: The City operated the swimming pool concession stand for total revenue of \$16,000.

Interest earnings: There has been a decrease in funds available to be invested due to the planned project expenditures.

Fines and forfeitures: A new fund was established for additional court costs for Municipal Court special projects.

All other revenue: One-time miscellaneous reimbursements are recorded in this line item.

The following schedule presents a summary of general, special revenue, and capital projects fund expenditures for the fiscal year ended December 31, 1999 and the percentage of increases and decreases in relation to prior year amounts.

	1999 Amount	Percent of Total	Increase (Decrease) From 1998	Percent of Increase (Decrease)
Expenditures				
Current:				
Public safety	\$ 1,581,410	23.2%	58,527	3.8%
Public health	121,759	1.8%	3,265	2.8%
Culture and recreation	142,780	2.1%	21,179	17.4%
Community development	119,722	1.8%	3,217	2.8%
Transportation	435,581	6.4%	15,445	3.7%
General government	1,280,997	18.8%	291,369	29.4%
Capital outlay	<u>3,127,240</u>	<u>45.9%</u>	<u>487,554</u>	<u>18.5%</u>
Total	\$ <u>6,809,489</u>	<u>100.0%</u>	<u>880,556</u>	<u>14.9%</u>

Explanation for significant changes in expenditures are:

Culture and recreation: Increase in swimming pool salaries and costs for the concession stand.

General government: Increase in health insurance costs (\$161,000) and new hires and salary increases (\$101,000).

General fund balance: The fund balance of the general fund increased by 6.2% in 1999 from the December 31, 1998 adjusted balance. The \$125,003 increase results in a fund balance of \$2,136,001 as of December 31, 1999.

Enterprise operations: The City's enterprise operations are comprised of four separate and distinct activities: Water, Sewer and Sewer Disposal, Refuse, and Parking Meter. Enterprise revenues increased during 1999 to \$1,883,823. The enterprise operating income decreased by \$258,377, from \$294,085 to \$35,708, which created a net loss of \$41,683. The enterprise net working capital was positive at \$775,302 as of December 31, 1999.

The City of Eaton maintains enterprise facilities and equipment with a net book value of \$4,768,307. The largest portions of these facilities are the property, plant and equipment of the Sewer and Sewer Disposal fund. The City's management is currently formulating a plan to provide funding for the future replacement of the Sewerage facilities, as well as the other enterprise facilities. The City is committed to providing its users with quality services in each of the enterprise operations.

Fiduciary operations: The City's fiduciary operations are comprised of one nonexpendable trust fund and two agency funds. The trust fund balance at December 31, 1999 was \$10,000.

Debt administration: At December 31, 1999, the City has two debt issues outstanding, an Ohio Water Development Authority Loan of \$724,745 and a Ohio Public Works Commission Issue II interest-free loan of \$750,000. 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, 1999, the City has no general obligation bonded debt. The legal limit is \$15,329,155.

Cash management: Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, the State Treasury Asset Reserve of Ohio (STAROhio) and repurchase agreements. The City earned interest revenue of \$171,226 on all investments for the year ended December 31, 1999.

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 110 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, Dakin Insurance, 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. Moreover, the City's overall premium payments have remained at the same level for the past three years, although certain policies have incurred modest increases.

In 1999, the City secured general liability coverage through the Titan Insurance Company, with a \$2,000,000 limit. This policy provides coverage for personal and bodily injuries, property damage, and Firemen's and EMT professional liability. Auto and property coverage are provided through the Titan Insurance Company with deductibles of \$250 for comprehensive auto, \$1,000 for auto collision and \$1,000 for property. Police Professional and Public Official liability coverage's are with the National Casualty Company, both in \$1,000,000 aggregate amounts. Coverage for Faithful Performance Bonds is carried through the Ohio Casualty Company.

To help maintain a favorable experience record, all claims of less than \$500 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.

A self-funded plan for group health insurance was established in 1990 when it was determined that the costs of such a plan were less than conventional group health insurance. Claims are paid when presented by the third party administrator, Great-West Insurance Co.

The City is protected from the risk of loss in excess of specific amounts by a stop-loss insurance policy through the Great-West Life Group Insurance Trust. The self-funded plan covers 68 employees and their dependents.

OTHER INFORMATION

Independent audit: State statutes require an annual audit. The Auditor of the State of Ohio performed the December 31, 1999 audit. The Report of Independent Accountants' on the general-purpose financial statements is included in the financial section of this report.

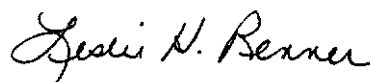
Acknowledgments: The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Department of Finance and other City departments. We express our sincere appreciation for the contributions made in the preparation of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



Martin D. Gabbard
City Manager



Leslie H. Renner
Director of Finance

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CITY OF EATON, OHIO

LISTING OF PRINCIPAL CITY OFFICIALS

December 31, 1999

ELECTED OFFICIALS

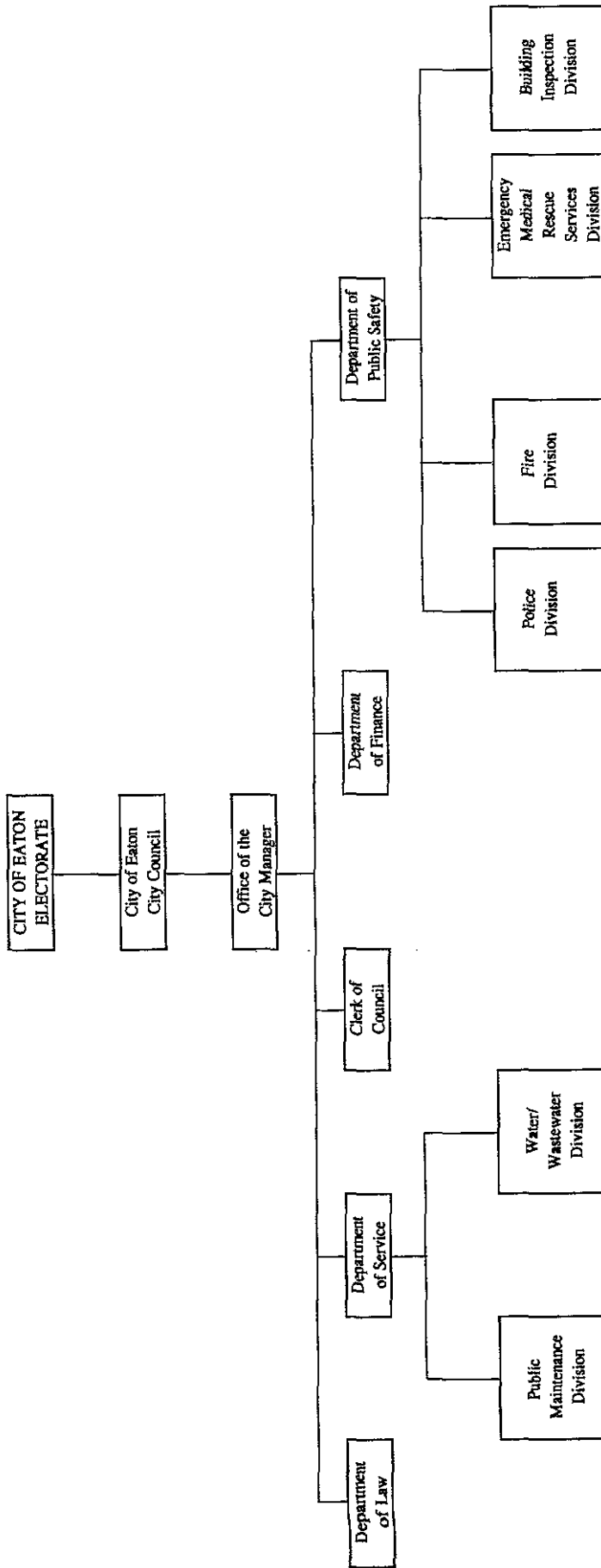
Mayor	Robert Ball
Vice-Mayor	Lawrence M. Petry
Council Member	Eric W. Daily
Council Member	Joseph Renner
Council Member	Patrick Taylor
Municipal Judge	Paul D. Henry

APPOINTED OFFICIALS

City Manager	Martin D. Gabbard
Director of Finance	Leslie H. Renner
Director of Law	John L. Petry

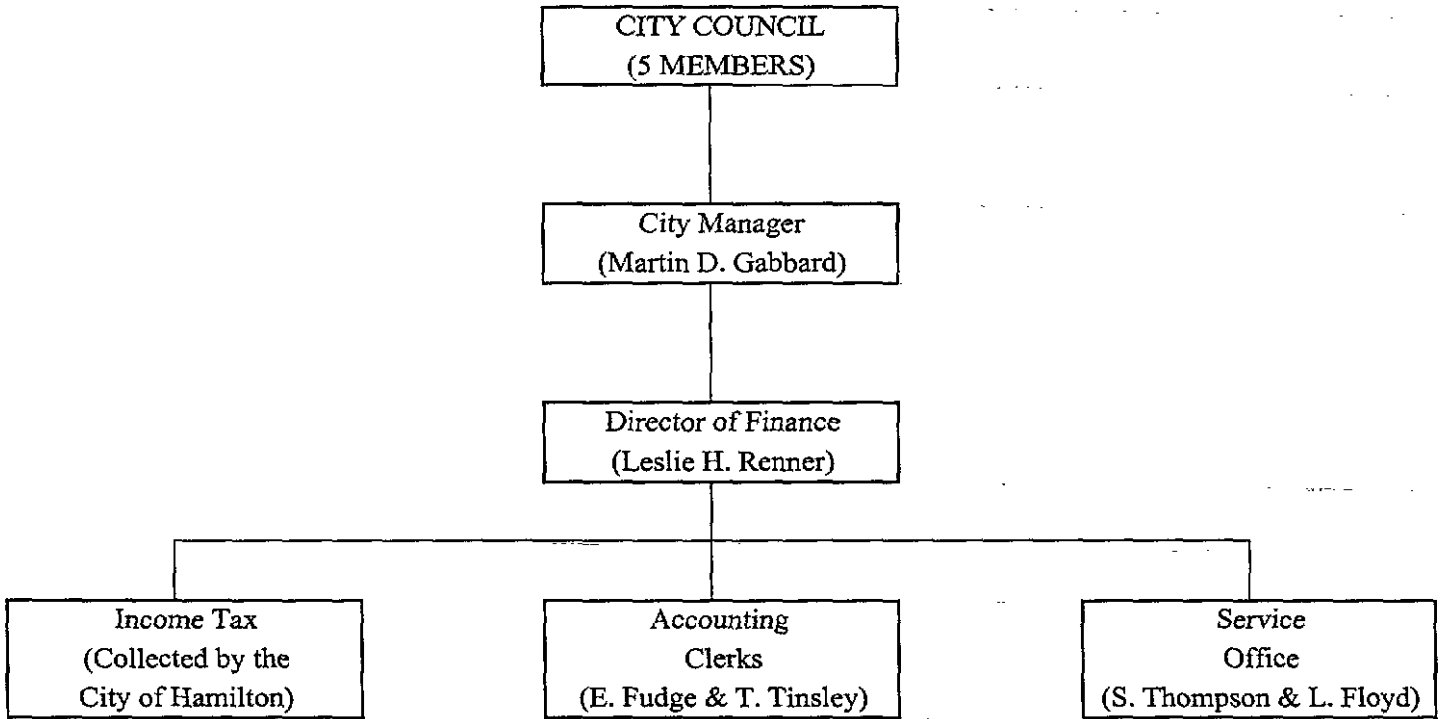
CITY OF EATON, OHIO

CITY ORGANIZATION
as of December 31, 1999



CITY OF EATON, OHIO

DEPARTMENT OF FINANCE
as of December 31, 1999



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Certificate of Achievement for Excellence in Financial Reporting

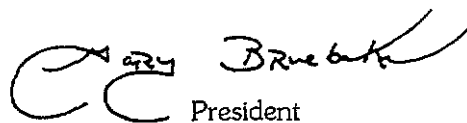
Presented to

City of Eaton,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 1998

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.




Cary Bruebot
President


Jeffrey L. Essler
Executive Director

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FINANCIAL SECTION

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the City Council:

We have audited the accompanying general-purpose financial statements of the City of Eaton, Preble County, Ohio, as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City of Eaton's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Eaton, Preble County, Ohio, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with generally accepted governmental accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2000 on our consideration of the City of Eaton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the City of Eaton, Preble County, Ohio, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 27, 2000

CITY OF EATON, OHIO

Combined Balance Sheet - All Fund Types and Account Groups

December 31, 1999

(with comparative totals for December 31, 1998)

	Governmental Fund Types			Proprietary Fund Types	Fiduciary Fund Types
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency
Assets and other debits:					
Cash and cash equivalents	\$ 676,000	142,621	81,568	297,376	294,005
Investments	1,412,314	194,019	300,000	550,000	10,000
Receivables (net of allowance for uncollectibles):					
Taxes	810,864	61,770	170,729	-	-
Accounts	32,095	426	-	311,442	-
Special assessments	-	-	4,324	-	-
Accrued interest	13,364	181	-	-	75
Due from other governments	71,834	24,617	194,837	772	-
Due from other funds	49,063	14,782	-	3,500	6,510
Loans receivable	-	10,540	-	-	-
Inventory supplies	3,000	-	-	-	-
Fixed assets (net of accumulated depreciation)	-	-	-	4,768,307	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-
Total assets and other debits	\$ 3,068,534	448,956	751,458	5,931,397	310,590
Liabilities, equity and other credits:					
Liabilities:					
Accounts payable	\$ 159,654	10,345	56,663	63,923	75
Accrued workers compensation	3,794	443	212	1,098	-
Accrued pension	70,500	5,633	3,229	16,455	-
Accrued compensated absences	136,302	4,213	9,269	110,779	-
Due to other funds	-	-	-	3,500	70,355
Due to others	7,513	-	-	-	230,160
Deferred revenue	554,770	61,770	120,964	-	-
Accrued interest payable	-	-	-	35,223	-
Issue II loan payable	-	-	-	-	-
OWDA loan payable	-	-	-	724,745	-
Total liabilities	932,533	82,404	190,337	955,723	300,590
Equity and other credits:					
Investment in fixed assets	-	-	-	-	-
Contributed capital	-	-	-	3,489,983	-
Retained earnings:					
Unreserved	-	-	-	1,485,691	-
Fund balance:					
Reserved:					
For encumbrances	54,577	-	312,629	-	-
For inventory	3,000	-	-	-	-
For loans receivable	-	10,540	-	-	-
Unreserved and undesignated	2,078,424	356,012	248,492	-	10,000
Total equity and other credits	2,136,001	366,552	561,121	4,975,674	10,000
Total liabilities, equity and other credits	\$ 3,068,534	448,956	751,458	5,931,397	310,590

See notes to the general purpose financial statements.

Exhibit I

Account Groups		Totals (Memorandum Only)	
General Fixed Asset	General Long-Term Obligations	1999	1998
-	-	1,491,570	880,514
-	-	2,466,333	3,122,294
-	-	1,043,363	1,094,193
-	-	343,963	322,600
-	-	4,324	17,624
-	-	13,620	30,504
-	-	292,060	90,534
-	-	73,855	65,521
-	-	10,540	151,077
-	-	3,000	3,000
3,461,595	-	8,229,902	8,467,246
-	924,611	924,611	250,334
<u>3,461,595</u>	<u>924,611</u>	<u>14,897,141</u>	<u>14,495,441</u>
-	-	290,660	296,096
-	-	5,547	20,158
-	-	95,817	86,467
-	174,611	435,174	377,621
-	-	73,855	65,521
-	-	237,673	93,918
-	-	737,504	658,392
-	-	35,223	42,169
-	750,000	750,000	68,296
-	-	724,745	867,664
-	924,611	3,386,198	2,576,302
3,461,595	-	3,461,595	3,612,074
-	-	3,489,983	3,616,591
-	-	1,485,691	1,400,765
-	-	367,206	136,164
-	-	3,000	3,000
-	-	10,540	151,077
-	-	2,692,928	2,999,468
<u>3,461,595</u>	<u>-</u>	<u>11,510,943</u>	<u>11,919,139</u>
<u>3,461,595</u>	<u>924,611</u>	<u>14,897,141</u>	<u>14,495,441</u>

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Combined Statement of Revenues, Expenditures and Changes in
Fund Balance - All Governmental Fund Types

For the Year Ended December 31, 1999
(with comparative totals for December 31, 1998)

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)	
				1999	1998
Revenues:					
Property taxes	\$ 428,444	53,843	-	482,287	492,722
Municipal income taxes	1,927,347	-	1,215,468	3,142,815	2,779,428
State levied shared taxes	483,888	195,106	-	678,994	667,080
Intergovernmental grants and contracts	153,018	35,000	123,360	311,378	320,115
Charges for services	30,262	68,209	-	98,471	81,054
Fees, licenses, permits	127,092	85,707	-	212,799	189,301
Interest earnings	166,098	4,578	-	170,676	222,461
Special assessments	-	-	28,578	28,578	30,552
Fines and forfeitures	555,404	177,960	-	733,364	618,956
Other revenue	13,577	27,052	-	40,629	89,991
Total revenues	3,885,130	647,455	1,367,406	5,899,991	5,491,660
Expenditures:					
Current:					
Public safety	1,581,410	-	-	1,581,410	1,522,883
Public health	18,113	103,646	-	121,759	118,494
Culture and recreation	-	142,780	-	142,780	121,601
Community development	112,582	7,140	-	119,722	116,505
Transportation	152,040	283,541	-	435,581	420,136
General government	1,202,281	78,716	-	1,280,997	989,628
Capital outlay	614,374	96,687	2,416,179	3,127,240	2,639,686
Total expenditures	3,680,800	712,510	2,416,179	6,809,489	5,928,933
Excess (deficit) of revenues over/ (under) expenditures	204,330	(65,055)	(1,048,773)	(909,498)	(437,273)
Other financing sources (uses):					
Sale of assets	11,759	-	-	11,759	2,362
Proceeds from loan	-	-	681,704	681,704	68,296
Transfers-in	-	91,086	826,458	917,544	392,795
Transfers-out	(91,086)	-	(826,458)	(917,544)	(392,795)
Total other financing sources (uses)	(79,327)	91,086	681,704	693,463	70,658
Excess of revenues and other financing sources over expenditures and other financing uses	125,003	26,031	(367,069)	(216,035)	(366,615)
Fund balance, beginning of year	2,010,998	340,521	928,190	3,279,709	3,646,324
Fund balance, end of year	\$ 2,136,001	366,552	561,121	3,063,674	3,279,709

See notes to the general purpose financial statements.

Combined Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budgetary (Non-GAAP) Basis - All Governmental Fund Types

For the Year Ended December 31, 1999

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Property taxes	\$ 446,650	433,217	(13,433)	58,670	54,848	(3,822)
Municipal income taxes	1,620,000	1,942,410	322,410	-	-	-
State levied shared taxes	336,600	483,510	146,910	187,600	194,959	7,359
Intergovernmental grants and contracts	130,000	152,494	22,494	35,000	35,000	-
Charges for services	266,000	269,536	3,536	106,635	124,856	18,221
Fees, licenses, permits	100,500	127,092	26,592	76,500	80,589	4,089
Interest earnings	67,300	181,005	113,705	2,400	6,425	4,025
Special assessments	-	-	-	-	-	-
Fines and forfeitures	480,000	554,076	74,076	94,500	113,635	19,135
All other revenue	110,500	113,789	3,289	27,600	28,954	1,354
Total revenues	3,557,550	4,257,129	699,579	588,905	639,266	50,361
Expenditures:						
Current:						
Public safety	1,682,780	1,577,199	105,581	-	-	-
Public health	19,000	18,113	887	254,016	168,389	85,627
Culture and recreation	-	-	-	81,203	76,476	4,727
Community development	125,800	114,337	11,463	89,392	21,094	68,298
Transportation	180,600	154,835	25,765	339,198	314,234	24,964
General government	3,073,558	2,321,879	751,679	222,222	123,502	98,720
Capital outlay	-	-	-	-	-	-
Total expenditures	5,081,738	4,186,363	895,375	986,031	703,695	282,336
Excess of revenues over/(under) expenditures	(1,524,188)	70,766	1,594,954	(397,126)	(64,429)	332,697
Other financing sources (uses):						
Operating transfers in	-	-	-	87,145	91,086	3,941
Sale of assets	-	11,759	11,759	-	-	-
Operating transfers (out)	(410,000)	(91,086)	318,914	-	-	-
Total other financing sources (uses)	(410,000)	(79,327)	330,673	87,145	91,086	3,941
Excess of revenues and other financing sources over/(under) expenditures and other uses	(1,934,188)	(8,561)	1,925,627	(309,981)	26,657	336,638
Fund balance, beginning of year (includes prior year encumbrances appropriated)	1,934,188	1,934,188	-	309,981	309,981	-
Fund balance, end of year	\$ -	1,925,627	1,925,627	-	336,638	336,638

See notes to the general purpose financial statements.

	Capital Projects Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Property taxes	-	-	-	505,320	488,065	(17,255)
Municipal income taxes	1,015,000	1,221,230	206,230	2,635,000	3,163,640	528,640
State levied shared taxes	-	-	-	524,200	678,469	154,269
Intergovernmental grants and contracts	726,870	726,868	(2)	891,870	914,362	22,492
Charges for services	-	-	-	372,635	394,392	21,757
Fees, licenses, permits	-	-	-	177,000	207,681	30,681
Interest earnings	-	-	-	69,700	187,430	117,730
Special assessments	-	28,578	28,578	-	28,578	28,578
Fines and forfeitures	-	-	-	574,500	667,711	93,211
All other revenue	-	-	-	138,100	142,743	4,643
Total revenues	1,741,870	1,976,676	234,806	5,888,325	6,873,071	984,746
Expenditures:						
Current:						
Public safety	-	-	-	1,682,780	1,577,199	105,581
Public health	-	-	-	273,016	186,502	86,514
Culture and recreation	-	-	-	81,203	76,476	4,727
Community development	-	-	-	215,192	135,431	79,761
Transportation	-	-	-	519,798	469,069	50,729
General government	-	-	-	3,295,780	2,445,381	850,399
Capital outlay	2,489,365	2,631,193	(141,828)	2,489,365	2,631,193	(141,828)
Total expenditures	2,489,365	2,631,193	(141,828)	8,557,134	7,521,251	1,035,883
Excess of revenues over/(under) expenditures	(747,495)	(654,517)	92,978	(2,668,809)	(648,180)	2,020,629
Other financing sources (uses):						
Operating transfers in	826,460	826,458	(2)	913,605	917,544	3,939
Sale of assets	-	-	-	-	11,759	11,759
Operating transfers (out)	(728,595)	(826,458)	(97,863)	(1,138,595)	(917,544)	221,051
Total other financing sources (uses)	97,865	-	(97,865)	(224,990)	11,759	236,749
Excess of revenues and other financing sources over/(under) expenditures and other uses	(649,630)	(654,517)	(4,887)	(2,893,799)	(636,421)	2,257,378
Fund balance, beginning of year (includes prior year encumbrances appropriated)	649,630	649,630	-	2,893,799	2,893,799	-
Fund balance, end of year	-	(4,887)	(4,887)	-	2,257,378	2,257,378

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Combined Statement of Revenues, Expenses and Changes in Retained Earnings/
Fund Balance - Proprietary Fund Type and Nonexpendable Trust Fund

For the Year Ended December 31, 1999
(with comparative totals for December 31, 1998)

	Proprietary	Fiduciary	Totals	
	Fund Type	Fund Type	(Memorandum Only)	
	Enterprise	Non-Expendable Trust	1999	1998
Operating revenues:				
Charges for services	\$ 1,883,823	-	1,883,823	1,863,976
Interest income	-	550	550	596
Total operating revenues	1,883,823	550	1,884,373	1,864,572
Operating expenses:				
Personnel services	511,212	550	511,762	457,000
Fringe benefits	123,739	-	123,739	138,790
Contractual services	386,165	-	386,165	277,769
Materials and supplies	270,920	-	270,920	221,696
Utilities	193,070	-	193,070	157,970
Other operating expenses	68,110	-	68,110	44,174
Depreciation	294,899	-	294,899	273,088
Total operating expenses	1,848,115	550	1,848,665	1,570,487
Operating income	35,708	-	35,708	294,085
Non-operating revenues (expenses):				
Interest expense	(77,391)	-	(77,391)	(90,668)
Gain (loss) on sale of assets	-	-	-	2,013
Total non-operating revenues (expenses)	(77,391)	-	(77,391)	(88,655)
Net income	(41,683)	-	(41,683)	205,430
Add:				
Depreciation on fixed assets acquired by contributed capital	124,839	-	124,839	125,724
Gain on disposal of asset acquired by contributed capital	1,770	-	1,770	-
Increase in retained earnings/fund balance	84,926	-	84,926	331,154
Retained earnings/fund balance, beginning of year	1,400,765	10,000	1,410,765	1,079,611
Retained earnings/fund balance, end of year	\$ 1,485,691	10,000	1,495,691	1,410,765

See notes to the general purpose financial statements.

Combined Statement of Cash Flows - Proprietary
Fund Type and Nonexpendable Trust Fund

For the Year Ended December 31, 1999
(with comparative totals for the year ended December 31, 1998)

	Proprietary	Fiduciary	Totals	
	Fund Type	Fund Type	(Memorandum Only)	
	Enterprise	Non-expendable Trust	1999	1998
Operating activities:				
Operating income (loss)	\$ 35,708	-	35,708	294,085
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Investment income included in operations	-	(550)	(550)	(596)
Depreciation	294,899	-	294,899	273,088
Changes in assets and liabilities:				
(Increase) decrease in receivables	(20,925)	-	(20,925)	617
(Increase) decrease in due to/from	(5,005)	-	(5,005)	5,314
Increase (decrease) in accounts payable	55,438	-	55,438	(2,503)
Increase (decrease) in accrued liabilities	15,019	-	15,019	4,356
Net cash provided (used) by operating activities	<u>375,134</u>	<u>(550)</u>	<u>374,584</u>	<u>574,361</u>
Capital and related financing activities:				
Principal paid on long-term liabilities	(142,919)	-	(142,919)	(130,258)
Interest paid	(84,337)	-	(84,337)	(96,998)
Acquisition of fixed assets	(208,033)	-	(208,033)	(258,607)
Proceeds from sale of fixed assets	-	-	-	3,500
Net cash used by capital and related financing activities	<u>(435,289)</u>	<u>-</u>	<u>(435,289)</u>	<u>(482,363)</u>
Investing activities:				
Interest income	-	550	550	596
Net cash provided by investing activities	<u>-</u>	<u>550</u>	<u>550</u>	<u>596</u>
Net increase in cash and cash equivalents	(60,155)	-	(60,155)	92,594
Cash and cash equivalents, beginning of year	<u>907,531</u>	<u>-</u>	<u>907,531</u>	<u>814,937</u>
Cash and cash equivalents, end of year	\$ <u>847,376</u>	<u>-</u>	<u>847,376</u>	<u>907,531</u>

(continued)

Combined Statement of Cash Flows - Proprietary
Fund Type and Nonexpendable Trust Fund

For the Year Ended December 31, 1999
(with comparative totals for the year ended December 31, 1998)

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>	
	<u>Enterprise</u>	<u>Non- expendable Trust</u>	<u>1999</u>	<u>1998</u>
Reconciliation of cash and cash equivalents per combined balance sheet to cash and cash equivalents, end of year, per statement of cash flows:				
Cash and cash equivalents, per balance sheet	\$ 297,376	294,005	591,381	449,008
Plus investments, per balance sheet	550,000	10,000	560,000	660,000
Less agency cash	-	(294,005)	(294,005)	(191,477)
Less investments over 90 days	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>
 Cash and cash equivalents, end of year, per statement of cash flows	 \$ <u>847,376</u>	 <u>-</u>	 <u>847,376</u>	 <u>907,531</u>

See notes to the general purpose financial statements.

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CITY OF EATON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS For the Fiscal Year Ended December 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Eaton is a home rule municipal corporation operating under its own charter since incorporation on July 1, 1961. The Council/Manager form of government, whereby the City Manager is the Chief Administrative Officer, provides the following services: 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.

As required by generally accepted accounting principles, the reporting entity is comprised of the primary government ("the City"). The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the City.

The City considered potential component units for inclusion in the reporting entity. Component units are legally separate entities for which the City is financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the general purpose financial statements to emphasize that it is legally separate from the government. There are no blended or discretely presented component units at December 31, 1999.

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

B. Basis of Presentation

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to local governments.

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures/expenses. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the fund because they do not directly affect net expendable available financial resources.

Individual funds and account groups that are used by the City are classified as follows:

Governmental Funds

General Fund - To account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available 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.

Special Revenue Funds - To account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds - To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary or Trust Funds).

Proprietary Funds

Enterprise Funds - To account for operations, a) that are financed and operated in a manner similar to private business enterprises - where the intent of the City is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or b) where the City has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, or accountability for other purposes.

Fiduciary Funds

Trust and Agency Funds - To account for assets held by the City in a trustee capacity or as an agent for other governmental units and/or other funds. These include nonexpendable trust and agency funds.

Account Groups

General Fixed Assets Account Group - To account for all fixed assets of the City, except those accounted for in the Proprietary Funds.

General Long-Term Obligations Account Group - To account for all long-term obligations of the City, except those accounted for in the Proprietary funds.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Revenues considered susceptible to accrual include but are not limited to income taxes collected by servicing agents, property taxes, estate taxes, fines and forfeitures, revenue sharing entitlements, and reimbursable-type grants.

The agency funds are custodial in nature, (assets equal liabilities) and, thus, do not involve the measurement of results of operations.

The accrual basis of accounting is utilized by proprietary fund types, and nonexpendable trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D. Budgets and Budgetary Data

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 will 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 organizational (i.e., Public Safety, Public Health, Community Development, Transportation, and General Government) levels within the General Fund and at the fund level for all other budgeted funds.

The appropriation ordinance may be amended as necessary during the year provided that the total appropriations do not exceed the estimated resources as certified by the County Budget Commission. All amendments to the appropriation ordinance during the year (1999) were approved by City Council as provided by the City Charter. The budget may be revised by management without City Council approval if the revised budget does not exceed the total appropriations at the organizational levels within the General Fund or at the fund level for all other budgeted funds.

Unencumbered appropriation balances lapse at year-end and reverts 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.

Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in all Governmental Funds.

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).

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:

	Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses		
	General Fund	Special Revenue Funds	Capital Projects Funds
GAAP BASIS (AS REPORTED)	\$ 125,003	26,031	(367,069)
Increase (decrease):			
Revenue accruals	371,999	(8,189)	609,270
Expenditure accruals	(505,563)	8,815	(215,014)
Note proceeds	<u> -</u>	<u> -</u>	<u>(681,704)</u>
 BUDGET BASIS	 \$ <u>(8,561)</u>	 <u>26,657</u>	 <u>(654,517)</u>

E. Inventory

Inventory is stated at cost (first-in, first-out). The costs of inventory items are recorded as expenditures in the Governmental Funds when purchased and expenses in the Proprietary Funds when used. Reported inventories in the Governmental Funds are offset by a fund balance reserve which indicates they do not constitute "available spendable resources" and are not available for appropriations.

F. Insurance and Risk

The City of Eaton covers most of its risks of loss through commercial insurance. There was no significant reductions in insurance coverage on any risk during the past year. The City did not have any settlements that exceeded insurance coverage in the last three years. Effective January 1, 1990, the City began a partial self-funded health plan. The City funds the maximum liability, which is equal to the City's aggregate stop loss plus the insurance companies costs. The self-funded health plan is accounted for in the general fund. Premiums charged to other funds and departments are treated as a reimbursement of expenditures. A liability for unpaid claims at year end is included in accounts payable and is based on claims reported by a third party administrator.

	<u>12/31/99</u>	<u>12/31/98</u>
Claims unpaid, beginning of year	\$ 46,915	28,715
Incurred claims (including amounts incurred but not reported)	187,867	364,312
Less: Claim payments	<u>207,277</u>	<u>346,112</u>
 Claims unpaid, end of year	 \$ <u>27,505</u>	 <u>46,915</u>

G. Fixed Assets

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental fund types and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. *Contributed fixed assets are recorded at fair market value at the date donated.*

Public domain assets (infrastructure) such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures can be satisfied without recording the assets.

Fixed assets acquired by the proprietary fund types are stated at cost (or estimated historical cost), including interest capitalized during construction, where applicable. Contributed fixed assets are recorded at fair market value at the date donated.

Depreciation on fixed assets used in Proprietary Funds is computed and recorded by the straight-line method in the Proprietary Funds. Accumulated depreciation on fixed assets used in Governmental Funds is not recorded in the Governmental Funds, but instead is recorded in the General Fixed Asset Account Group also utilizing the straight-line method.

Depreciation recognized on assets acquired or constructed through grants or contributions is closed to the appropriate contributed capital account.

Estimated useful lives of the various classes of fixed assets are as follows:

Buildings	45 years
Equipment	3 - 50 years

H. Compensated Absences

The amounts of vacation and sick leave liabilities that are expected to be liquidated with expendable available financial resources are recorded as current liabilities in the appropriate governmental fund type. The noncurrent portion of the liabilities is recorded in the general long-term obligations account group. Vested vacation and sick leave pertaining to proprietary fund types is recorded as an expense when earned.

I. Grants and Other Intergovernmental Revenues

Federal grants awarded on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlements occur. All other federal reimbursable-type grants are recorded as intergovernmental receivables and revenues when the related expenditures/expenses are incurred.

J. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets, and service debt. The accompanying general purpose financial statements reflect such transactions as operating transfers. To the extent that certain transactions between funds had

not been paid or received as of the year-end, interfund receivables or payables have been recorded.

K. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred. For governmental funds and expendable trust funds, pension costs will be reported as "pension expenditure" only to the extent that it is expected to be liquidated with expendable available financial resources. At December 31, 1999, the City had no excess pension costs in excess of pension expenditures.

L. Reserves

Reserves indicate portions of fund equity not appropriable for expenditures/expenses and/or legally segregated for a specific future use.

M. Contributed Capital

Proprietary Fund type contributed capital is recorded at the fair market value of the related assets at the date received. Depreciation on contributed fixed assets; acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital, is allocated to contributed capital using the straight-line method over the same life as described for the related fixed asset in Note 1 G.

The changes in the City's contributed capital accounts for its proprietary funds were as follows:

	<u>Water</u>	<u>Sewer and Sewer Disposal</u>	<u>Total</u>
Contributed capital, January 1, 1999	\$ 3,519	3,613,072	3,616,591
Less: current year disposal of fixed assets	(1,769)	-	(1,769)
Less: current year depreciation on fixed assets acquired by contributed capital	(250)	(124,589)	(124,839)
Contributed capital, December 31, 1999	<u>\$ 1,500</u>	<u>3,488,483</u>	<u>3,489,983</u>

N. Cash and Cash Equivalents and Investments

Cash balances of the City's funds are pooled in order to provide improved cash management. For presentation on the combined statement of cash flows the enterprise and nonexpendable trust 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.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposits are reported at cost.

During fiscal year 1999, investments of the City were limited to the State Treasury Asset Reserve of Ohio (STAROhio) and repurchase agreements. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does not operate in a manner consistent with Rule 2a7 on the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 1999. The fair value of the City's investment in the STAR Ohio pool is equal to its position in the pool.

O. Comparative Data

Comparative total data for the prior year has been presented in the accompanying general purpose financial statements in order to provide an understanding of overall changes in the City's financial position and operations. However, comparative data (i.e., presentation of prior year totals by fund type) have not been presented in the general purpose financial statements, since their inclusion would make the statements unduly complex and difficult to read. Certain prior year comparative data has been reclassified to conform to current account classifications.

P. Financial Disclosures

The City's financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. The City accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Q. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

R. Total Columns on General Purpose Financial Statements

Total columns on general purpose (combined) financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund elimination's have not been made in the aggregation of this data.

S. Excess of Expenditures Over Appropriations

For the year ended December 31, 1999, expenditures exceeded appropriations in the Issue II Main Street special revenue fund by \$319,875.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

At December 31, 1999, carrying values of the City's deposits with financial institutions and investments were as follows:

	<u>Carrying Amount</u>
Deposits:	
Interest bearing 2.53% to 4.40%	\$ 443,247
Certificates of deposit, 4.92% to 6.25% maturing January 7, 2000 to December 7, 2000	<u>629,019</u>
	<u>1,072,266</u>
Investments:	
Repurchase Agreements	1,048,323
STAR Ohio	<u>1,837,314</u>
	<u>2,885,637</u>
Total pooled cash and investments	\$ <u>3,957,903</u>

Deposits

The year end bank balance of all City deposits was \$2,284,022. Based on criteria described in GASB Statement No. 3 deposits with *Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, the bank balance is categorized as follows:

FDIC insured deposits	\$ 480,568
Amount collateralized with securities held by pledging financial institution's agent in the City's name	309,623
Uninsured and uncollateralized	<u>1,493,831</u>
	\$ <u>2,284,022</u>

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 110 percent of the public funds on deposit. The collateral is held by trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions, but not in the City's name. Funds in such collateral pools are listed as uninsured and uncollateralized above.

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.

Based on criteria described in GASB Statement No. 3, the City's investments are categorized below to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the city or its agent in the City's name. Category 2 includes investments that are uninsured or

unregistered, with securities held by the counterparty's Trust Department or Agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the City's name.

	<u>Carrying Amount/ Fair Value</u>
<u>Category 2:</u>	
Repurchase Agreements	\$ 1,048,323
<u>Unclassified:</u>	
STAR Ohio	<u>1,837,314</u>
Total investments	<u>\$ 2,885,637</u>

The City's investment in STAR Ohio is not classified because it is not evidenced by securities that exist in physical or book entry form.

A reconciliation between the classifications of cash and investments on the financial statements and the classifications per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>	<u>Total</u>
Cash and investments	\$ 1,491,570	2,466,333	3,957,903
Investments:			
Certificates of Deposit (terms longer than three months)	629,019	(629,019)	-
Repurchase agreements	<u>(1,048,323)</u>	<u>1,048,323</u>	<u>-</u>
GASB Statement 3	<u>\$ 1,072,266</u>	<u>2,885,637</u>	<u>3,957,903</u>

A summary of interest earned by the various fund categories is as follows:

	<u>Amount</u>	<u>% of Total</u>
General Fund	\$ 166,098	97.01%
Special Revenue Funds	4,578	2.67%
Non-expendable Trust Fund	<u>550</u>	<u>.32%</u>
Total	<u>\$ 171,226</u>	<u>100.00%</u>

3. PROPERTY TAXES

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

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

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

Real property and public utility taxes collected during 1999 were levied in October, 1998 on assessed values listed as of January 1, 1998, the lien date. One-half of these taxes were due on February 20, 1999, with the remaining balance due on July 18, 1999.

Tangible personal property taxes collected during 1999 had a lien and levy date of December 31, 1998. One-half of these taxes were due by April 30, 1999, with the remaining balance due on September 20, 1999. 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 1993. 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 1998 upon which the 1999 levy was based was approximately \$129,262,320. The assessed value for 1999 upon which the 2000 levy was based was approximately \$145,991,950.

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.

4. 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% expires December 31, 1999. The voters of the City approved a three-year renewal of the tax at the November 1998 election. 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.

5. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments through cooperative agreements and grants receivable at December 31, 1999 are as follows:

<u>Fund Category</u>	<u>Local Governments</u>	<u>State</u>	<u>Totals</u>
General	\$ 57,210	14,624	71,834
Special Revenue	-	24,617	24,617
Capital Projects	-	194,837	194,837
Enterprise	<u>772</u>	<u>-</u>	<u>772</u>
	\$ <u>57,982</u>	<u>234,078</u>	<u>292,060</u>

6. INTERFUND BALANCES

Individual fund interfund receivable and payable balances at December 31, 1999 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 49,063	-
Indigent driver	344	-
Education and enforcement	232	-
Computerization upgrade	8,336	-
Municipal court special projects	5,870	-
Water	-	3,500
Sewer	3,500	-
State patrol transfer	6,510	-
Municipal court	<u>-</u>	<u>70,355</u>
Totals	\$ <u>73,855</u>	<u>73,855</u>

7. CHANGES IN GENERAL FIXED ASSETS

Changes in general fixed assets during the year ended December 31, 1999 were as follows:

	<u>Balance 1/1/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/99</u>
Land	\$ 538,367	-	(5,668)	532,699
Buildings	2,329,753	-	(330,277)	1,999,476
Equipment	3,436,253	317,881	(278,892)	3,475,242
Construction in progress	<u>-</u>	<u>41,152</u>	<u>-</u>	<u>41,152</u>
Totals	6,304,373	359,033	(614,837)	6,048,569
Less: Accumulated depreciation	<u>(2,692,299)</u>	<u>(338,573)</u>	<u>443,898</u>	<u>(2,586,974)</u>
Net fixed assets	\$ <u>3,612,074</u>	<u>20,460</u>	<u>(170,939)</u>	<u>3,461,595</u>

8. PROPRIETARY FUNDS FIXED ASSETS

Proprietary Funds fixed assets at December 31, 1999, were as follows:

	<u>Enterprise</u>
Land	\$ 79,892
Buildings	5,427,971
Equipment	<u>4,460,527</u>
Totals	9,968,390
Less: Accumulated depreciation	<u>(5,200,083)</u>
Net fixed assets	<u>\$ 4,768,307</u>

9. DEFINED BENEFIT PENSION PLANS

Policemen are covered by the Police and Fireman's Disability and Pension Fund of Ohio (Police & Fire). Substantially all other City employees are covered by Public Employees Retirement System of Ohio (PERS). Police and Fire and PERS are both cost-sharing, multiple-employer public employee retirement systems. The payrolls for employees covered by Police and Fire, PERS, and for all employees were \$526,620, \$1,923,568 and \$2,486,439, respectively for the years ended December 31, 1999.

A. Public Employees Retirement System

Plan Description. The City of Eaton contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides the authority to establish and amend benefit provisions. PERS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to PERS, 277 East Town Street, Columbus, Ohio 43215, or by calling (614) 466-2085.

Funding Policy. The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 8.5% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 13.55% of annual covered payroll. The City's contributions to PERS for the years ending December 31, 1999, 1998 and 1997 were \$260,641, \$236,858 and \$211,133 respectively, equal to the required contributions for each year. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records.

B. Police and Firemen's Disability and Pension Fund

Plan Description. The City of Eaton contributes to the Police and Firemen's Disability and Pension Fund (PFDPF), a cost-sharing multiple-employer defined benefit pension plan. PFDPF 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. The PFDPF 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 PFDPF, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy. 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 of Eaton's contributions to PFDPF for the years ending December 31, 1999, 1998 and 1997 were \$104,547, \$100,278 and \$81,691 respectively, equal to the required contributions for each year. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records

10. POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System

The Public Employees Retirement system of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by state statute. The 1999 employer contribution rate was 13.31% of covered payroll for employees not engaged in law enforcement; 4.2% was the portion that was used to fund health care for 1999. For law enforcement employees, the employer contribution rate for 1999 was 16.70% of which 4.2% was used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

B. Police and Firemen's Disability and Pension Fund

The Police and Firemen's Disability and Pension Fund (OP&F) provides post-retirement health care coverage to any person who receives or is eligible to receive a monthly 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 Postemployment 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 rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll.

The Ohio Revised Code provides the authority allowing OP&F's Board of Trustees 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 6.5% and 7.0% of covered payroll in 1998 and 1999, respectively. The allocation is 7.25% in 2000. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1998, the date of the last actuarial valuation available, are 11,424 for Police and 9,186 for Firefighters. The City's actual contributions for 1998 that were used to fund postemployment benefits were \$37,532 for police. OP&F's total health care expense for the year ended December 31, 1998, the date of the last actuarial valuation available, was \$78,596,790, which was net of member contributions of \$5,331,515.

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 includes the City Manager, Assistant to the City Manager, Director of Finance, Director of Service and Chief of Police, 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, 1999, the accrued liability for unpaid compensated absences was \$435,174 for all funds and account groups

12. LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation activity by fund type for the year ended December 31, 1999:

General Long-Term Obligations:

	<u>Balance</u> <u>1/1/99</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/99</u>
Compensated absences	\$ 182,038	-	7,427	174,611
Issue II loan	<u>68,296</u>	<u>681,704</u>	<u>-</u>	<u>750,000</u>
Total general long term obligations	<u>250,334</u>	<u>681,704</u>	<u>7,427</u>	<u>924,611</u>
 <u>Enterprise Fund:</u>				
OWDA loan	867,664	-	142,919	724,745
Compensated absences	<u>93,591</u>	<u>17,188</u>	<u>-</u>	<u>110,779</u>
Total enterprise fund	<u>961,255</u>	<u>17,188</u>	<u>142,919</u>	<u>835,524</u>
	<u>\$1,211,589</u>	<u>698,892</u>	<u>150,346</u>	<u>1,760,135</u>

Long-term obligations of the City at December 31, 1999 are as follows:

<u>Issue</u>	<u>Rate %</u>	<u>Issued</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>
Issue II Ohio Water Development Authority Loan (OWDA)	0.0%	7-1-1997	7-1-2019	\$ <u>750,000</u>
	9.72%	12-30-1980	7-1-2003	\$ <u>724,745</u>

The Ohio Water Development Authority (OWDA) loan was for construction of a new wastewater facility. Under the terms of the agreement, eligible project costs were disbursed out of the funds of the OWDA. Subsequently, 75 percent of the eligible project costs were reimbursed by grant monies from the United States of America under Title II of the Federal Water Pollution Control Act Amendments of 1972. The loan balance at December 31, 1999 is based on total actual OWDA project costs (including capitalized interest) less total grant monies received and cumulative payments on the loan.

The federal grants are only for eligible project costs that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of agreement. City management believes such disallowance's, if any, will be minor.

On July 1, 1997, the City entered into a loan agreement with the Ohio Public Works Commission for renovation of the City's downtown area. This loan was approved for a total of \$750,000 with a 0% interest rate. Proceeds are drawn down as funds are expended. As of December 31, 1999, the City had drawn down the entire \$750,000 of this loan. The repayment of this debt is not scheduled to begin until 1/1/2000 or until the project is finished. Upon completion, the amortization schedule for debt repayment will be figured on the actual construction costs.

As of December 31, 1999, the City's legal debt margin (the ability to issue additional principal amounts of general obligation bonded debt) was approximately \$15.33 million. Principal and interest requirements from the Sewer and Sewer Disposal Fund to retire long-term obligations outstanding at December 31, 1999 are as follows:

<u>Due In</u>	<u>Loan</u>	<u>OWDA Interest</u>	<u>Total</u>
2000	156,810	70,445	227,255
2001	172,053	55,202	227,255
2002	188,777	38,480	227,257
2003	<u>207,105</u>	<u>20,152</u>	<u>227,257</u>
	<u>\$724,745</u>	<u>184,279</u>	<u>909,024</u>

13. DEFICIT FUND BALANCES/RETAINED EARNINGS

The following individual funds had deficit fund balances/retained earnings at December 31, 1999:

Sewer and Sewer Disposal	\$149,912
Parking Meter	462

These negative fund balances are a result of the conversion to GAAP from cash.

14. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Included in the services provided by the City which are financed primarily by user charges are delivery of water, collection and disposal of sewerage, refuse collection and parking meters. The key financial information for the year ended December 31, 1999 for these enterprise activities is as follows:

	<u>Water</u>	<u>Sewer & Sewer Disposal</u>	<u>Refuse</u>	<u>Parking Meter</u>	<u>Totals</u>
Operating revenues	\$ <u>705,651</u>	<u>771,878</u>	<u>386,892</u>	<u>19,402</u>	<u>1,883,823</u>
Operating expenses before depreciation	598,826	500,128	429,994	24,268	1,553,216
Depreciation	<u>64,530</u>	<u>221,245</u>	<u>9,124</u>	<u>-</u>	<u>294,899</u>
Operating income (loss)	42,295	50,505	(52,226)	(4,866)	35,708
Net non-operating expense	<u>-</u>	<u>77,391</u>	<u>-</u>	<u>-</u>	<u>77,391</u>
Net income (loss)	\$ <u>42,295</u>	<u>(26,886)</u>	<u>(52,226)</u>	<u>(4,866)</u>	<u>(41,683)</u>
OWDA loan payable	\$ <u>-</u>	<u>724,745</u>	<u>-</u>	<u>-</u>	<u>724,745</u>
Contributed capital	\$ <u>1,500</u>	<u>3,488,483</u>	<u>-</u>	<u>-</u>	<u>3,489,983</u>
Net change in property, plant equipment	\$ <u>95,893</u>	<u>58,382</u>	<u>45,618</u>	<u>-</u>	<u>199,893</u>
Net working capital	\$ <u>617,558</u>	<u>12,143</u>	<u>146,063</u>	<u>(462)</u>	<u>775,302</u>
Total assets	<u>\$1,513,271</u>	<u>4,177,058</u>	<u>239,056</u>	<u>2,012</u>	<u>5,931,397</u>
Total equity	<u>\$1,437,887</u>	<u>3,338,571</u>	<u>199,678</u>	<u>(462)</u>	<u>4,975,674</u>

15. CONTINGENT LIABILITIES

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

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

16. LOANS RECEIVABLE

Loans receivable in the Special Revenue Community Development Fund represent loans made to citizens at no or low interest rates to make home improvements. Terms of the loans require small monthly payments or are life estate loans, that is, the loan will be paid when the house is sold or the homeowner dies. The total of all outstanding loans equals \$10,540 at December 31, 1999.

17. JOINTLY GOVERNED ORGANIZATIONS

Mound Hill Union Cemetery

One or more municipal corporations and the boards of township trustees of one or more townships established the Mound Hill Union Cemetery in accordance with Ohio Revised Code Section 759.27 to 759.48 to unite in the establishment and management of a cemetery. The Board of Cemetery Trustees consists of three members; one member from the City of Eaton Council, one member from the Washington Township Board of Trustees, and the third member appointed by the other two members. The Preble County Budget Commission adopts appropriations and the cemetery serves as

its own fiscal agent. For the year ended December 31, 1999, the City of Eaton contributed \$97,500 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.

18. CONSTRUCTION COMMITMENTS

The City has entered into a construction contract with R.B. Jergen's for street and curb rework. The remaining contract amount is \$272,738.

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GENERAL FUND

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

General Fund

Comparative Balance Sheet

December 31, 1999

(with comparative totals for December 31, 1998)

	Total General Fund	
	1999	1998
Assets:		
Cash and cash equivalents	\$ 676,000	233,887
Investments	1,412,314	1,700,301
Receivables (net of allowance for uncollectibles):		
Taxes	810,864	819,993
Accounts	32,095	31,962
Accrued interest	13,364	28,327
Due from other governments	71,834	70,586
Due from other funds	49,063	46,432
Inventory supplies	3,000	3,000
Total assets	\$ 3,068,534	2,934,488
Liabilities and fund balance:		
Liabilities:		
Accounts payable	\$ 159,654	205,977
Accrued workers compensation	3,794	13,762
Accrued pension	70,500	61,690
Accrued compensated absences	136,302	91,177
Due to others	7,513	6,819
Deferred revenue	554,770	544,065
Total liabilities	932,533	923,490
Fund balance:		
Reserved:		
For encumbrances	54,577	45,544
For inventory of supplies	3,000	3,000
Unreserved and undesignated	2,078,424	1,962,454
Total fund balance	2,136,001	2,010,998
Total liabilities and fund balance	\$ 3,068,534	2,934,488

General Fund

Comparative Statement of Revenues, Expenditures
and Changes in Fund BalanceFor the Year Ended December 31, 1999
(with comparative totals for December 31, 1998)

	Total General Fund	
	1999	1998
Revenues:		
Property taxes	\$ 428,444	435,812
Municipal income taxes	1,927,347	1,717,389
State levied shared taxes	483,888	480,205
Intergovernmental grants and contracts	153,018	145,578
Charges for services	30,262	31,208
Fees, licenses, permits	127,092	113,770
Interest earnings	166,098	215,827
Fines and forfeitures	555,404	512,071
Other revenue	13,577	59,954
Total revenues	<u>3,885,130</u>	<u>3,711,814</u>
Expenditures:		
Current:		
Public safety	1,581,410	1,522,883
Public health	18,113	18,113
Community development	112,582	108,105
Transportation	152,040	154,099
General government	1,202,281	916,950
Capital outlay	614,374	939,136
Total expenditures	<u>3,680,800</u>	<u>3,659,286</u>
Excess of revenues over expenditures	<u>204,330</u>	<u>52,528</u>
Other financing sources (uses):		
Sale of assets	11,759	2,362
Transfers-out	(91,086)	(81,394)
Total other financing sources (uses)	<u>(79,327)</u>	<u>(79,032)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	125,003	(26,504)
Fund balance, beginning of year	<u>2,010,998</u>	<u>2,037,502</u>
Fund balance, end of year	<u>\$ 2,136,001</u>	<u>2,010,998</u>

General Fund

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance: (Unfavorable)</u>
Revenues:			
Property taxes:			
General	\$ 310,000	316,376	6,376
Tangible personal	<u>136,650</u>	<u>116,841</u>	<u>(19,809)</u>
Total property taxes	<u>446,650</u>	<u>433,217</u>	<u>(13,433)</u>
Municipal income taxes	<u>1,620,000</u>	<u>1,942,410</u>	<u>322,410</u>
State levied shared taxes:			
Local government fund, County	277,900	292,034	14,134
Inheritance	50,000	184,137	134,137
Cigarette licenses	300	413	113
Liquor and beer permits	<u>8,400</u>	<u>6,926</u>	<u>(1,474)</u>
Total state levied shared taxes	<u>336,600</u>	<u>483,510</u>	<u>146,910</u>
Intergovernmental contracts:			
Fire and service contracts	75,000	91,434	16,434
Ambulance contracts	<u>55,000</u>	<u>61,060</u>	<u>6,060</u>
Total intergovernmental contracts	<u>130,000</u>	<u>152,494</u>	<u>22,494</u>
Charges for services:			
General government	265,000	268,060	3,060
Miscellaneous	<u>1,000</u>	<u>1,476</u>	<u>476</u>
Total charges for services	<u>266,000</u>	<u>269,536</u>	<u>3,536</u>
Fees, licenses, permits:			
Zoning fees	500	140	(360)
Building permits	<u>100,000</u>	<u>126,952</u>	<u>26,952</u>
Total fees, licenses, permits	<u>100,500</u>	<u>127,092</u>	<u>26,592</u>
Interest earnings	<u>67,300</u>	<u>181,005</u>	<u>113,705</u>
Fines and forfeitures	<u>480,000</u>	<u>554,076</u>	<u>74,076</u>
Other revenue	<u>110,500</u>	<u>113,789</u>	<u>3,289</u>
Total revenues	<u>3,557,550</u>	<u>4,257,129</u>	<u>699,579</u>

(continued)

General Fund

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance: (Unfavorable)</u>
Expenditures:			
Current:			
Public safety:			
Police:			
Personal services	868,450	852,090	16,360
All other expenditures	<u>203,450</u>	<u>178,022</u>	<u>25,428</u>
Total police	<u>1,071,900</u>	<u>1,030,112</u>	<u>41,788</u>
Emergency squad:			
Personal services	214,500	203,794	10,706
All other expenditures	<u>139,900</u>	<u>109,081</u>	<u>30,819</u>
Total emergency squad	<u>354,400</u>	<u>312,875</u>	<u>41,525</u>
Fire:			
Personal services	116,500	103,121	13,379
All other expenditures	<u>104,230</u>	<u>95,854</u>	<u>8,376</u>
Total fire	<u>220,730</u>	<u>198,975</u>	<u>21,755</u>
Police and fire communications:			
All other expenditures	<u>35,750</u>	<u>35,237</u>	<u>513</u>
Total police and fire communications	<u>35,750</u>	<u>35,237</u>	<u>513</u>
Total public safety	<u>1,682,780</u>	<u>1,577,199</u>	<u>105,581</u>
Public health:			
County health board:			
All other expenditures	<u>19,000</u>	<u>18,113</u>	<u>887</u>
Total public health	<u>19,000</u>	<u>18,113</u>	<u>887</u>
Community development:			
Housing and building code enforcement:			
Personal services	96,300	81,163	15,137
All other expenditures	<u>29,500</u>	<u>33,174</u>	<u>(3,674)</u>
Total community development	<u>125,800</u>	<u>114,337</u>	<u>11,463</u>

(continued)

General Fund

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	Budget	Actual	Variance: (Unfavorable)
Transportation:			
Street maintenance:			
Personal services	61,800	58,710	3,090
All other expenditures	<u>118,800</u>	<u>96,125</u>	<u>22,675</u>
Total transportation	<u>180,600</u>	<u>154,835</u>	<u>25,765</u>
General government:			
City manager:			
Personal services	158,200	157,593	607
All other expenditures	<u>3,750</u>	<u>1,849</u>	<u>1,901</u>
Total city manager	<u>161,950</u>	<u>159,442</u>	<u>2,508</u>
Finance:			
Personal services	79,950	79,312	638
All other expenditures	<u>4,600</u>	<u>1,347</u>	<u>3,253</u>
Total finance	<u>84,550</u>	<u>80,659</u>	<u>3,891</u>
Income tax:			
All other expenditures	<u>110,750</u>	<u>110,565</u>	<u>185</u>
Total income tax	<u>110,750</u>	<u>110,565</u>	<u>185</u>
Law:			
Personal services	96,700	94,275	2,425
All other expenditures	<u>4,500</u>	<u>1,908</u>	<u>2,592</u>
Total law	<u>101,200</u>	<u>96,183</u>	<u>5,017</u>
City council:			
Personal services	8,300	8,129	171
All other expenditures	<u>20,500</u>	<u>17,592</u>	<u>2,908</u>
Total city council	<u>28,800</u>	<u>25,721</u>	<u>3,079</u>
Municipal court:			
Personal services	413,500	414,127	(627)
All other expenditures	<u>165,527</u>	<u>131,660</u>	<u>33,867</u>
Total municipal court	<u>579,027</u>	<u>545,787</u>	<u>33,240</u>

(continued)

General Fund

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance: (Unfavorable)</u>
Director of service:			
Personal services	59,400	56,507	2,893
All other expenditures	<u>500</u>	<u>-</u>	<u>500</u>
Total director of service	<u>59,900</u>	<u>56,507</u>	<u>3,393</u>
City building maintenance:			
Personal services	27,800	27,584	216
All other expenditures	<u>19,000</u>	<u>17,293</u>	<u>1,707</u>
Total city building maintenance	<u>46,800</u>	<u>44,877</u>	<u>1,923</u>
Legal advertising:			
All other expenditures	<u>2,500</u>	<u>2,418</u>	<u>82</u>
Elections:			
All other expenditures	<u>2,000</u>	<u>172</u>	<u>1,828</u>
Personnel benefits:			
All other expenditures	<u>519,503</u>	<u>466,687</u>	<u>52,816</u>
Total personnel benefits	<u>519,503</u>	<u>466,687</u>	<u>52,816</u>
Civil service:			
All other expenditures	<u>500</u>	<u>-</u>	<u>500</u>
Administrative support:			
Personal services	14,000	11,306	2,694
All other expenditures	<u>1,166,720</u>	<u>721,555</u>	<u>445,165</u>
Total administrative support	<u>1,180,720</u>	<u>732,861</u>	<u>447,859</u>
Contingency:			
All other expenditures	<u>195,358</u>	<u>-</u>	<u>195,358</u>
Total general government	<u>3,073,558</u>	<u>2,321,879</u>	<u>751,679</u>
Total expenditures	<u>5,081,738</u>	<u>4,186,363</u>	<u>895,375</u>
Excess (deficiency) of revenues over/ (under) expenditures	<u>(1,524,188)</u>	<u>70,766</u>	<u>1,594,954</u>

(continued)

General Fund

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance: (Unfavorable)</u>
Other financing sources (uses):			
Operating transfers-in	-	-	-
Sale of assets	-	11,759	11,759
Operating transfers-(out)	<u>(410,000)</u>	<u>(91,086)</u>	<u>318,914</u>
Total other financing sources (uses)	<u>(410,000)</u>	<u>(79,327)</u>	<u>330,673</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(1,934,188)	(8,561)	1,925,627
Fund balance, beginning of year	<u>1,934,188</u>	<u>1,934,188</u>	<u>-</u>
Fund balance, end of year	\$ <u>-</u>	<u>1,925,627</u>	<u>1,925,627</u>

SPECIAL REVENUE FUNDS

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

Enforcement and 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 fees collected by the Municipal Court to fund a Court building.

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

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.

Roberts Bridge Fund – To account for funds set aside to maintain a local landmark.

Community Development Fund – To account for community development block grant funds.

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

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

Special Revenue Funds

Combining Balance Sheet

December 31, 1999

(with comparative totals for December 31, 1998)

	<u>Indigent Driver</u>	<u>Enforcement & Education</u>	<u>Law Enforcement</u>
Assets:			
Cash and cash equivalents	\$ 31,162	8,013	2,164
Investments	50,000	-	-
Receivables (net of allowance for uncollectibles):			
Taxes	-	-	-
Accounts	-	-	-
Accrued interest	-	-	-
Due from other governments	-	-	-
Due from other funds	344	232	-
Loans receivable	-	-	-
Total assets	\$ 81,506	8,245	2,164
Liabilities and fund balance:			
Liabilities:			
Accounts payable	\$ 2,712	-	-
Accrued workers compensation	-	-	-
Accrued pension	-	-	-
Accrued compensated absences	-	-	-
Due to others	-	-	-
Deferred revenue	-	-	-
Total liabilities	2,712	-	-
Fund balance:			
Reserved:			
For encumbrances	-	-	-
For loans receivable	-	-	-
Unreserved and undesignated	78,794	8,245	2,164
Total fund balance	78,794	8,245	2,164
Total liabilities and fund balance	\$ 81,506	8,245	2,164

(continued)

Special Revenue Funds

Combining Balance Sheet

December 31, 1999

(with comparative totals for December 31, 1998)

	Computerization Upgrade	Municipal Court Special Projects	Street Construction, Maintenance & Repair	State Highway Improvement
Assets:				
Cash and cash equivalents	\$ 24,011	7,036	32,321	4,407
Investments	50,000	50,000	-	-
Receivables (net of allowance for uncollectibles):				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	22,771	1,846
Due from other funds	8,336	5,870	-	-
Loans receivable	-	-	-	-
Total assets	\$ 82,347	62,906	55,092	6,253
Liabilities and fund balance:				
Liabilities:				
Accounts payable	\$ 176	-	4,087	121
Accrued workers compensation	50	-	272	35
Accrued pension	761	-	4,156	716
Accrued compensated absences	369	-	3,595	249
Due to others	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	1,356	-	12,110	1,121
Fund balance:				
Reserved:				
For encumbrances	-	-	-	-
For loans receivable	-	-	-	-
Unreserved and undesignated	80,991	62,906	42,982	5,132
Total fund balance	80,991	62,906	42,982	5,132
Total liabilities and fund balance	\$ 82,347	62,906	55,092	6,253

(continued)

Special Revenue Funds

Combining Balance Sheet

December 31, 1999

(with comparative totals for December 31, 1998)

	Cemetery	Recreation	Swimming Pool
Assets:			
Cash and cash equivalents	\$ -	2,259	296
Investments	-	-	-
Receivables (net of allowance for uncollectibles):			
Taxes	61,770	-	-
Accounts	-	-	-
Accrued interest	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Loans receivable	-	-	-
Total assets	\$ 61,770	2,259	296
Liabilities and fund balance:			
Liabilities:			
Accounts payable	\$ -	1,742	52
Accrued workers compensation	-	-	86
Accrued pension	-	-	-
Accrued compensated absences	-	-	-
Due to others	-	-	-
Deferred revenue	61,770	-	-
Total liabilities	61,770	1,742	138
Fund balance:			
Reserved:			
For encumbrances	-	-	-
For loans receivable	-	-	-
Unreserved and undesignated	-	517	158
Total fund balance	-	517	158
Total liabilities and fund balance	\$ 61,770	2,259	296

(continued)

Special Revenue Funds

Combining Balance Sheet

December 31, 1999
 (with comparative totals for December 31, 1998)

	Robert's Bridge	Community Development	Fort St. Clair
Assets:			
Cash and cash equivalents	\$ 1,394	28,305	1,253
Investments	-	44,019	-
Receivables (net of allowance for uncollectibles):			
Taxes	-	-	-
Accounts	-	-	426
Accrued interest	-	181	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Loans receivable	-	10,540	-
Total assets	\$ 1,394	83,045	1,679
Liabilities and fund balance:			
Liabilities:			
Accounts payable	\$ 9	-	1,446
Accrued workers compensation	-	-	-
Accrued pension	-	-	-
Accrued compensated absences	-	-	-
Due to others	-	-	-
Deferred revenue	-	-	-
Total liabilities	9	-	1,446
Fund balance:			
Reserved:			
For encumbrances	-	-	-
For loans receivable	-	10,540	-
Unreserved and undesignated	1,385	72,505	233
Total fund balance	1,385	83,045	233
Total liabilities and fund balance	\$ 1,394	83,045	1,679

(continued)

Special Revenue Funds

Combining Balance Sheet

December 31, 1999

(with comparative totals for December 31, 1998)

	Small Cities	Total Special Revenue Funds	
		1999	1998
Assets:			
Cash and cash equivalents	\$ -	142,621	97,989
Investments	-	194,019	211,993
Receivables (net of allowance for uncollectibles):			
Taxes	-	61,770	62,465
Accounts	-	426	121
Accrued interest	-	181	2,028
Due from other governments	-	24,617	19,354
Due from other funds	-	14,782	9,313
Loans receivable	-	10,540	10,540
Total assets	\$ -	448,956	413,803
Liabilities and fund balance:			
Liabilities:			
Accounts payable	\$ -	10,345	1,223
Accrued workers compensation	-	443	1,638
Accrued pension	-	5,633	5,952
Accrued compensated absences	-	4,213	3,003
Due to others	-	-	6
Deferred revenue	-	61,770	61,460
Total liabilities	-	82,404	73,282
Fund balance:			
Reserved:			
For encumbrances	-	-	383
For loans receivable	-	10,540	10,540
Unreserved and undesignated	-	356,012	329,598
Total fund balance	-	366,552	340,521
Total liabilities and fund balance	\$ -	448,956	413,803

Special Revenue Funds

Combining Statement of Revenue, Expenditures
and Changes in Fund BalanceFor the Year Ended December 31, 1999
(with comparative totals for the year ended December 31, 1998)

	Indigent Driver	Enforcement & Education	Law Enforcement
Revenues:			
Property taxes	\$ -	-	-
State levied shared taxes	-	-	-
Intergovernmental grants and contracts	-	-	-
Charges for services	-	-	-
Fees, licenses, permits	-	-	-
Interest earnings	-	-	-
Fines and forfeitures	10,615	2,552	1,821
Other revenue	-	-	-
	<u>10,615</u>	<u>2,552</u>	<u>1,821</u>
Total revenues			
	<u>10,615</u>	<u>2,552</u>	<u>1,821</u>
Expenditures:			
Current:			
Public health	4,930	1,216	-
Culture and recreation	-	-	-
Community development	-	-	-
Transportation	-	-	-
General government	-	-	-
Capital outlay	-	-	-
	<u>4,930</u>	<u>1,216</u>	<u>-</u>
Total expenditures			
	<u>4,930</u>	<u>1,216</u>	<u>-</u>
Excess of revenues over/(under) expenditures	<u>5,685</u>	<u>1,336</u>	<u>1,821</u>
Other financing sources (uses):			
Transfers-in	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)			
	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over/ (under) expenditures and other financing uses	<u>5,685</u>	<u>1,336</u>	<u>1,821</u>
Fund balance, beginning of year	<u>73,109</u>	<u>6,909</u>	<u>343</u>
Fund balance, end of year	<u>\$ 78,794</u>	<u>8,245</u>	<u>2,164</u>

(continued)

Special Revenue Funds

Combining Statement of Revenue, Expenditures
and Changes in Fund Balance

For the Year Ended December 31, 1999
(with comparative totals for the year ended December 31, 1998)

	Computerization <u>Upgrade</u>	Municipal Court <u>Special Project</u>	Street Construction Maintenance & Repair	State Highway Improvement
Revenues:				
Property taxes	\$ -	-	-	-
State levied shared taxes	-	-	176,847	14,339
Intergovernmental grants and contracts	-	-	-	-
Charges for services	-	-	386	-
Fees, licenses, permits	-	-	79,362	6,345
Interest earnings	-	-	-	-
Fines and forfeitures	100,066	62,906	-	-
Other revenue	-	-	-	-
Total revenues	<u>100,066</u>	<u>62,906</u>	<u>256,595</u>	<u>20,684</u>
Expenditures:				
Current:				
Public health	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Transportation	-	-	257,556	25,985
General government	78,716	-	-	-
Capital outlay	44,675	-	-	-
Total expenditures	<u>123,391</u>	<u>-</u>	<u>257,556</u>	<u>25,985</u>
Excess of revenues over/(under) expenditures	<u>(23,325)</u>	<u>62,906</u>	<u>(961)</u>	<u>(5,301)</u>
Other financing sources (uses):				
Transfers-in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over/ (under) expenditures and other financing uses	<u>(23,325)</u>	<u>62,906</u>	<u>(961)</u>	<u>(5,301)</u>
Fund balance, beginning of year	<u>104,316</u>	<u>-</u>	<u>43,943</u>	<u>10,433</u>
Fund balance, end of year	<u>\$ 80,991</u>	<u>62,906</u>	<u>42,982</u>	<u>5,132</u>

(continued)

Special Revenue Funds

Combining Statement of Revenue, Expenditures
and Changes in Fund BalanceFor the Year Ended December 31, 1999
(with comparative totals for the year ended December 31, 1998)

	<u>Cemetery</u>	<u>Recreation</u>	<u>Swimming Pool</u>
Revenues:			
Property taxes	\$ 53,843	-	-
State levied shared taxes	3,920	-	-
Intergovernmental grants and contracts	-	-	-
Charges for services	-	13,676	54,147
Fees, licenses, permits	-	-	-
Interest earnings	-	-	-
Fines and forfeitures	-	-	-
Other revenue	-	-	-
Total revenues	<u>57,763</u>	<u>13,676</u>	<u>54,147</u>
Expenditures:			
Current:			
Public health	97,500	-	-
Culture and recreation	-	30,895	64,190
Community development	-	-	-
Transportation	-	-	-
General government	-	-	-
Capital outlay	-	-	3,058
Total expenditures	<u>97,500</u>	<u>30,895</u>	<u>67,248</u>
Excess of revenues over/(under) expenditures	<u>(39,737)</u>	<u>(17,219)</u>	<u>(13,101)</u>
Other financing sources (uses):			
Transfers-in	38,732	18,350	13,604
Total other financing sources (uses)	<u>38,732</u>	<u>18,350</u>	<u>13,604</u>
Excess of revenues and other financing sources over/ (under) expenditures and other financing uses	<u>(1,005)</u>	<u>1,131</u>	<u>503</u>
Fund balance, beginning of year	<u>1,005</u>	<u>(614)</u>	<u>(345)</u>
Fund balance, end of year	<u>\$ -</u>	<u>517</u>	<u>158</u>

(continued)

Special Revenue Funds

Combining Statement of Revenue, Expenditures
and Changes in Fund BalanceFor the Year Ended December 31, 1999
(with comparative totals for the year ended December 31, 1998)

	<u>Robert's Bridge</u>	<u>Community Development</u>	<u>Fort St. Clair</u>
Revenues:			
Property taxes	\$ -	-	-
State levied shared taxes	-	-	-
Intergovernmental grants and contracts	-	-	-
Charges for services	-	-	-
Fees, licenses, permits	-	-	-
Interest earnings	-	4,578	-
Fines and forfeitures	-	-	-
Other revenue	-	-	27,052
	<u>-</u>	<u>4,578</u>	<u>27,052</u>
Total revenues	<u>-</u>	<u>4,578</u>	<u>27,052</u>
Expenditures:			
Current:			
Public health	-	-	-
Culture and recreation	825	-	46,870
Community development	-	7,140	-
Transportation	-	-	-
General government	-	-	-
Capital outlay	-	13,954	-
	<u>825</u>	<u>21,094</u>	<u>46,870</u>
Total expenditures	<u>825</u>	<u>21,094</u>	<u>46,870</u>
Excess of revenues over/(under) expenditures	<u>(825)</u>	<u>(16,516)</u>	<u>(19,818)</u>
Other financing sources (uses):			
Transfers-in	-	-	20,400
	<u>-</u>	<u>-</u>	<u>20,400</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>20,400</u>
Excess of revenues and other financing sources over/ (under) expenditures and other financing uses	<u>(825)</u>	<u>(16,516)</u>	<u>582</u>
Fund balance, beginning of year	<u>2,210</u>	<u>99,561</u>	<u>(349)</u>
Fund balance, end of year	<u>\$ 1,385</u>	<u>83,045</u>	<u>233</u>

(continued)

Special Revenue Funds

Combining Statement of Revenue, Expenditures
and Changes in Fund BalanceFor the Year Ended December 31, 1999
(with comparative totals for the year ended December 31, 1998)

	Small Cities	Total Special Revenue Funds	
		1999	1998
Revenues:			
Property taxes	\$ -	53,843	56,910
State levied shared taxes	-	195,106	186,875
Intergovernmental grants and contracts	35,000	35,000	34,000
Charges for services	-	68,209	49,846
Fees, licenses, permits	-	85,707	75,531
Interest earnings	-	4,578	6,634
Fines and forfeitures	-	177,960	106,885
Other revenue	-	27,052	30,037
Total revenues	35,000	647,455	546,718
Expenditures:			
Current:			
Public health	-	103,646	100,381
Culture and recreation	-	142,780	121,601
Community development	-	7,140	8,400
Transportation	-	283,541	266,037
General government	-	78,716	72,678
Capital outlay	35,000	96,687	63,683
Total expenditures	35,000	712,510	632,780
Excess of revenues over/(under) expenditures	-	(65,055)	(86,062)
Other financing sources (uses):			
Transfers-in	-	91,086	81,394
Total other financing sources (uses)	-	91,086	81,394
Excess of revenues and other financing sources over/ (under) expenditures and other financing uses	-	26,031	(4,668)
Fund balance, beginning of year	-	340,521	345,189
Fund balance, end of year	\$ -	366,552	340,521

Indigent Driver Education and Training Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
Revenues:			
Fines and forfeitures	\$ 7,000	10,980	3,980
Total revenues	<u>7,000</u>	<u>10,980</u>	<u>3,980</u>
Expenditures:			
Current:			
Public health:			
All other expenditures	<u>79,402</u>	<u>2,219</u>	<u>77,183</u>
Total public health expenditures	<u>79,402</u>	<u>2,219</u>	<u>77,183</u>
Excess (deficiency) of revenues over/ (under) expenditures	(72,402)	8,761	81,163
Fund balance, beginning of year	<u>72,402</u>	<u>72,402</u>	<u>-</u>
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>81,163</u></u>	<u><u>81,163</u></u>

(continued)

Enforcement and Education Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable/ (Unfavorable)</u>
Revenues:			
Fines and forfeitures	\$ <u>2,500</u>	<u>2,366</u>	<u>(134)</u>
Total revenues	<u>2,500</u>	<u>2,366</u>	<u>(134)</u>
Expenditures:			
Current:			
Public health:			
All other expenditures	<u>9,364</u>	<u>1,216</u>	<u>8,148</u>
Total public health expenditures	<u>9,364</u>	<u>1,216</u>	<u>8,148</u>
Excess (deficiency) of revenues over/ (under) expenditures	(6,864)	1,150	8,014
Fund balance, beginning of year	<u>6,864</u>	<u>6,864</u>	<u>-</u>
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>8,014</u></u>	<u><u>8,014</u></u>

(continued)

Law Enforcement Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable/ (Unfavorable)</u>
Revenues:			
All other revenue	\$ -	1,821	1,821
Total revenues	<u>-</u>	<u>1,821</u>	<u>1,821</u>
Expenditures:			
Current:			
Culture and recreation:			
All other expenditures	343	-	343
Total culture and recreation expenditures	<u>343</u>	<u>-</u>	<u>343</u>
Excess (deficiency) of revenues over/ (under) expenditures	(343)	1,821	2,164
Fund balance, beginning of year	<u>343</u>	<u>343</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>2,164</u>	<u>2,164</u>

(continued)

Computerization Upgrade Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable/ (Unfavorable)</u>
Revenues:			
Fines and forfeitures	\$ 85,000	100,289	15,289
Total revenues	<u>85,000</u>	<u>100,289</u>	<u>15,289</u>
Expenditures:			
Current:			
General government:			
Personal services	34,600	32,189	2,411
All other expenditures	<u>147,622</u>	<u>91,313</u>	<u>56,309</u>
Total general government expenditures	<u>182,222</u>	<u>123,502</u>	<u>58,720</u>
Excess (deficiency) of revenues over/ (under) expenditures	(97,222)	(23,213)	74,009
Fund balance, beginning of year	<u>97,222</u>	<u>97,222</u>	<u>-</u>
Fund balance, end of year	\$ <u>-</u>	<u>74,009</u>	<u>74,009</u>

(continued)

Municipal Court Special Projects

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable/ (Unfavorable)</u>
Revenues:			
Charges for services	\$ 40,000	57,036	17,036
Total revenues	<u>40,000</u>	<u>57,036</u>	<u>17,036</u>
Expenditures:			
Current:			
General government:			
All other expenditures	40,000	-	40,000
Total general government expenditures	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Excess (deficiency) of revenues over/ (under) expenditures	-	57,036	57,036
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	\$ <u>-</u>	<u>57,036</u>	<u>57,036</u>

(continued)

Street Construction, Maintenance and Repair Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	Budget	Actual	Variance: Favorable/ (Unfavorable)
Revenues:			
State shared levied taxes	\$ 170,000	176,711	6,711
Fees, licenses, permits	71,000	74,629	3,629
All other revenues	-	386	386
	<u>241,000</u>	<u>251,726</u>	<u>10,726</u>
Total revenues			
Expenditures:			
Current:			
Transportation:			
Personal services	164,200	156,091	8,109
All other expenditures	110,815	97,327	13,488
	<u>275,015</u>	<u>253,418</u>	<u>21,597</u>
Total transportation expenditures			
Excess (deficiency) of revenues over/ (under) expenditures	(34,015)	(1,692)	32,323
Fund balance, beginning of year	<u>34,015</u>	<u>34,015</u>	<u>-</u>
Fund balance, end of year	\$ <u>-</u>	<u>32,323</u>	<u>32,323</u>

(continued)

State Highway Improvement Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
Revenues:			
State shared levied taxes	\$ 13,750	14,328	578
Fees, licenses, permits	<u>5,500</u>	<u>5,960</u>	<u>460</u>
Total revenues	<u>19,250</u>	<u>20,288</u>	<u>1,038</u>
Expenditures:			
Current:			
Transportation:			
Personal services	27,050	20,060	6,990
All other expenditures	<u>2,133</u>	<u>5,756</u>	<u>(3,623)</u>
Total transportation expenditures	<u>29,183</u>	<u>25,816</u>	<u>3,367</u>
Excess (deficiency) of revenues over/ (under) expenditures	(9,933)	(5,528)	4,405
Fund balance, beginning of year	<u>9,933</u>	<u>9,933</u>	<u>-</u>
Fund balance, end of year	\$ <u>-</u>	<u>4,405</u>	<u>4,405</u>

(continued)

Cemetery Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	Budget	Actual	Variance: Favorable/ (Unfavorable)
Revenues:			
Property taxes	\$ 58,670	54,848	(3,822)
State shared levied taxes	3,850	3,920	70
Total revenues	62,520	58,768	(3,752)
Expenditures:			
Current:			
Public health:			
All other expenditures	97,500	97,500	-
Total public health expenditures	97,500	97,500	-
Excess (deficiency) of revenues over/ (under) expenditures	(34,980)	(38,732)	(3,752)
Other financing sources (uses):			
Operating transfers-in	34,980	38,732	3,752
Total other financing sources (uses)	34,980	38,732	3,752
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	-	-

(continued)

Recreation Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
Revenues:			
Charges for services	\$ 12,600	13,674	1,074
Total revenues	<u>12,600</u>	<u>13,674</u>	<u>1,074</u>
Expenditures:			
Current:			
Culture and recreation:			
All other expenditures	31,500	29,766	1,734
Total culture and recreation expenditures	<u>31,500</u>	<u>29,766</u>	<u>1,734</u>
Excess (deficiency) of revenues over/ (under) expenditures	<u>(18,900)</u>	<u>(16,092)</u>	<u>2,808</u>
Other financing sources (uses):			
Operating transfers-in	18,900	18,350	(550)
Total other financing sources (uses)	<u>18,900</u>	<u>18,350</u>	<u>(550)</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	-	2,258	2,258
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	\$ <u>-</u>	<u>2,258</u>	<u>2,258</u>

(continued)

Swimming Pool Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
Revenues:			
Charges for services	\$ 54,035	54,146	111
Total revenues	<u>54,035</u>	<u>54,146</u>	<u>111</u>
Expenditures:			
Current:			
Culture and recreation:			
Personal services	44,550	44,534	16
All other expenditures	<u>23,200</u>	<u>22,920</u>	<u>280</u>
Total public health expenditures	<u>67,750</u>	<u>67,454</u>	<u>296</u>
Excess (deficiency) of revenues over/ (under) expenditures	<u>(13,715)</u>	<u>(13,308)</u>	<u>407</u>
Other financing sources (uses):			
Operating transfers-in	<u>13,715</u>	<u>13,604</u>	<u>(111)</u>
Total other financing sources (uses)	<u>13,715</u>	<u>13,604</u>	<u>(111)</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	-	296	296
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>296</u>	<u>296</u>

(continued)

Roberts Bridge Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable/ (Unfavorable)</u>
Revenues:			
All other revenue	\$ -	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Culture and recreation:			
All other expenditures	<u>2,210</u>	<u>816</u>	<u>1,394</u>
Total culture and recreation expenditures	<u>2,210</u>	<u>816</u>	<u>1,394</u>
Excess (deficiency) of revenues over/ (under) expenditures	(2,210)	(816)	1,394
Fund balance, beginning of year	<u>2,210</u>	<u>2,210</u>	<u>-</u>
Fund balance, end of year	\$ <u>-</u>	<u>1,394</u>	<u>1,394</u>

(continued)

Community Development Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
Revenues:			
Interest earnings	\$ <u>2,400</u>	<u>6,425</u>	<u>4,025</u>
Total revenues	<u>2,400</u>	<u>6,425</u>	<u>4,025</u>
Expenditures:			
Current:			
Community development:			
All other expenditures	<u>89,392</u>	<u>21,094</u>	<u>68,298</u>
Total community development expenditures	<u>89,392</u>	<u>21,094</u>	<u>68,298</u>
Excess (deficiency) of revenues over/ (under) expenditures	(86,992)	(14,669)	72,323
Fund balance, beginning of year	<u>86,992</u>	<u>86,992</u>	<u>-</u>
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>72,323</u></u>	<u><u>72,323</u></u>

(continued)

Fort St. Clair Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
Revenues:			
All other revenue	\$ 27,600	26,747	(853)
Total revenues	<u>27,600</u>	<u>26,747</u>	<u>(853)</u>
Expenditures:			
Current:			
Culture and recreation:			
All other expenditures	47,150	45,894	1,256
Total culture and recreation expenditures	<u>47,150</u>	<u>45,894</u>	<u>1,256</u>
Excess (deficiency) of revenues over/ (under) expenditures	(19,550)	(19,147)	403
Other financing sources (uses):			
Operating transfers-in	19,550	20,400	850
Total other financing sources (uses)	<u>19,550</u>	<u>20,400</u>	<u>850</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	-	1,253	1,253
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	<u>1,253</u>	<u>1,253</u>

(continued)

Small Cities Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable/ (Unfavorable)</u>
Revenues:			
Intergovernmental grants	\$ 35,000	35,000	-
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Expenditures:			
Current:			
Transportation:			
All other expenditures	35,000	35,000	-
Total transportation expenditures	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Excess (deficiency) of revenues over/ (under) expenditures	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ <u>-</u>	<u>-</u>	<u>-</u>

(continued)

Total Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	Budget	Actual	Variance: Favorable/ (Unfavorable)
Revenues:			
Property taxes	\$ 58,670	54,848	(3,822)
State shared levied taxes	187,600	194,959	7,359
Intergovernmental grants	35,000	35,000	-
Charges for services	106,635	124,856	18,221
Fees, licenses, permits	76,500	80,589	4,089
Interest earnings	2,400	6,425	4,025
Fines and forfeitures	94,500	113,635	19,135
All other revenues	27,600	28,954	1,354
Total revenues	<u>588,905</u>	<u>639,266</u>	<u>50,361</u>
Expenditures:			
Current:			
Public health	254,016	168,389	85,627
Culture and recreation	81,203	76,476	4,727
Community development	89,392	21,094	68,298
Transportation	339,198	314,234	24,964
General government	222,222	123,502	98,720
Total expenditures	<u>986,031</u>	<u>703,695</u>	<u>282,336</u>
Excess (deficiency) of revenues over/ (under) expenditures	(397,126)	(64,429)	332,697
Other financing sources (uses):			
Operating transfers-in	87,145	91,086	3,941
Total other financing sources (uses)	<u>87,145</u>	<u>91,086</u>	<u>3,941</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(309,981)	26,657	336,638
Fund balance, beginning of year	<u>309,981</u>	<u>309,981</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>336,638</u>	<u>336,638</u>

CAPITAL PROJECTS FUND

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

Issue II Fund – To account for capital projects funded by State Issue II Grants.

Issue II – East Main St. Fund – To account for renovation of East Main St. in Eaton, Ohio funded by State Issue II Grants.

Capital Projects Funds

Combining Balance Sheet

December 31, 1999

(with comparative totals for December 31, 1998)

	Capital	Issue II	Issue II	Total Capital Projects	
	Improvements		East Main St.	1999	1998
Assets:					
Cash and cash equivalents	\$ 81,568	-	-	81,568	99,630
Investments	300,000	-	-	300,000	550,000
Receivables (net of allowance for uncollectibles):					
Taxes	170,729	-	-	170,729	211,735
Special assessments	4,324	-	-	4,324	17,624
Due from other governments	-	-	194,837	194,837	-
Loans receivable	-	-	-	-	140,537
Total assets	556,621	-	194,837	751,458	1,019,526
Liabilities and fund balance:					
Liabilities:					
Accounts payable	9,522	-	47,141	56,663	26,796
Accrued workers compensation	212	-	-	212	786
Accrued pension	3,229	-	-	3,229	3,075
Accrued compensated absences	9,269	-	-	9,269	7,812
Deferred revenue	4,324	-	116,640	120,964	52,867
Total liabilities	26,556	-	163,781	190,337	91,336
Fund balance:					
Reserved:					
For encumbrances	39,891	-	272,738	312,629	90,237
For loans receivable	-	-	-	-	140,537
Unreserved and undesignated	490,174	-	(241,682)	248,492	697,416
Total fund balance	530,065	-	31,056	561,121	928,190
Total liabilities and fund balance	\$ 556,621	-	194,837	751,458	1,019,526

Capital Projects Funds

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance

For the Year Ended December 31, 1999
(with comparative totals for the year ended December 31, 1998)

	Capital	Issue II	Issue II	Total Capital Projects	
	Improvements		East Main St.	1999	1998
Revenues:					
Municipal income taxes	\$ 1,215,468	-	-	1,215,468	1,062,039
Intergovernmental grants and contracts	-	-	123,360	123,360	140,537
Special assessments	28,578	-	-	28,578	30,552
Total revenues	1,244,046	-	123,360	1,367,406	1,233,128
Expenditures:					
Capital outlay	675,176	1,447,141	293,862	2,416,179	1,636,867
Total expenditures	675,176	1,447,141	293,862	2,416,179	1,636,867
Excess of revenues over expenditures	568,870	(1,447,141)	(170,502)	(1,048,773)	(403,739)
Other financing sources (uses):					
Proceeds from loan	-	681,704	-	681,704	68,296
Transfers in	-	624,900	201,558	826,458	311,401
Transfers out	(826,458)	-	-	(826,458)	(311,401)
Total other financing sources (uses)	(826,458)	1,306,604	201,558	681,704	68,296
Excess of revenues and other financing sources over expenditures and other financing uses	(257,588)	(140,537)	31,056	(367,069)	(335,443)
Fund balance, beginning of year	787,653	140,537	-	928,190	1,263,633
Fund balance, end of year	\$ 530,065	-	31,056	561,121	928,190

Capital Improvements Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
Revenues:			
Municipal income taxes	\$ 1,015,000	1,221,230	206,230
Special assessments	<u>-</u>	<u>28,578</u>	<u>28,578</u>
Total revenues	<u>1,015,000</u>	<u>1,249,808</u>	<u>234,808</u>
Expenditures:			
Capital outlay	<u>936,035</u>	<u>757,988</u>	<u>178,047</u>
Total capital outlay	<u>936,035</u>	<u>757,988</u>	<u>178,047</u>
Excess (deficiency) of revenues over/ (under) expenditures	78,965	491,820	412,855
Other financing sources (uses):			
Operating transfers-out	<u>(728,595)</u>	<u>(826,458)</u>	<u>(97,863)</u>
Total other financing sources (uses)	<u>(728,595)</u>	<u>(826,458)</u>	<u>(97,863)</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(649,630)	(334,638)	314,992
Fund balance, beginning of year	<u>649,630</u>	<u>649,630</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>314,992</u>	<u>314,992</u>

(continued)

Issue II Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
Revenues:			
Intergovernmental grants and contracts	\$ 681,705	681,705	-
Total revenues	<u>681,705</u>	<u>681,705</u>	-
Expenditures:			
Capital outlay	<u>1,306,605</u>	<u>1,306,605</u>	-
Total capital outlay	<u>1,306,605</u>	<u>1,306,605</u>	-
Excess (deficiency) of revenues over/ (under) expenditures	(624,900)	(624,900)	-
Other financing sources (uses):			
Operating transfers-in	<u>624,900</u>	<u>624,900</u>	-
Total other financing sources (uses)	<u>624,900</u>	<u>624,900</u>	-
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>

(continued)

Issue II - East Main Street Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable/ (Unfavorable)</u>
Revenues:			
Intergovernmental grants and contracts	\$ 45,165	45,163	(2)
Total revenues	<u>45,165</u>	<u>45,163</u>	<u>(2)</u>
Expenditures:			
Capital outlay	<u>246,725</u>	<u>566,600</u>	<u>(319,875)</u>
Total capital outlay	<u>246,725</u>	<u>566,600</u>	<u>(319,875)</u>
Excess (deficiency) of revenues over/ (under) expenditures	(201,560)	(521,437)	(319,877)
Other financing sources (uses):			
Operating transfers-in	<u>201,560</u>	<u>201,558</u>	<u>(2)</u>
Total other financing sources (uses)	<u>201,560</u>	<u>201,558</u>	<u>(2)</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	-	(319,879)	(319,879)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>(319,879)</u>	<u>(319,879)</u>

(continued)

Total Capital Projects Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable/ (Unfavorable)</u>
Revenues:			
Municipal income taxes	\$ 1,015,000	1,221,230	206,230
Intergovernmental grants	726,870	726,868	(2)
Special assessments	-	28,578	28,578
	<u>1,741,870</u>	<u>1,976,676</u>	<u>234,806</u>
Total revenues			
Expenditures:			
Capital outlay	<u>2,489,365</u>	<u>2,631,193</u>	<u>(141,828)</u>
	<u>2,489,365</u>	<u>2,631,193</u>	<u>(141,828)</u>
Total expenditures			
Excess (deficiency) of revenues over/ (under) expenditures	(747,495)	(654,517)	92,978
Other financing sources (uses):			
Operating transfers-in	826,460	826,458	(2)
Operating transfers-out	<u>(728,595)</u>	<u>(826,458)</u>	<u>(97,863)</u>
	<u>97,865</u>	<u>-</u>	<u>(97,865)</u>
Total other financing sources (uses)			
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(649,630)	(654,517)	(4,887)
Fund balance, beginning of year	<u>649,630</u>	<u>649,630</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>(4,887)</u>	<u>(4,887)</u>

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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.

Sewerage and Sewerage Disposal Fund – To account for sanitary services provided to the residents and commercial users of the City and some residents of the County.

Refuse Fund – To account for the collection and disposal of refuse by the City.

Parking Meter Fund – To account for off-street parking services provided by the City.

All activities necessary to provide the above services are accounted for in each particular fund including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Enterprise Funds

Combining Balance Sheet

December 31, 1999

(with comparative totals for December 31, 1998)

	Water	Sewer & Sewer	Refuse	Parking	Total Enterprise	
		Disposal		Meter	1999	1998
Assets:						
Current assets:						
Cash and cash equivalents	\$ 81,155	151,008	63,201	2,012	297,376	257,531
Investments	500,000	-	50,000	-	550,000	650,000
Receivables (net of allowance for uncollectibles):						
Accounts	111,135	128,067	72,240	-	311,442	290,517
Due from other governments	652	120	-	-	772	594
Due from other funds	-	3,500	-	-	3,500	3,500
Total current assets	692,942	282,695	185,441	2,012	1,163,090	1,202,142
Property, plant and equipment:						
Land	32,271	30,500	17,121	-	79,892	79,892
Buildings	272,656	5,155,315	-	-	5,427,971	5,427,971
Machinery and equipment	1,335,809	3,079,100	45,618	-	4,460,527	4,260,634
	1,640,736	8,264,915	62,739	-	9,968,390	9,768,497
Less: accumulated depreciation	(820,407)	(4,370,552)	(9,124)	-	(5,200,083)	(4,913,325)
Net property, plant and equipment	820,329	3,894,363	53,615	-	4,768,307	4,855,172
Total assets	\$ 1,513,271	4,177,058	239,056	2,012	5,931,397	6,057,314
Liabilities, equity and other credits:						
Liabilities:						
Current liabilities:						
Accounts payable	\$ 11,841	23,395	28,687	-	63,923	8,485
Accrued workers compensation	546	405	106	41	1,098	3,972
Accrued pension	8,151	5,887	1,772	645	16,455	15,750
Accrued compensated absences	51,346	48,832	8,813	1,788	110,779	93,591
Due to other funds	3,500	-	-	-	3,500	3,500
Due to others	-	-	-	-	-	4,827
Accrued interest payable	-	35,223	-	-	35,223	42,169
OWDA loan payable - current	-	156,810	-	-	156,810	142,919
Total current liabilities	75,384	270,552	39,378	2,474	387,788	315,213
Noncurrent liabilities:						
OWDA loan payable	-	567,935	-	-	567,935	724,745
Total liabilities	75,384	838,487	39,378	2,474	955,723	1,039,958
Equity and other credits:						
Contributed capital:						
Contributed capital from governments	2,500	5,606,496	-	-	5,608,996	5,614,305
Less: amortization	(1,000)	(2,118,013)	-	-	(2,119,013)	(1,997,714)
	1,500	3,488,483	-	-	3,489,983	3,616,591
Retained earnings:						
Unreserved	1,436,387	(149,912)	199,678	(462)	1,485,691	1,400,765
Total equity and other credits	1,437,887	3,338,571	199,678	(462)	4,975,674	5,017,356
Total liabilities, equity and other credits	\$ 1,513,271	4,177,058	239,056	2,012	5,931,397	6,057,314

Enterprise Funds

Combining Statement of Revenues, Expenses and
Changes in Retained EarningsFor the Year Ended December 31, 1999
(with comparative totals for December 31, 1998)

	Water	Sewer & Sewer	Refuse	Parking Meter	Total Enterprise	
		Disposal			1999	1998
Operating revenues:						
Charges for services	\$ 705,651	771,878	386,892	19,402	1,883,823	1,863,976
Total operating revenues	705,651	771,878	386,892	19,402	1,883,823	1,863,976
Operating expenses:						
Personnel services	254,578	189,031	49,372	18,231	511,212	456,404
Fringe benefits	61,579	43,953	13,039	5,168	123,739	138,790
Contractual services	16,824	87,524	281,817	-	386,165	277,769
Materials and supplies	165,836	53,493	50,866	725	270,920	221,696
Utilities	61,151	105,283	26,636	-	193,070	157,970
Other operating expenses	38,858	20,844	8,264	144	68,110	44,174
Depreciation	64,530	221,245	9,124	-	294,899	273,088
Total operating expenses	663,356	721,373	439,118	24,268	1,848,115	1,569,891
Operating income	42,295	50,505	(52,226)	(4,866)	35,708	294,085
Non-operating income (expenses):						
Interest expense	-	(77,391)	-	-	(77,391)	(90,668)
Gain on sale of assets	-	-	-	-	-	2,013
Net income (loss)	42,295	(26,886)	(52,226)	(4,866)	(41,683)	205,430
Depreciation on fixed assets acquired by contributed capital	250	124,589	-	-	124,839	125,724
Gain on disposal of asset acquired by contributed capital	1,770	-	-	-	1,770	-
Increase in retained earnings	44,315	97,703	(52,226)	(4,866)	84,926	331,154
Retained earnings (deficit), beginning of year	1,392,072	(247,615)	251,904	4,404	1,400,765	1,069,611
Retained earnings (deficit), end of year	\$ 1,436,387	(149,912)	199,678	(462)	1,485,691	1,400,765

Enterprise Funds

Combining Statement of Cash Flows

For the Year Ended December 31, 1999

(with comparative totals for the fiscal year ended December 31, 1998)

	Water	Sewer & Sewer	Refuse	Parking	Total Enterprise	
		Disposal		Meter	1999	1998
Operating activities:						
Operating income (loss)	\$ 42,295	50,505	(52,226)	(4,866)	35,708	294,085
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	64,530	221,245	9,124	-	294,899	273,088
Changes in assets and liabilities:						
(Increase) decrease in receivables	(5,089)	(12,988)	(2,848)	-	(20,925)	617
(Increase) decrease in due to/from	(238)	(4,642)	-	(125)	(5,005)	5,314
Increase (decrease) in accounts payable	9,530	17,442	28,466	-	55,438	(2,503)
Increase (decrease) in accrued liabilities	6,914	6,387	1,763	(45)	15,019	4,356
Net cash provided (used) by operating activities	<u>117,942</u>	<u>277,949</u>	<u>(15,721)</u>	<u>(5,036)</u>	<u>375,134</u>	<u>574,957</u>
Capital and related financing activities:						
Principal paid on long-term liabilities	-	(142,919)	-	-	(142,919)	(130,258)
Interest paid	-	(84,337)	-	-	(84,337)	(96,998)
Acquisition of fixed assets	(104,033)	(58,382)	(45,618)	-	(208,033)	(258,607)
Proceeds from sale of fixed assets	-	-	-	-	-	3,500
Net cash used by capital and related financing activities	<u>(104,033)</u>	<u>(285,638)</u>	<u>(45,618)</u>	<u>-</u>	<u>(435,289)</u>	<u>(482,363)</u>
Net increase (decrease) in cash and cash equivalents	13,909	(7,689)	(61,339)	(5,036)	(60,155)	92,594
Cash and cash equivalents, beginning of year	<u>567,246</u>	<u>158,697</u>	<u>174,540</u>	<u>7,048</u>	<u>907,531</u>	<u>814,937</u>
Cash and cash equivalents, end of year	<u>\$ 581,155</u>	<u>151,008</u>	<u>113,201</u>	<u>2,012</u>	<u>847,376</u>	<u>907,531</u>
Reconciliation of cash and cash equivalents per combining balance sheet to cash and cash equivalents, end of year, per combining statement of cash flows:						
Cash and cash equivalents, per balance sheet	\$ 81,155	151,008	63,201	2,012	297,376	257,531
Plus investments, per balance sheet	<u>500,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>550,000</u>	<u>650,000</u>
Cash and cash equivalents, end of year, per combining statement of cash flows	<u>\$ 581,155</u>	<u>151,008</u>	<u>113,201</u>	<u>2,012</u>	<u>847,376</u>	<u>907,531</u>

TRUST AND AGENCY FUNDS

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

State Patrol Transfer Agency Fund – To account for receipts to be transferred to the County Law Library.

Preble County Counseling Center Agency Fund – To account for the receipt of grant funds for Preble County Counseling Center.

Municipal Court Agency Fund – To account for assets received and disbursed by the Municipal Court as agent or custodian relative to civil or criminal court matters.

Fiduciary Funds

Combining Balance Sheet

December 31, 1999

(with comparative totals for December 31, 1998)

	Agency Funds				Totals	
	Nonexpendable	State Patrol	Preble County	Municipal	1999	1998
	Trust Fund	Transfer Agency	Counseling Center Agency	Court Agency		
Assets:						
Cash and cash equivalents	\$ -	56,407	2,735	234,863	294,005	191,477
Investments	10,000	-	-	-	10,000	10,000
Receivables (net):						
Accrued interest	75	-	-	-	75	149
Due from other funds	-	6,510	-	-	6,510	6,276
Total assets	\$ 10,075	62,917	2,735	234,863	310,590	207,902
Liabilities and fund balance:						
Liabilities:						
Accounts payable	\$ 75	-	-	-	75	53,615
Due to other funds	-	-	-	70,355	70,355	62,021
Due to others	-	62,917	2,735	164,508	230,160	82,266
Total liabilities	75	62,917	2,735	234,863	300,590	197,902
Fund balance:						
Unreserved and undesignated	10,000	-	-	-	10,000	10,000
Total fund balance	10,000	-	-	-	10,000	10,000
Total liabilities and fund balance	\$ 10,075	62,917	2,735	234,863	310,590	207,902

Nonexpendable Trust Fund

Comparative Statement of Revenues, Expenses and
Changes in Fund Balance

For the Year Ended December 31, 1999
(with comparative totals for December 31, 1998)

	<u>1999</u>	<u>1998</u>
Operating revenues:		
Interest income	<u>\$ 550</u>	<u>596</u>
Total operating revenues	<u>550</u>	<u>596</u>
Operating expenses:		
Personnel services	<u>550</u>	<u>596</u>
Total operating expenses	<u>550</u>	<u>596</u>
Net income (loss)	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>10,000</u>	<u>10,000</u>
Fund balance, end of year	<u>\$ 10,000</u>	<u>10,000</u>

Nonexpendable Trust Fund

Comparative Statement of Cash Flows

For the Year Ended December 31, 1999
(with comparative totals for the fiscal year ended December 31, 1998)

	<u>1999</u>	<u>1998</u>
Operating activities:		
Operating income (loss)	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Investment income included as operations	(550)	(596)
Changes in assets and liabilities:		
(Increase) decrease in receivables	-	-
Increase (decrease) in accrued liabilities	-	-
	<u>(550)</u>	<u>(596)</u>
Net cash provided (used) by operating activities		
Investing activities:		
Interest income	<u>550</u>	<u>596</u>
Net cash provided by investing activities	<u>550</u>	<u>596</u>
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of cash and cash equivalents per combining balance sheet to cash and cash equivalents, end of year, per combining statement of cash flows:		
Cash and cash equivalents, per balance sheet	\$ -	\$ -
Plus investments, per balance sheet	<u>10,000</u>	<u>10,000</u>
Cash and cash equivalents, end of year, per combining statement of cash flows	<u>\$ 10,000</u>	<u>\$ 10,000</u>

Combining Statement of Changes in Assets
and Liabilities - All Agency Funds

For the Year Ended December 31, 1999

	<u>Balance</u> <u>12/31/1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/1999</u>
<u>State Patrol Transfer Fund</u>				
Assets:				
Equity in City treasury cash	\$ 47,190	9,217	-	56,407
Due from other funds	<u>6,276</u>	<u>234</u>	<u>-</u>	<u>6,510</u>
Total assets	<u>\$ 53,466</u>	<u>9,451</u>	<u>-</u>	<u>62,917</u>
Liabilities:				
Due to others	\$ 53,466	9,451	-	62,917
Total liabilities	<u>\$ 53,466</u>	<u>9,451</u>	<u>-</u>	<u>62,917</u>
<u>Municipal Court</u>				
Assets:				
Equity in City treasury cash	\$ 144,287	90,576	-	234,863
Total assets	<u>\$ 144,287</u>	<u>90,576</u>	<u>-</u>	<u>234,863</u>
Liabilities:				
Due to other funds	\$ 62,021	8,335	-	70,356
Due to others	<u>82,266</u>	<u>82,241</u>	<u>-</u>	<u>164,507</u>
Total liabilities	<u>\$ 144,287</u>	<u>90,576</u>	<u>-</u>	<u>234,863</u>

(continued)

Combining Statement of Changes in Assets
and Liabilities - All Agency Funds

For the Year Ended December 31, 1999

	Balance 12/31/1998	Additions	Deductions	Balance 12/31/1999
<u>Preble County Counseling Center</u>				
Assets:				
Equity in City treasury cash	\$ -	2,735	-	2,735
Total assets	<u>\$ -</u>	<u>2,735</u>	<u>-</u>	<u>2,735</u>
Liabilities:				
Due to others	\$ -	2,735	-	2,735
Total liabilities	<u>\$ -</u>	<u>2,735</u>	<u>-</u>	<u>2,735</u>
<u>Total Agency Funds</u>				
Assets:				
Equity in City treasury cash	\$ 191,477	102,528	-	294,005
Due from other funds	6,276	234	-	6,510
Total assets	<u>\$ 197,753</u>	<u>102,762</u>	<u>-</u>	<u>300,515</u>
Liabilities:				
Due to other funds	\$ 62,021	8,335	-	70,356
Due to others	135,732	94,427	-	230,159
Total liabilities	<u>\$ 197,753</u>	<u>102,762</u>	<u>-</u>	<u>300,515</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group accounts for all general fixed assets of the City.

Schedule of General Fixed Assets - by Source

December 31, 1999

General fixed assets:	
Land	\$ 532,699
Buildings	1,999,476
Equipment	3,475,242
Construction in progress	<u>41,152</u>
 Total general fixed assets	 6,048,569
 Less accumulated depreciation	 <u>2,586,974</u>
 Net general fixed assets	 \$ <u>3,461,595</u>
 Investment in general fixed assets by source:	
General Fund revenue	\$ 3,029,353
Special Revenue Funds revenue	560,379
Capital Project Funds revenue	2,172,260
Donated assets	<u>286,577</u>
 Total investment in general fixed assets	 6,048,569
 Less accumulated depreciation	 <u>2,586,974</u>
 Net investment in general fixed assets	 \$ <u>3,461,595</u>

CITY OF EATON, OHIO

F - 2

Schedule of General Fixed Assets
by Function and Activity

December 31, 1999

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
<i>Public Safety:</i>					
Law enforcement	\$ -	41,152	60,229	474,477	575,858
Fire protection	23,720	-	2,225	1,339,767	1,365,712
Emergency medical service	77,000	-	379,317	234,749	691,066
Total public safety	100,720	41,152	441,771	2,048,993	2,632,636
<i>Culture and recreation:</i>					
Parks and recreation	291,937	-	234,380	106,101	632,418
Total culture and recreation	291,937	-	234,380	106,101	632,418
<i>Transportation:</i>					
Street maintenance	36,720	-	185,987	998,534	1,221,241
Total transportation	36,720	-	185,987	998,534	1,221,241
<i>General government:</i>					
City building	24,704	-	1,136,786	-	1,161,490
Municipal Court	-	-	-	158,541	158,541
General operations, finance and administration	78,618	-	552	163,073	242,243
Total general government	103,322	-	1,137,338	321,614	1,562,274
Total general fixed assets	\$ 532,699	41,152	1,999,476	3,475,242	6,048,569

Schedule of Changes in General Fixed Assets
by Function and Activity

For the Year Ended December 31, 1999

Function and Activity	Balance 12/31/98	Additions	Deductions	Balance 12/31/99
Public Safety:				
Law enforcement	\$ 513,314	95,310	32,766	575,858
Fire protection	1,401,414	34,137	69,839	1,365,712
Emergency medical service	747,669	3,305	59,908	691,066
Total public safety	<u>2,662,397</u>	<u>132,752</u>	<u>162,513</u>	<u>2,632,636</u>
Culture and recreation:				
Parks and recreation	623,607	14,479	5,668	632,418
Total culture and recreation	<u>623,607</u>	<u>14,479</u>	<u>5,668</u>	<u>632,418</u>
Transportation:				
Street maintenance	1,110,822	119,919	9,500	1,221,241
Total transportation	<u>1,110,822</u>	<u>119,919</u>	<u>9,500</u>	<u>1,221,241</u>
General government:				
City building	1,161,490	-	-	1,161,490
Municipal Court	176,091	54,702	72,252	158,541
General operations, finance and administration	569,966	37,180	364,903	242,243
Total general government	<u>1,907,547</u>	<u>91,882</u>	<u>437,155</u>	<u>1,562,274</u>
Total general fixed assets	<u>\$ 6,304,373</u>	<u>359,032</u>	<u>614,836</u>	<u>6,048,569</u>

STATISTICAL SECTION

The following unaudited statistical tables reflect social and economic data, financial trends and fiscal capacity of the City.

CITY OF EATON, OHIO

TABLE 1

GENERAL FUND REVENUES BY SOURCE
(LAST TEN FISCAL YEARS)

<u>Year</u>	<u>Taxes (A)</u>	<u>Inter-Governmental Revenues</u>	<u>Charges for Services</u>	<u>Licenses and Permits</u>	<u>Interest Revenue</u>	<u>Fines and Forfeitures</u>	<u>Other Revenue</u>	<u>Total</u>
1990	\$ 1,498,931	57,755	16,777	40,381	28,924	216,489	9,363	1,868,620
1991	1,580,674	58,263	23,448	55,364	26,312	212,383	51,230	2,007,674
1992	1,641,311	74,199	18,081	64,395	25,746	260,209	45,688	2,129,629
1993	1,778,996	85,594	20,113	108,517	22,487	322,663	58,976	2,397,346
1994	2,063,875	107,978	19,676	118,456	33,823	409,225	49,638	2,802,671
1995	2,023,386	124,051	23,096	119,799	82,713	497,186	87,617	2,957,848
1996	2,255,916	126,882	27,531	109,267	125,102	471,601	67,524	3,183,823
1997	2,424,493	139,763	45,413	126,743	179,938	483,229	106,939	3,506,518
1998	2,633,406	145,578	31,208	113,770	215,827	512,071	59,954	3,711,814
1999	2,839,679	153,018	30,262	127,092	166,098	555,404	13,577	3,885,130

Source: City of Eaton, Finance Department

(A) Includes property, income, state-levied and shared and other local taxes.

CITY OF EATON, OHIO

TABLE 2

General Fund Expenditures By Function
(Last Ten Fiscal Years) (A)

<u>Year</u>	<u>Public Safety</u>	<u>Public Health</u>	<u>Community Development</u>	<u>Transportation</u>	<u>General Government</u>	<u>Total</u>
	1990	\$ 971,767	15,000	40,605	90,475	612,259
1991	966,487	18,500	63,667	68,620	677,742	1,795,016
1992	980,873	17,835	63,809	96,167	728,096	1,886,780
1993	1,059,070	18,113	80,378	96,539	738,867	1,992,967
1994	1,161,519	18,353	82,047	100,576	817,296	2,179,791
1995	1,269,095	18,113	98,901	123,964	748,575	2,258,648
1996	1,380,869	18,113	100,740	128,477	861,931	2,490,130
1997	1,441,443	18,113	100,229	134,383	819,741	2,513,909
1998	1,522,883	18,113	108,105	154,099	916,950	2,720,150
1999	1,581,410	18,113	112,582	152,040	1,202,281	3,066,426

Source: City of Eaton, Finance Department

A. Total expenditures exclude capital outlay.

CITY OF EATON, OHIO

TABLE 3

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

Tax Year/ Collection Year	Real Property		Personal Property Assessed Value (B)	Public Utilities Assessed Value		Total Assessed Value
	Assessed Value	Estimated		Assessed Value	Assessed Value	
		Actual Value (A)				
1989/1990	\$ 52,249,200	149,283,429	19,918,590	4,549,740	76,717,530	
1990/1991	56,421,750	161,205,000	19,333,720	4,975,810	80,731,280	
1991/1992	58,543,080	167,265,943	13,364,470	5,787,720	77,695,270	
1992/1993	68,250,910	195,002,600	29,850,890	5,956,490	104,058,290	
1993/1994	70,441,150	201,260,429	31,082,780	6,028,510	107,552,440	
1994/1995	72,523,590	207,210,257	34,051,380	5,873,980	112,448,950	
1995/1996	82,337,270	235,249,342	37,300,100	5,855,660	125,493,030	
1996/1997	84,294,240	240,840,690	37,365,190	6,670,130	128,329,560	
1997/1998	87,644,520	250,412,914	34,260,320	7,357,480	129,262,320	
1998/1999	105,034,610	300,098,886	33,574,060	7,383,280	145,991,950	

Source: Preble County Auditor

(A) Estimated actual value based on assessment level of 35 percent.

(B) Beginning in 1992/1993 personal property assessed values include late and extended filers.

CITY OF EATON, OHIO

Property Tax Rates - Direct and Overlapping Governments
 (Per \$1,000 of Assessed Valuation)
 (Last Ten Fiscal Years)

Tax Year/ Collection Year	General Fund (A)	Pension		Total	Eaton		Total
		Trust Funds	Funds		School District	Preble County	
1989/1990	4.00	0.60	0.60	4.60	37.88	6.47	48.95
1990/1991	3.20	0.60	0.60	3.80	37.88	7.27	48.95
1991/1992	4.00	0.60	0.60	4.60	37.38	7.97	49.95
1992/1993	4.00	0.60	0.60	4.60	36.88	7.97	49.45
1993/1994	4.00	0.60	0.60	4.60	37.48	7.97	50.05
1994/1995	4.00	0.60	0.60	4.60	36.98	7.97	49.55
1995/1996	4.00	0.60	0.60	4.60	36.48	7.97	49.05
1996/1997	4.00	0.60	0.60	4.60	35.98	7.67	48.25
1997/1998	4.00	0.60	0.60	4.60	35.78	8.67	49.05
1998/1999	4.00	0.60	0.60	4.60	35.78	8.67	49.05

Source: Preble County Auditor

(A) Includes general voted monies used for maintenance on cemetery and fire equipment.

CITY OF EATON, OHIO

TABLE 5

Property Tax Levies and Collection
Real and Public Utility
(Last Ten Fiscal Years)

Tax Year/ Collection Year	Current Levy	Current Collections	Percent of Current Levy Collected	Collection Including Deficiencies	Total Collections	
					As Percent Of Current Levy	Accumulated Delinquency
1989/1990	\$ 316,300	310,714	98.23%	318,570	100.72%	3,517
1990/1991	336,300	327,697	97.44%	329,997	98.13%	3,700
1991/1992	203,632	193,690	95.12%	206,230	101.28%	14,157
1992/1993	295,223	230,635	78.12%	239,480	81.12%	18,121
1993/1994	254,839	246,932	96.90%	254,873	100.01%	18,122
1994/1995	261,600	254,025	97.10%	263,691	100.80%	16,642
1995/1996	235,399	228,099	96.90%	237,489	100.89%	16,117
1996/1997	366,406	336,553	91.85%	349,218	95.31%	33,305
1997/1998	301,640	294,261	97.55%	302,481	100.28%	32,504
1998/1999	316,110	304,830	96.43%	313,810	99.27%	34,804

Source: Preble County Auditor

Special Assessment Collections
(Last Ten Fiscal Years)

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Total Collections</u>		<u>Cumulative Delinquency</u>
		<u>Including Delinquencies</u>	<u>As Percent of Current Assessments</u>	
1989/1990	18,427	18,094	98.19%	2,028
1990/1991	35,539	10,418	29.31%	26,834
1991/1992	13,028	10,458	80.27%	36,176
1992/1993	14,266	15,892	111.40%	36,870
1993/1994	14,070	13,287	94.43%	39,134
1994/1995	25,005	26,947	107.77%	42,316
1995/1996	22,244	24,071	108.21%	45,753
1996/1997	23,304	24,609	105.60%	44,448
1997/1998	23,386	29,017	124.08%	38,817
1998/1999	20,490	26,525	129.45%	32,782

Source: Preble County Auditor

CITY OF EATON

TABLE 7

Computation of Legal Debt Margin

December 31, 1999

Total assessed valuation		<u>\$ 145,991,950</u>
Overall debt limitation 10 1/2% of assessed valuation		15,329,155
Gross indebtedness	\$ 1,474,745	
Less: Debt outside limitations	<u>1,474,745</u>	
Debt within 10 1/2% limitation	-	
Less: Bond Retirement Fund balance	<u>-</u>	
Net debt within 10 1/2% limitation		<u>-</u>
Legal debt margin within 10 1/2% limitation		<u>\$ 15,329,155</u>
Unvoted debt limitation 5 1/2% of assessed valuation		\$ 8,029,557
Gross indebtedness authorized by Council	1,474,745	
Less: Debt outside limitations	<u>1,474,745</u>	
Debt within 5 1/2% limitation	-	
Less: Bond Retirement Fund balance	<u>-</u>	
Net debt within 5 1/2% limitation		<u>-</u>
Legal debt margin within 5 1/2% limitation		<u>\$ 8,029,557</u>

Source: City of Eaton, Finance Department

CITY OF EATON

TABLE 8

Computation of Direct and Overlapping Debt

December 31, 1999

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Eaton</u>	<u>Amount Applicable to City of Eaton</u>
City of Eaton	\$ 1,474,745	100.0%	\$1,474,745
Preble County	\$ 8,490,808	0.0%	\$ -

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

CITY OF EATON, OHIO

TABLE 9

Ratio of Net General Bonded Debt to Assessed
Valuation and Net Bonded Debt Per Capita
(Last Ten Fiscal Years)

<u>Year</u>	<u>Population (A)</u>	<u>Assessed Value (B)</u>	<u>General Bonded Debt</u>	<u>Less Balance In Debt Service Fund</u>	<u>Net General Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1990	7,396	\$ 76,717,530	343,000	7,624	335,376	0.004	45
1991	7,396	80,731,280	255,000	9,049	245,951	0.003	33
1992	7,396	77,695,270	142,000	11,062	130,938	0.002	18
1993	7,396	104,058,290	94,000	9,875	84,125	0.001	11
1994	7,396	107,552,440	45,000	11,716	33,284	0.000	5
1995	7,396	112,448,950	-	-	-	-	-
1996	7,396	125,493,030	-	-	-	-	-
1997	7,396	128,329,560	-	-	-	-	-
1998	7,396	129,262,320	-	-	-	-	-
1999	7,396	145,991,950	-	-	-	-	-

(A) Source: 1990 Federal Census

(B) Source: Preble County Auditor

CITY OF EATON, OHIO

Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Fund Expenditures (A)
(Last Ten Fiscal Years)

<u>Year</u>	<u>Principal</u>	<u>Interest (B)</u>	<u>Total Debt Service</u>	<u>General Fund Expenditures (C)</u>	<u>Ratio of Debt Service to General Fund Expenditures</u>
1990	\$ 119,601	19,448	139,049	1,730,106	0.08
1991	88,000	21,082	109,082	1,795,016	0.06
1992	113,000	16,288	129,288	1,886,780	0.07
1993	48,000	9,391	57,391	2,179,399	0.03
1994	49,000	6,191	55,191	2,356,478	0.02
1995	45,000	2,981	47,981	2,593,051	0.02
1996	-	-	-	2,907,679	0.00
1997	-	-	-	2,977,448	0.00
1998	-	-	-	3,659,286	0.00
1999	-	-	-	3,680,800	0.00

Source: City of Eaton, Finance Department

(A) General obligation bonds reported in the enterprise funds and special assessment debt with government commitment have been excluded.

(B) Excludes bond issuance and other costs.

(C) General Fund Expenditures include both current and capital outlay expenditures.

CITY OF EATON

TABLE 11

Demographic Statistics

December 31, 1999

	<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>
Population	5,034	6,070	6,839	7,396
Per capita income	*	\$ 3,340	6,843	11,112
Number of dwelling units	1,808	2,193	2,840	2,920
Persons per household	*	2.76	2.48	2.45
Median age	*	34.80	32.40	33.40
Percentage owner-occupied dwelling units	66%	67%	64%	69%
Median family income	*	\$ 8,246	17,905	28,773
Family income distribution:				
\$0 - 4,999	*	263	387	91
\$5,000 - 9,999	*	553	489	83
\$10,000 - 14,999	*	555	482	177
\$15,000 - 24,999	*	268	723	453
\$25,000 and over	*	51	612	1,228
Total families		<u>1,690</u>	<u>2,693</u>	<u>2,032</u>
Education distribution/grades years completed:				
0 - 8	*	1,001	699	465
9 - 11	*	609	690	781
12	*	1,340	1,979	2,432
13 - 15	*	319	484	859
16 or more	*	291	385	323
High school graduates	*	1,950	2,848	3,614

Source: 1990 Federal Census

* Data not available.

CITY OF EATON, OHIO

TABLE 12

Employment Distribution by Occupation

December 31, 1999

<u>Resident's Employment Distribution by Occupation</u>	<u>Number Employed</u>	<u>Percent of Total</u>
Executive, administrative and managerial	230	7.29
Professional specialty	228	7.22
Technician and related support	81	2.57
Sales	273	8.65
Administrative support, including clerical	527	16.69
Private household service	8	0.25
Protective service	31	0.98
Other service	498	15.77
Farming, forestry and fishing	28	0.89
Precision production, craft and repair	454	14.38
Machine operators, assemblers and inspectors	465	14.73
Transportation and material moving	167	5.29
Handlers, equipment cleaners, helpers and laborers	<u>167</u>	<u>5.29</u>
Total employment	<u>3,157</u>	<u>100.00</u>

Source: 1990 Federal Census

CITY OF EATON, OHIO

TABLE 13

Property Value, New Construction and Bank Deposits
(Last Ten Fiscal Years)

Year	Commercial/ Industrial Construction (A)	Preble County Bank Deposits (In Thousands) (B)		Total Assessed Value (A)	
		Residential Construction (A)	Residential Construction (A)	Commercial	Residential
1990	\$ 597,390	503,310	167,812	10,990,210	38,505,470
1991	335,440	498,410	169,813	11,287,790	39,004,860
1992	1,658,540	479,520	259,286	11,972,680	39,506,310
1993	319,780	714,480	272,461	14,345,980	46,500,300
1994	1,053,160	930,970	275,610	15,703,330	47,056,480
1995	1,065,150	891,980	286,901	16,263,300	48,172,660
1996	1,002,930	1,006,630	127,809	16,546,090	56,997,850
1997	1,002,720	1,201,730	138,869	25,687,170	58,249,620
1998	1,215,440	1,491,010	144,073	27,144,510	60,134,440
1999	346,110	1,392,690	(C)	33,153,990	71,431,850

(A) Source: Preble County Auditor

(B) Federal Reserve Bank of Cleveland (total demand, time, and savings deposits) for Preble County, Ohio Banks

(C) Information not available

CITY OF EATON, OHIO

Principal Taxpayers
December 31, 1999

Taxpayer	Type of Business	Real Property 1999 Assessed Valuation (A)	Percentage of Total Assessed Valuation
Neaton Auto Products	Manufacturing	\$ 19,271,940	13.20%
Dayton Power and Light	Public Utility	5,675,910	3.89%
Henny Penny Corporation	Manufacturing	7,248,980	4.97%
United Telephone Company of Ohio	Public Utility	1,546,480	1.06%
Parker Appliance Company	Manufacturing	2,983,990	2.04%
Durbin-Eaton Properties, LLC./Kroger's	Retail	1,918,880	1.31%
Maxxim Medical	Health Care	1,300,400	0.89%
Continental 51 Fund	Real Estate	1,384,500	0.95%
Bullen Ultrasonics/Eaton 122 Ltd.	Manufacturing	1,331,970	0.91%
Miami Valley Psychologists	Health Care	<u>1,131,060</u>	<u>0.77%</u>
Total		<u>\$ 43,794,110</u>	<u>30.00%</u>
Total assessed valuation of city		<u>\$ 145,991,950</u>	

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

CITY OF EATON, OHIO

TABLE 15

Other Statistics

December 31, 1999

Date of incorporation	January 31, 1836
Form of government	Council/Manager
Area	3,756 square acres
Miles of streets	41
Number of street lights	545
Fire protection and emergency rescue:	
Number of stations	2
Number of firemen and EMS personnel (volunteer)	54
Police protection:	
Number of stations	1
Number of policemen and officers	19
Municipal water department:	
Number of consumers	3,253
Average daily consumption	1,342,500 gallons
Miles of water mains	55
Sewers:	
Miles of storm sewers	18
Miles of sanitary sewers	41
Buildings:	
1999 permits issued	74
1999 valuation of construction	\$6,854,938
Parks and recreation:	
Number of parks	4
Nuner of tennis courts	3
Number of baseball diamonds	5
Number of swimming pools	1
Employees:	
Classified service	54
Exempt	14

Source: City of Eaton, Ohio



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CITY OF EATON

PREBLE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 13, 2000**