

**CITY OF EATON
PREBLE COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF EATON
PREBLE COUNTY**

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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 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 financial statements of the City of Eaton, Preble County, Ohio (the City), as of and for the year ended December 31, 2000, and have issued our report thereon dated June 26, 2001. 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 an immaterial instance of noncompliance that we have reported to management of the City in a separate letter dated June 26, 2001.

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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the City in a separate letter dated June 26, 2001.

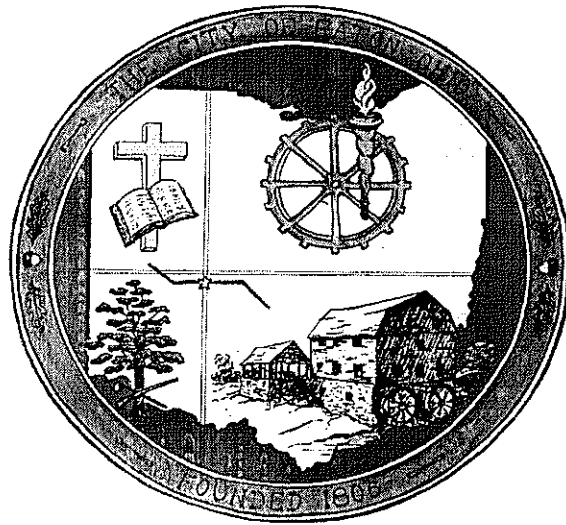
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This report is intended for the information and use of the audit committee, management, and the Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 26, 2001

COMPREHENSIVE ANNUAL FINANCIAL REPORT



for the fiscal year ended December 31, 2000

City of Eaton

Council/Manager Government Since 1961

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



CITY OF EATON, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended December 31, 2000

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



CITY OF EATON, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2000**

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INTRODUCTORY SECTION

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June 26, 2001

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, 2000 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, 1999. 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 fifteen 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, an organization chart of the City, a list of principal officials, and general information about the community and an overview of the government's organization and operations.

II. Financial

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

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 8,133. Located 7 miles south of I-70 and 25 miles west of I-75, Eaton is located near the crossroads of the industrial mid-west. Although Eaton has a small town/farming heritage, it has developed a strong industrial base and houses operations of a number of nationally and internationally known companies such as Weyerhaeuser, Parker-Hannifin Corporation, 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 basic financial statements present:

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

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

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 basic 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 13 full-time sworn officers, a parking control officer, a data management officer and five radio dispatchers, under the direction of the Chief of Police. The division provides law enforcement related service involving the protection of lives and property within the corporation limits. During 2000 the division responded to 10,524 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 2000, the division responded to 79 fire calls, 67 accidents with injuries, 19 mutual aid calls, 50 haz-mat incidents and 60 miscellaneous alarm calls. In addition, they performed 152 investigations.

Division of Emergency Medical Services: The Eaton Emergency Squad is directed by a full-time Squad Chief who manages 13 paramedics, 13 emergency medical technicians, and three drivers, 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 2000, the Emergency Squad placed over 58,000 miles on its two ambulances in responding to 2,112 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 3,300 residential, commercial and industrial users. In 2000 the City pumped over 530 million gallons of water from its seven operating wells and treated over 500 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, 69 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 2000, the division issued 34 residential new construction permits with 208 inspections. There were 31 commercial/industrial permits issued with 89 inspections. A total of 473 miscellaneous permits were issued for electrical, HVAC, sprinklers, pools, roofing, signs, and demolition's, which required 746 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, 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 one full-time bailiff, five 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 2000, the court processed 13,060 cases.

MAJOR INITIATIVES

During 2000, the City brought to completion the upgrade of several main thoroughfares entering our town. The renovation of East Main Street from Maple to East Avenue was completed this year. The area now has new curbs, gutters, sidewalks and pavement. People entering our city from the east will enjoy the wide, stately street graced by beautiful older homes. From the west, the Main Street bridge was completely renovated, maintaining its charm with old-fashioned streetlights. To the north, Barron Street was reconstructed through a cooperative effort with the Ohio Department of Transportation. This street was widened from 5-points north to K-Mart. The widened street now accommodates four traffic lanes and has substantially increased the flow of traffic through our commercial district.

The addition or renovation of City property was highlighted in 2000. The Police Division nears completion of the renovation and remodeling of their office. A new fuel tank system was installed at the Public Maintenance garage. The Public Works Division began the construction of a new well that will feed to the Black Water Plant. This is the first step toward an expansion to the City's water production system. Major strides were made in the area of Parks and Recreation this year with the completion of a much-needed renovation to the swimming pool and the addition of 39 acres on Lexington Road to the City's parkland. Plans are being developed for a softball complex.

The November election found voters passing 31 amendments to the City Charter. A committee consisting of two Council members, a Planning Board member, an Appeals Board member, and five community volunteers worked diligently to get these recommendations prepared for the ballot.

ECONOMIC CONDITIONS AND OUTLOOK

The City continued to experience growth in 2000. Three annexations were approved in 2000, totaling 60 acres. Two of the annexations are residential and the third is for a planned expansion to an existing factory. While two factories announced that they would be closing, one in December 2000 and the other scheduled for the latter part of 2001, it appears the remaining companies in the City are prospering.

Income tax receipts in 2000, a base indicator of local economic conditions, totaled \$3,105,882, a 1.83% decline from the prior year. Though employment levels were stable throughout most of 2000, the closing of one of our major employers, Maxxim HealthCare Products, in December of this year contributed to the decline as they prepared for shut-down. Unemployment rates within the City remain at approximately 3%.

Residential growth is stable, with new home construction at the same level as 1999. The Building Department issued 34 permits for new single-family homes in 2000, compared to 34 permits in 1999 and 41 in 1998. There are currently five subdivisions at different stages of active development, offering several options of housing for residents.

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, 2000 and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenues</u>	2000 <u>Amount</u>	Percent <u>of Total</u>	Increase (Decrease) <u>From 1999</u>	Percent of Increase (Decrease) <u>(Decrease)</u>
Property taxes	\$ 577,453	9.6%	95,166	19.7%
Municipal income taxes	2,984,205	49.8%	(158,610)	(5.0)%
State levied shared taxes	834,765	13.9%	155,771	22.9%
Intergovernmental grants and contracts	309,707	5.2%	(1,671)	(0.5)%
Charges for services	50,464	0.8%	(48,007)	(48.8)%
Fees, licenses, permits	201,297	3.4%	(11,502)	(5.4)%
Interest earnings	219,105	3.7%	48,429	28.4%
Special assessments	10,393	0.2%	(18,185)	(63.6)%
Fines and forfeitures	760,857	12.7%	27,493	3.7%
All other revenue	41,420	0.7%	791	1.9%
Total	\$ <u>5,989,666</u>	<u>100.0%</u>	<u>89,675</u>	<u>1.5%</u>

Reasons for significant changes in revenue are:

Property taxes: There was a corresponding increase in property values due to the revaluation of property.

State levied shared taxes: Inheritance tax collected in 2000 was \$133,000 higher than 1999.

Charges for services: Swimming Pool receipts were down significantly due to a late opening caused by the extensive renovation; cable fees were down.

Special assessments: The assessments on North Barron Street, payable over five years, ended in 1999.

The following schedule presents a summary of general, special revenue, and capital projects fund expenditures for the fiscal year ended December 31, 2000 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	2000 <u>Amount</u>	Percent <u>of Total</u>	Increase (Decrease) <u>From 1999</u>	Percent of Increase (Decrease) <u>(Decrease)</u>
Current:				
General government	\$ 1,337,974	24.4%	56,977	4.4%
Public safety	1,748,473	31.9%	167,063	10.6%
Public health	130,404	2.4%	8,645	7.1%
Transportation	475,059	8.7%	39,478	9.1%
Community development	142,737	2.6%	23,015	19.2%
Culture and recreation	169,411	3.1%	26,631	18.7%
Capital outlay	1,475,039	26.9%	(1,652,201)	(52.8)%
Total	\$ <u>5,479,097</u>	<u>100.0%</u>	<u>(1,330,392)</u>	<u>(19.5)%</u>

Explanation for significant changes in expenditures are:

Community Development: Professional services in the Building Department saw an increase in inspections and enforcement activity.

Culture and recreation: Engineering fees were paid for the development of a softball complex at the newly acquired park.

Capital outlay: The City had a significant road project in 1999.

General fund balance: The fund balance of the general fund increased by 15.5% in 2000 from the December 31, 1999 balance. The \$330,677 increase results in a fund balance of \$2,466,678 as of December 31, 2000.

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 remained constant during 2000 at \$1,884,135. The enterprise operating income increased by \$55,797, from \$35,708 to \$91,505, with a resulting net income of \$28,681. The enterprise net working capital was positive at \$881,969 as of December 31, 2000.

The City of Eaton maintains enterprise facilities and equipment with a net book value of \$4,518,267. 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 three agency funds. The trust fund balance at December 31, 2000 was \$10,000.

Debt administration: At December 31, 2000, the City has two debt issues outstanding, an Ohio Water Development Authority Loan of \$567,934 and an Ohio Public Works Commission Issue II interest-free loan of \$731,250. 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, 2000, the City has no general obligation bonded debt. The legal limit is \$16,286,711.

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 \$219,688 on all investments for the year ended December 31, 2000.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City, its agent, a financial institution's trust department in the City's name or by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 105 percent of the public funds on deposit. Trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions, hold the collateral. The City regularly reviews the market value of the pool to insure that adequate collateral is being provided.

Risk management: The City employs an active risk management strategy coupled with a carefully balanced insurance protection plan to avoid undue exposure to financial liabilities relating to its operations.

Each year a staff member confers with a Loss Prevention Specialist from the City's insurance agent to evaluate potential risks and to develop appropriate programs and policies to mitigate exposures. As a result, the City has an excellent "loss experience" history which has enabled it to place all insurance coverage with companies enjoying at least an "A-" Best rating.

In 2000, the City secured general liability coverage through the Coregis Insurance Company, with a \$3,000,000 limit. This policy provides coverage for personal and bodily injuries, property damage, Firemen's and EMT professional liability, Police Professional and Public Official's liability. There is an additional Umbrella coverage of \$5,000,000. Auto and property coverage are also provided through Coregis Insurance Company with deductibles of \$250 for comprehensive auto, \$1,000 for auto collision and \$1,000 for property. 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.

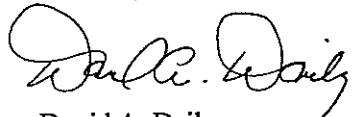
OTHER INFORMATION

Independent audit: State statutes require an annual audit. The Auditor of the State of Ohio performed the December 31, 2000 audit. The Independent Accountants' Report on the general purpose financial statements is included in the financial section of this report.

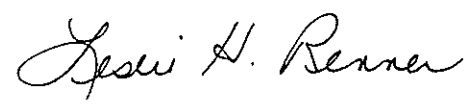
Acknowledgments: The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Department of Finance and other City departments. We express our sincere appreciation for the contributions made in the preparation of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



David A. Daily
City Manager



Leslie H. Renner
Director of Finance

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CITY OF EATON, OHIO

LISTING OF PRINCIPAL CITY OFFICIALS

December 31, 2000



ELECTED OFFICIALS

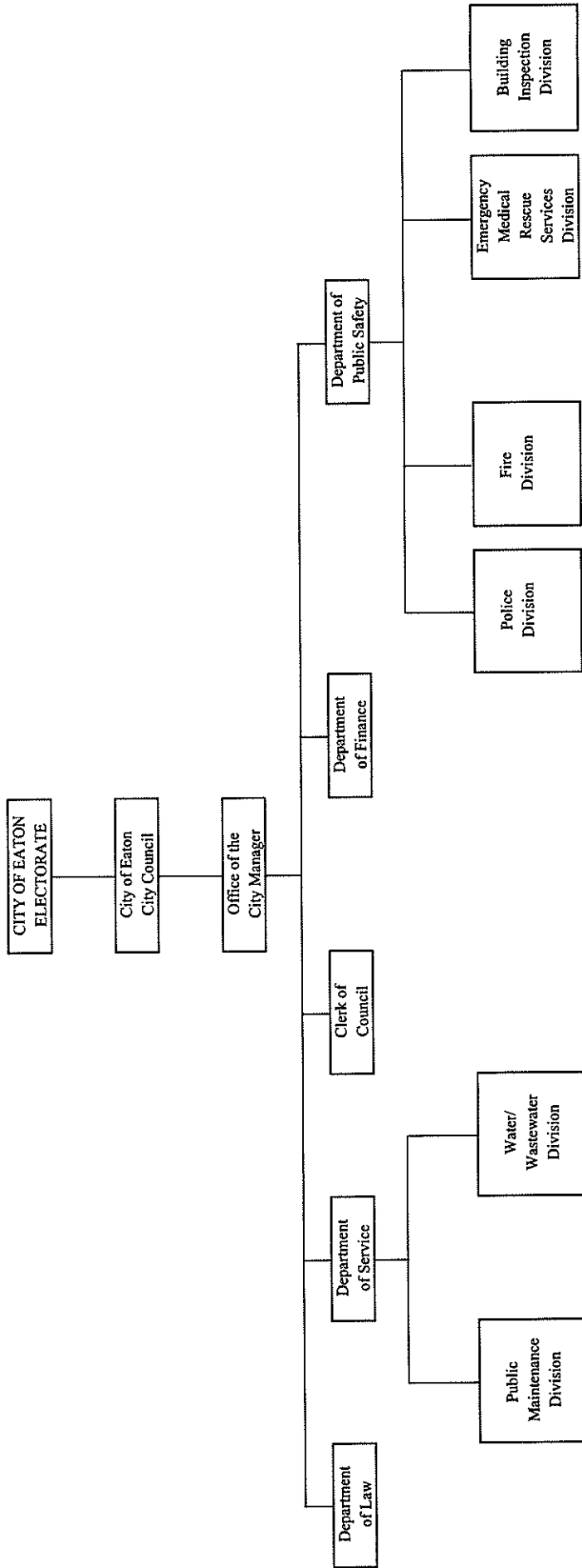
Mayor	Patrick Taylor
Vice-Mayor	Joseph Renner
Council Member	Eric W. Daily
Council Member	Robert Ball
Council Member	Lawrence Petry
Municipal Judge	Paul D. Henry

APPOINTED OFFICIALS

City Manager	David A. Daily
Director of Finance	Leslie H. Renner
Director of Law	John L. Petry

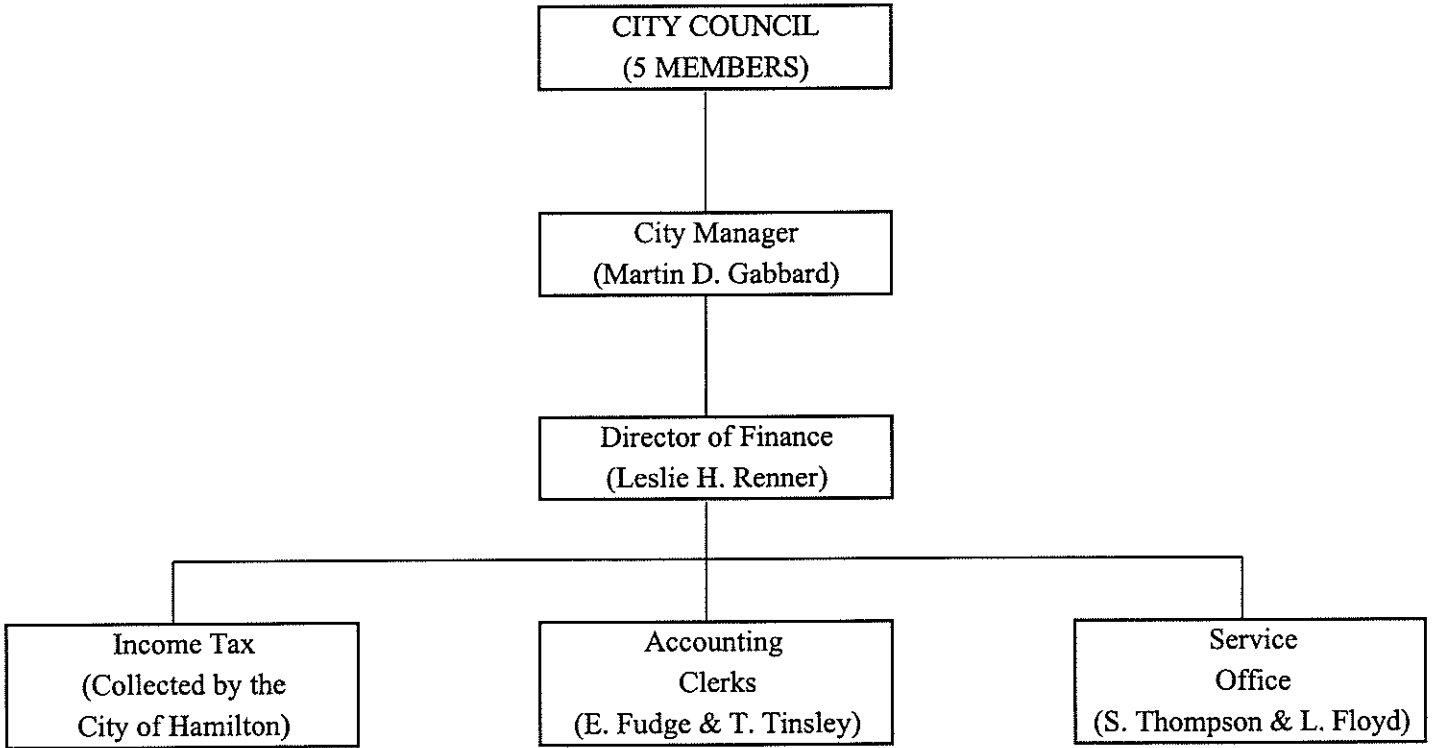
CITY OF EATON, OHIO

CITY ORGANIZATION
as of December 31, 2000



CITY OF EATON, OHIO

DEPARTMENT OF FINANCE
as of December 31, 2000



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, 1999

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.



Anne Spray Kinsey
President

Jeffrey L. Esser
Executive Director

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

INDEPENDENT ACCOUNTANTS' REPORT

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 (the City), as of and for the year ended December 31, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City'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, 2000, 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 accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the City 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 section 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 26, 2001

CITY OF EATON, OHIO
 Combined Balance Sheet - All Fund Types and Account Groups
 December 31, 2000
 (with comparative totals for December 31, 1999)

	Governmental Fund Types			Proprietary	Fiduciary
	General	Special Revenue	Capital Projects	Fund Type	Fund Types
				Enterprise	Trust and Agency
ASSETS AND OTHER DEBITS					
Cash and cash equivalents	\$ 345,773	116,827	277,007	900,433	297,974
Investments	2,075,000	296,812	205,061	-	10,000
Receivables (net of allowance for uncollectibles):					
Taxes	877,016	66,990	188,300	-	-
Accounts	4,217	3,365	98,478	326,047	-
Special assessments	-	-	48,375	-	-
Accrued interest	32,251	153	-	-	144
Other	-	-	-	-	-
Due from other governments	70,570	24,866	-	992	-
Due from other funds	47,171	14,177	-	3,500	5,923
Loans receivable	-	10,540	-	-	-
Inventory supplies	3,000	-	-	-	-
Fixed assets (net of accumulated depreciation)	-	-	-	4,518,267	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-
Total assets and other debits	\$ 3,454,998	533,730	817,221	5,749,239	314,041
LIABILITIES					
Accounts payable	\$ 113,316	14,929	13,382	35,016	144
Accrued workers compensation	21,349	2,310	1,028	5,606	-
Accrued pension	56,850	3,668	1,833	9,678	-
Accrued compensated absences	104,935	4,766	7,876	95,548	-
Due to other funds	-	-	-	3,500	67,271
Due to others	6,632	-	4,421	-	236,626
Deferred revenue	685,238	66,990	112,254	-	-
Accrued interest payable	-	-	-	27,602	-
Issue II loan payable	-	-	-	-	-
OWDA loan payable	-	-	-	567,934	-
Total liabilities	988,320	92,663	140,794	744,884	304,041
EQUITY AND OTHER CREDITS					
Investment in fixed assets	-	-	-	-	-
Contributed capital	-	-	-	3,365,144	-
Retained earnings:					
Unreserved	-	-	-	1,639,211	-
Fund balance:					
Reserved for:					
Encumbrances	-	44,892	12,280	-	-
Inventory supplies	3,000	-	-	-	-
Loans receivable	-	10,540	-	-	-
Perpetual care	-	-	-	-	10,000
Unreserved and undesignated	2,463,678	385,635	664,147	-	-
Total equity and other credits	2,466,678	441,067	676,427	5,004,355	10,000
Total liabilities, equity and other credits	\$ 3,454,998	533,730	817,221	5,749,239	314,041

See accompanying notes to the general purpose financial statements.

Account Groups		Totals	
		(Memorandum Only)	
General Fixed Asset	General	2000	1999
	Long-Term Obligations		
-	-	1,938,014	1,491,570
-	-	2,586,873	2,466,333
-	-	1,132,306	1,043,363
-	-	432,107	343,963
-	-	48,375	4,324
-	-	32,548	13,620
-	-	96,428	292,060
-	-	70,771	73,855
-	-	10,540	10,540
-	-	3,000	3,000
3,742,578	-	8,260,845	8,229,902
-	890,860	890,860	924,611
<u>3,742,578</u>	<u>890,860</u>	<u>15,502,667</u>	<u>14,897,141</u>
-	-	176,787	290,660
-	-	30,293	5,547
-	-	72,029	95,817
-	159,610	372,735	435,174
-	-	70,771	73,855
-	-	247,679	237,673
-	-	864,482	737,504
-	-	27,602	35,223
-	731,250	731,250	750,000
-	-	567,934	724,745
-	890,860	3,161,562	3,386,198
3,742,578	-	3,742,578	3,461,595
-	-	3,365,144	3,489,983
-	-	1,639,211	1,485,691
-	-	57,172	367,206
-	-	3,000	3,000
-	-	10,540	10,540
-	-	10,000	
-	-	3,513,460	2,692,928
<u>3,742,578</u>	<u>-</u>	<u>12,341,105</u>	<u>11,510,943</u>
<u>3,742,578</u>	<u>890,860</u>	<u>15,502,667</u>	<u>14,897,141</u>

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CITY OF EATON, OHIO

Exhibit II

Combined Statement of Revenues, Expenditures and Changes in
Fund Balance - All Governmental Fund Types
Year Ended December 31, 2000
(with comparative totals for December 31, 1999)

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)	
				2000	1999
REVENUES					
Property taxes	\$ 518,208	59,245	-	577,453	482,287
Municipal income taxes	1,837,539	-	1,146,666	2,984,205	3,142,815
State levied shared taxes	637,841	196,924	-	834,765	678,994
Intergovernmental grants and contracts	159,067	34,000	116,640	309,707	311,378
Charges for services	2,845	47,619	-	50,464	98,471
Fees, licenses, permits	113,911	87,386	-	201,297	212,799
Interest earnings	214,542	4,563	-	219,105	170,676
Special assessments	-	-	10,393	10,393	28,578
Fines and forfeitures	574,463	186,394	-	760,857	733,364
Other revenue	17,830	23,590	-	41,420	40,629
Total revenues	<u>4,076,246</u>	<u>639,721</u>	<u>1,273,699</u>	<u>5,989,666</u>	<u>5,899,991</u>
EXPENDITURES					
Current:					
General government	1,266,508	71,466	-	1,337,974	1,280,997
Public safety	1,748,473	-	-	1,748,473	1,581,410
Public health	29,202	101,202	-	130,404	121,759
Transportation	177,100	297,959	-	475,059	435,581
Community development	134,127	8,610	-	142,737	119,722
Culture and recreation	-	169,411	-	169,411	142,780
Capital outlay	202,196	114,450	1,139,643	1,456,289	3,127,240
Debt service:					
Principal	-	-	18,750	18,750	-
Total expenditures	<u>3,557,606</u>	<u>763,098</u>	<u>1,158,393</u>	<u>5,479,097</u>	<u>6,809,489</u>
Excess (deficit) of revenues over/ (under) expenditures	<u>518,640</u>	<u>(123,377)</u>	<u>115,306</u>	<u>510,569</u>	<u>(909,498)</u>
OTHER FINANCING SOURCES (USES)					
Sale of assets	9,929	-	-	9,929	11,759
Proceeds from loan	-	-	-	-	681,704
Transfers-in	-	197,892	174,295	372,187	917,544
Transfers-out	(197,892)	-	(174,295)	(372,187)	(917,544)
Total other financing sources (uses)	<u>(187,963)</u>	<u>197,892</u>	<u>-</u>	<u>9,929</u>	<u>693,463</u>
Excess of revenues and other financing sources over/(under) expenditures and other financing uses	<u>330,677</u>	<u>74,515</u>	<u>115,306</u>	<u>520,498</u>	<u>(216,035)</u>
Fund balance, beginning of year	<u>2,136,001</u>	<u>366,552</u>	<u>561,121</u>	<u>3,063,674</u>	<u>3,279,709</u>
Fund balance, end of year	\$ <u>2,466,678</u>	<u>441,067</u>	<u>676,427</u>	<u>3,584,172</u>	<u>3,063,674</u>

See accompanying notes to the general purpose financial statements.

CITY OF EATON, OHIO

Exhibit III

Combined Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budgetary (Non-GAAP) Basis - All Governmental Fund Types
Year Ended December 31, 2000
(with comparative totals for December 31, 1999)

	General Fund			Special Revenue Funds		
	Final Budget	Actual	Variance: Favorable (Unfavorable)	Final Budget	Actual	Variance: Favorable (Unfavorable)
REVENUES						
Property taxes	\$ 445,000	518,208	73,208	59,240	59,245	5
Municipal income taxes	1,870,000	1,908,486	38,486	-	-	-
State levied shared taxes	356,200	636,313	280,113	198,640	196,113	(2,527)
Intergovernmental grants and contracts	147,000	165,096	18,096	34,000	34,000	-
Charges for services	661,000	661,756	756	110,925	139,779	28,854
Fees, licenses, permits	115,000	113,911	(1,089)	78,900	84,985	6,085
Interest earnings	80,000	195,689	115,689	1,500	4,591	3,091
Special assessments	-	-	-	-	-	-
Fines and forfeitures	517,000	575,800	58,800	91,175	93,646	2,471
All other revenue	100,000	127,929	27,929	22,770	24,808	2,038
Total revenues	4,291,200	4,903,188	611,988	597,150	637,167	40,017
EXPENDITURES						
Current:						
General government	2,714,346	1,673,692	1,040,654	276,045	133,555	142,490
Public safety	2,450,092	1,961,234	488,858	-	-	-
Public health	682,897	605,695	77,202	197,852	103,914	93,938
Transportation	27,000	18,160	8,840	344,228	330,644	13,584
Community development	144,600	135,531	9,069	73,823	11,382	62,441
Culture and recreation	-	-	-	200,889	233,093	(32,204)
Capital outlay	-	-	-	-	-	-
Total expenditures	6,018,935	4,394,312	1,624,623	1,092,837	812,588	280,249
Excess of revenues over/(under) expenditures	(1,727,735)	508,876	2,236,611	(495,687)	(175,421)	320,266
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	197,895	197,892	(3)
Sale of assets	-	9,929	9,929	-	-	-
Operating transfers (out)	(197,892)	(197,892)	-	-	-	-
Total other financing sources (uses)	(197,892)	(187,963)	9,929	197,895	197,892	(3)
Excess of revenues and other financing sources over/(under) expenditures and other uses	(1,925,627)	320,913	2,246,540	(297,792)	22,471	320,263
Fund balance, beginning of year (includes prior year encumbrances appropriated)	1,925,627	1,925,627	-	336,638	336,638	-
Fund balance, end of year	\$ -	2,246,540	2,246,540	38,846	359,109	320,263

See accompanying notes to the general purpose financial statements.

	Capital Projects Funds			Totals (Memorandum Only)		
	Final Budget	Actual	Variance: Favorable (Unfavorable)	Final Budget	Actual	Variance: Favorable (Unfavorable)
REVENUES						
Property taxes	\$ -	-	-	504,240	577,453	73,213
Municipal income taxes	1,175,000	1,197,396	22,396	3,045,000	3,105,882	60,882
State levied shared taxes	-	-	-	554,840	832,426	277,586
Intergovernmental grants and contracts	194,840	194,838	(2)	375,840	393,934	18,094
Charges for services	-	-	-	771,925	801,535	29,610
Fees, licenses, permits	-	-	-	193,900	198,896	4,996
Interest earnings	-	-	-	81,500	200,280	118,780
Special assessments	-	10,393	10,393	-	10,393	10,393
Fines and forfeitures	-	-	-	608,175	669,446	61,271
All other revenue	-	-	-	122,770	152,737	29,967
Total revenues	<u>1,369,840</u>	<u>1,402,627</u>	<u>32,787</u>	<u>6,258,190</u>	<u>6,942,982</u>	<u>684,792</u>
EXPENDITURES						
Current:						
General government	-	-	-	2,990,391	1,807,247	1,183,144
Public safety	-	-	-	2,450,092	1,961,234	488,858
Public health	-	-	-	880,749	709,609	171,140
Transportation	-	-	-	371,228	348,804	22,424
Community development	-	-	-	218,423	146,913	71,510
Culture and recreation	-	-	-	200,889	233,093	(32,204)
Capital outlay	1,364,951	1,043,921	321,030	1,364,951	1,043,921	321,030
Total expenditures	<u>1,364,951</u>	<u>1,043,921</u>	<u>321,030</u>	<u>8,476,723</u>	<u>6,250,821</u>	<u>2,225,902</u>
Excess of revenues over/(under) expenditures	<u>4,889</u>	<u>358,706</u>	<u>353,817</u>	<u>(2,218,533)</u>	<u>692,161</u>	<u>2,910,694</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	174,293	174,295	2	372,188	372,187	(1)
Sale of assets	-	-	-	-	9,929	9,929
Operating transfers (out)	(174,295)	(174,295)	-	(372,187)	(372,187)	-
Total other financing sources (uses)	<u>(2)</u>	<u>-</u>	<u>2</u>	<u>1</u>	<u>9,929</u>	<u>9,928</u>
Excess of revenues and other financing sources over/(under) expenditures and other uses	<u>4,887</u>	<u>358,706</u>	<u>353,819</u>	<u>(2,218,532)</u>	<u>702,090</u>	<u>2,920,622</u>
Fund balance, beginning of year (includes prior year encumbrances appropriated)	<u>(4,887)</u>	<u>(4,887)</u>	<u>-</u>	<u>2,257,378</u>	<u>2,257,378</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>353,819</u>	<u>353,819</u>	<u>38,846</u>	<u>2,959,468</u>	<u>2,920,622</u>

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CITY OF EATON, OHIO

Exhibit IV

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/
Fund Balance - Proprietary Fund Type and Nonexpendable Trust Fund
Year Ended December 31, 2000
(with comparative totals for December 31, 1999)

	Proprietary	Fiduciary	Totals	
	Fund Type	Fund Type	(Memorandum Only)	
	Enterprise	Non-Expendable Trust	2000	1999
Operating revenues:				
Charges for services	\$ 1,884,135	-	1,884,135	1,883,823
Interest income	-	583	583	550
Total operating revenues	1,884,135	583	1,884,718	1,884,373
Operating expenses:				
Personnel services	492,488	583	493,071	511,762
Fringe benefits	163,388	-	163,388	123,739
Contractual services	325,954	-	325,954	386,165
Materials and supplies	216,853	-	216,853	270,920
Utilities	195,534	-	195,534	193,070
Other operating expenses	97,720	-	97,720	68,110
Depreciation	300,693	-	300,693	294,899
Total operating expenses	1,792,630	583	1,793,213	1,848,665
Operating income	91,505	-	91,505	35,708
Non-operating revenues (expenses):				
Interest expense	(62,824)	-	(62,824)	(77,391)
Gain (loss) on sale of assets	-	-	-	-
Total non-operating revenues (expenses)	(62,824)	-	(62,824)	(77,391)
Net income	28,681	-	28,681	(41,683)
Add:				
Depreciation on fixed assets acquired by contributed capital	124,839	-	124,839	124,839
Gain on disposal of asset acquired by contributed capital	-	-	-	1,770
Increase in retained earnings/fund balance	153,520	-	153,520	84,926
Retained earnings/fund balance, beginning of year	1,485,691	10,000	1,495,691	1,410,765
Retained earnings/fund balance, end of year	\$ 1,639,211	10,000	1,649,211	1,495,691

See accompanying notes to the general purpose financial statements.

CITY OF EATON, OHIO

Exhibit V

Combined Statement of Cash Flows - Proprietary
Fund Type and Nonexpendable Trust Fund
Year Ended December 31, 2000
(with comparative totals for December 31, 1999)

	Proprietary	Fiduciary	Totals	
	Fund Type	Fund Type	(Memorandum Only)	
	Enterprise	Non-Expendable Trust	2000	1999
Operating activities:				
Operating income (loss)	\$ 91,505	-	91,505	35,708
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Investment income included in operations	-	(583)	(583)	(550)
Depreciation	300,693	-	300,693	294,899
Changes in assets and liabilities:				
(Increase) decrease in receivables	(14,605)	(69)	(14,674)	(20,925)
(Increase) decrease in due to/from	(220)	-	(220)	(5,005)
Increase (decrease) in accounts payable	(28,907)	-	(28,907)	55,438
Increase (decrease) in accrued liabilities	(17,500)	69	(17,431)	15,019
Net cash provided (used) by operating activities	<u>330,966</u>	<u>(583)</u>	<u>330,383</u>	<u>374,584</u>
Capital and related financing activities:				
Principal paid on long-term liabilities	(156,811)	-	(156,811)	(142,919)
Interest paid	(70,445)	-	(70,445)	(84,337)
Acquisition of fixed assets	(50,653)	-	(50,653)	(208,033)
Proceeds from sale of fixed assets	-	-	-	-
Net cash used by capital and related financing activities	<u>(277,909)</u>	<u>-</u>	<u>(277,909)</u>	<u>(435,289)</u>
Investing activities:				
Interest income	-	583	583	550
Net cash provided by investing activities	<u>-</u>	<u>583</u>	<u>583</u>	<u>550</u>
Net increase in cash and cash equivalents	53,057	-	53,057	(60,155)
Cash and cash equivalents, beginning of year	<u>847,376</u>	<u>-</u>	<u>847,376</u>	<u>907,531</u>
Cash and cash equivalents, end of year	<u>\$ 900,433</u>	<u>-</u>	<u>900,433</u>	<u>847,376</u>

(continued)

CITY OF EATON, OHIO
 Combined Statement of Cash Flows - Proprietary
 Fund Type and Nonexpendable Trust Fund
 Year Ended December 31, 2000
 (with comparative totals for December 31, 1999)

Exhibit V

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise	Non-Expendable Trust	2000	1999
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	\$ 900,433	297,974	1,198,407	591,381
Plus investments, per balance sheet	-	10,000	10,000	560,000
Less agency cash	-	(297,974)	(297,974)	(294,005)
Less investments over 90 days	-	(10,000)	(10,000)	(10,000)
 Cash and cash equivalents, end of year, per statement of cash flows	 \$ 900,433	 -	 900,433	 847,376

See accompanying notes to the general purpose financial statements.

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CITY OF EATON, OHIO
Notes to the General Purpose Financial Statements
December 31, 2000

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, 2000.

Mound Hill Union Cemetery is jointly governed organization established in accordance with Ohio Revised Code Section 759.27 thru 759.48 to unite in the establishment and management of the cemetery. The Board of Cemetery Trustees consists of three members; one member from the City of Eaton Council, one member from the Washington Township Board of Trustees, and the third member appointed by the other two members. The City has no significant influence on operations. This organization does not meet the reporting entity criteria of generally accepted governmental accounting principles and, accordingly, 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 and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a financial reporting device used to account for certain assets and liabilities of the governmental funds not recorded directly in those funds 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:

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Notes to the General Purpose Financial Statements
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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.

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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 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.

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

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

Expenditures may not exceed appropriations at the 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 (2000) were approved by City Council as provided by the City Charter. Management without City Council approval may revise the budget 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).

CITY OF EATON, OHIO
Notes to the General Purpose Financial Statements
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- * 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:

	<u>Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses</u>		
	General	Special	Capital
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
GAAP BASIS (AS REPORTED)	\$ 330,677	74,515	115,306
Increase (decrease):			
Revenue accruals	826,942	(2,554)	128,928
Expenditure accruals	<u>(836,706)</u>	<u>(49,490)</u>	<u>(205,407)</u>
BUDGET BASIS	\$ <u>320,913</u>	<u>22,471</u>	<u>38,827</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 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased through independent third parties. There were 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.

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	<u>12/31/00</u>	<u>12/31/99</u>
Claims unpaid, beginning of year	\$ 27,505	46,915
Incurred claims (including amounts incurred but not reported)	162,272	187,867
Less: Claim payments	<u>125,695</u>	<u>207,277</u>
Claims unpaid, end of year	\$ <u>64,082</u>	<u>27,505</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, curb 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.

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Notes to the General Purpose Financial Statements
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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/Due To/From Other Funds

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, Due To/From Other Funds have been recorded.

K. Pensions

The provision for pension costs are 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, 2000, 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>	Sewer and <u>Sewer Disposal</u>	<u>Total</u>
Contributed capital, January 1, 2000	\$ 1,500	3,488,483	3,489,983
Less: current year depreciation on fixed assets acquired by contributed capital	(250)	(124,589)	(124,839)
Contributed capital, December 31, 2000	\$ <u>1,250</u>	<u>3,363,894</u>	<u>3,365,144</u>

CITY OF EATON, OHIO
Notes to the General Purpose Financial Statements
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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 2000, 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, 2000. 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.

CITY OF EATON, OHIO
Notes to the General Purpose Financial Statements
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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.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

At December 31, 2000, 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%	\$ 323,937
Certificates of deposit, 6.25% to 6.62% maturing January 7, 2001 to July 13, 2001	<u>631,812</u> <u>955,749</u>
Investments:	
Repurchase Agreements	1,614,077
STAR Ohio	<u>1,955,061</u> <u>3,569,138</u>
Total pooled cash and investments	<u>\$4,524,887</u>

Deposits

The year-end bank balance of all City deposits was \$2,900,851. 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	\$ 480,832
Amount collateralized with securities held by pledging financial institution's agent in the City's name	-
Uninsured and uncollateralized	<u>2,420,019</u> <u>\$2,900,851</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 105 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.

CITY OF EATON, OHIO
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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	\$1,614,077
<u>Unclassified:</u>	
STAR Ohio	<u>1,955,061</u>
Total investments	<u>\$3,569,138</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	\$ 1,938,014	2,586,873	4,524,887
Investments:			
Certificates of Deposit (terms longer than three months)	631,812	(631,812)	-
Repurchase agreements	<u>(1,614,077)</u>	<u>1,614,077</u>	-
GASB Statement 3	<u>\$ 955,749</u>	<u>3,569,138</u>	<u>4,524,887</u>

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

	<u>Amount</u>	<u>% of Total</u>
General Fund	\$ 214,542	97.65%
Special Revenue Funds	4,563	2.08%
Non-Expendable Trust Fund	<u>583</u>	<u>.27%</u>
Total	<u>\$ 219,688</u>	<u>100.00%</u>

CITY OF EATON, OHIO
Notes to the General Purpose Financial Statements
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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 2000 were levied in October, 1999 on assessed values listed as of January 1, 1999, the lien date. One-half of these taxes were due on February 20, 2000, with the remaining balance due on July 18, 2000.

Tangible personal property taxes collected during 2000 had a lien and levy date of December 31, 1999. One-half of these taxes were due by April 30, 2000, with the remaining balance due on September 20, 2000. 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 1999. 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 1999 upon which the 2000 levy was based was approximately \$145,991,950. The assessed value for 2000 upon which the 2001 levy was based was approximately \$155,111,530.

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, 2001. 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.

CITY OF EATON, OHIO
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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, 2000 are as follows:

<u>Fund Category</u>	<u>Local Governments</u>	<u>State</u>	<u>Totals</u>
General	\$ 54,265	16,305	70,570
Special revenue	-	24,866	24,866
Enterprise	<u>992</u>	<u>-</u>	<u>992</u>
	<u>\$ 55,257</u>	<u>41,171</u>	<u>96,428</u>

6. INTERFUND BALANCES

Individual fund interfund receivable and payable balances at December 31, 2000 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 47,171	-
Indigent driver	202	-
Education and enforcement	45	-
Computerization upgrade	5,831	-
Municipal court special projects	8,099	-
Water	-	3,500
Sewer	3,500	-
State patrol transfer	5,923	-
Municipal court	<u>-</u>	<u>67,271</u>
Totals	<u>\$ 70,771</u>	<u>70,771</u>

7. CHANGES IN GENERAL FIXED ASSETS

Changes in general fixed assets during the year ended December 31, 2000 were as follows:

	<u>Balance 1/1/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/00</u>
Land	\$ 532,699	-	-	532,699
Buildings	1,999,476	436,845	(12,946)	2,423,375
Equipment	3,475,242	302,201	(234,847)	3,542,596
Construction in progress	<u>41,152</u>	<u>-</u>	<u>(41,152)</u>	<u>-</u>
Totals	6,048,569	739,046	(288,945)	6,498,670
Less: Accumulated depreciation	<u>(2,586,974)</u>	<u>(377,152)</u>	<u>208,034</u>	<u>(2,756,092)</u>
Net fixed assets	<u>\$ 3,461,595</u>	<u>361,894</u>	<u>(80,911)</u>	<u>3,742,578</u>

CITY OF EATON, OHIO
Notes to the General Purpose Financial Statements
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8. PROPRIETARY FUNDS FIXED ASSETS

Proprietary Funds fixed assets at December 31, 2000, were as follows:

	<u>Enterprise</u>
Land	\$ 79,892
Buildings	5,427,971
Equipment	<u>4,459,657</u>
Totals	9,967,520
Less: Accumulated depreciation	<u>(5,449,253)</u>
Net fixed assets	\$ <u>4,518,267</u>

9. DEFINED BENEFIT PENSION PLANS

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

A. Public Employees Retirement System

The City of Eaton participates in 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. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for state and local government divisions. 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's contribution rate for 2000 was 10.84% of covered payroll. The City's contributions, representing 100% of employer contribution's for the periods ended December 31, 2000, 1999, and 1998 were \$215,292, \$260,641, and \$236,858, respectively.

CITY OF EATON, OHIO
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B. Police and Firemen's Disability and Pension Fund

The City of Eaton contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined pension plan. OP&F provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan member and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 2000, 1999 and 1998 were \$110,745, \$104,547 and \$100,278, respectively, equal to the required contribution for each year.

10. POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System

The Public Employees Retirement System (PERS) of Ohio 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 (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The employer contribution rate was rolled back for the year 2000. For local government employer units the rate was 10.84% of covered payroll; 4.30% was the portion that was used to fund health care for the year.

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

Actuarial Review: The following assumptions and calculations were based on the System's latest Actuarial Review as of December 31, 1999.

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

Assets Valuation Method: All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

Investment Return: The investment assumption rate for 1999 was 7.75%.

CITY OF EATON, OHIO

Notes to the General Purpose Financial Statements

December 31, 2000

Active Employee Total Payroll: An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%.

Health Care: Health care costs were assumed to increase 4.75% annually.

The OPEBs are advance-funded on an actuarially determined basis. The number of active contributing participants was 401,339. The portion of City's contributions that were used to fund postemployment benefits was \$85,406. \$10,805.5 million represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 1999. The actuarially accrued liability and the unfounded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively.

The Retirement Board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate roll back was 20% for both state and local government divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

B. Police and Firemen's Disability and Pension Fund

The Ohio Police and Fire Pension Fund provides postretirement 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 persons. An eligible dependent child is any child under the age of eighteen whether or not he is attending school or under twenty-one if attending full-time or on a 2/3 basis. The Ohio Revised Code provides the authority allowing the OP&F's Board of Trustees to provide health care coverage and states that health care cost paid from the fund shall be included in the employer's contribution rate. The total police employer contribution is 19.5 percent of covered payroll and the total firemen's employer contribution rate is 24 percent of covered payroll.

Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.0% and 7.25% of covered payroll in 1999 and 2000, respectively. The allocation is 7.50% in 2001. 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 statewide number of participants eligible to receive health care benefits as of December 31, 1999, the date of the last actuarial valuation available, were 12,467 for Police and 9,807 for Firefighters. The City's annual contribution for 2000 that were used to fund postemployment benefits was \$41,197 for police and \$33,445 for firemen. The fund's total health care expenses for the year ending December 31, 1999 was \$95,004,633, which was net of members contributions of \$5,518,098.

CITY OF EATON, OHIO
Notes to the General Purpose Financial Statements
December 31, 2000

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, 2000, the accrued liability for unpaid compensated absences was \$372,735 for all funds and account groups

CITY OF EATON, OHIO
Notes to the General Purpose Financial Statements
December 31, 2000

12. LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation activity by fund type for the year ended December 31, 2000:

General Long-Term Obligations:

	<u>Balance</u> <u>1/1/00</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/00</u>
Compensated absences	\$ 174,611	-	15,001	159,610
Issue II loan	<u>750,000</u>	<u>-</u>	<u>18,750</u>	<u>731,250</u>
Total general long term obligations	<u>924,611</u>	<u>-</u>	<u>33,751</u>	<u>890,860</u>
 <u>Enterprise Fund:</u>				
OWDA loan	724,745	-	156,811	567,934
Compensated absences	<u>110,779</u>	<u>-</u>	<u>15,231</u>	<u>95,548</u>
Total enterprise fund	<u>835,524</u>	<u>-</u>	<u>172,042</u>	<u>663,482</u>
	<u>\$1,760,135</u>	<u>-</u>	<u>205,793</u>	<u>1,554,342</u>

Long-term obligations of the City at December 31, 2000 are as follows:

<u>Issue</u>	<u>Rate %</u>	<u>Issued</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>
Issue II	0.0%	7-1-1997	7-1-2019	\$ <u>731,250</u>
Ohio Water Development Authority Loan (OWDA)	9.72%	12-30-1980	7-1-2003	\$ <u>567,934</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, 2000 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 were drawn down as funds were expended. As of December 31, 2000, the City had drawn down the entire \$750,000 of this loan. The repayment of this debt began in 2000. Annual required payments are \$18,750.

CITY OF EATON, OHIO
Notes to the General Purpose Financial Statements
December 31, 2000

As of December 31, 2000, the City's legal debt margin (the ability to issue additional principal amounts of general obligation bonded debt) was approximately \$13.57 million. Principal and interest requirements from the Sewer and Sewer Disposal Fund to retire long-term obligations outstanding at December 31, 2000 are as follows:

<u>Due In</u>	<u>Issue II</u>	<u>Loan</u>	<u>OWDA Interest</u>	<u>Total</u>
2001	\$ 18,750	172,053	55,202	227,255
2002	18,750	188,777	38,480	227,257
2003	18,750	207,104	20,152	227,256
2004	18,750	-	-	-
2005	18,750	-	-	-
2006-2010	93,750	-	-	-
2011-thereafter	<u>543,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 731,250</u>	<u>567,934</u>	<u>113,834</u>	<u>681,768</u>

The City is purchasing land in the amount of \$100,000 at 0% interest from Preble County on land contract for recreation purposes. The City paid \$34,000 in 2000. In fiscal years 2001 and 2002, the City will pay \$33,000. The City will book the asset in year 2002, when the transfer of the deed will take place.

13. COMPLIANCE AND ACCOUNTABILITY

For the year ended December 31, 2000, expenditures exceeded appropriations in the Swimming Pool special revenue fund by \$37,709.

The following individual funds had deficit fund balances/retained earnings at December 31, 2000:

Sewer and Sewer Disposal	\$ 3,564
Fort St. Clair	1,313

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 that 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, 2000 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	\$ 691,538	745,304	420,182	27,111	1,884,135
Operating expenses before depreciation	607,566	438,292	425,039	21,040	1,491,937
Depreciation	<u>69,140</u>	<u>222,429</u>	<u>9,124</u>	<u>-</u>	<u>300,693</u>
Operating income (loss)	14,832	84,583	(13,981)	6,071	91,505
Net non-operating expense	<u>-</u>	<u>62,824</u>	<u>-</u>	<u>-</u>	<u>77,391</u>
Net income (loss)	<u>\$ 14,832</u>	<u>21,759</u>	<u>(13,981)</u>	<u>6,071</u>	<u>28,681</u>

CITY OF EATON, OHIO
Notes to the General Purpose Financial Statements
December 31, 2000

	<u>Water</u>	<u>Sewer & Sewer Disposal</u>	<u>Refuse</u>	<u>Parking Meter</u>	<u>Totals</u>
OWDA loan payable	\$ -	567,934	-	-	567,934
Contributed capital	<u>1,250</u>	<u>3,363,894</u>	<u>-</u>	<u>-</u>	<u>3,365,144</u>
Net change in property, plant					
Equipment	33,377	(34,252)	-	-	(875)
Net working capital	661,564	73,591	141,205	5,609	881,969
Total assets	<u>1,521,451</u>	<u>4,012,437</u>	<u>207,029</u>	<u>8,322</u>	<u>5,749,239</u>
Total equity	<u>\$1,452,719</u>	<u>3,360,330</u>	<u>185,697</u>	<u>5,609</u>	<u>5,004,355</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, 2000.

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, 2000, 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.

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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.

CITY OF EATON, OHIO
General Fund
Comparative Balance Sheet
December 31, 2000
(with comparative totals for December 31, 1999)

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	Total General Fund	
	2000	1999
ASSETS		
Cash and cash equivalents	\$ 345,773	676,000
Investments	2,075,000	1,412,314
Receivables (net):		
Taxes	877,016	810,864
Accounts	4,217	32,095
Accrued interest	32,251	13,364
Due from other governments	70,570	71,834
Due from other funds	47,171	49,063
Inventory supplies	3,000	3,000
 Total assets	 \$ 3,454,998	 3,068,534
LIABILITIES		
Accounts payable	\$ 113,316	159,654
Accrued workers compensation	21,349	3,794
Accrued pension	56,850	70,500
Accrued compensated absences	104,935	136,302
Due to others	6,632	7,513
Deferred revenue	685,238	554,770
 Total liabilities	 988,320	 932,533
FUND BALANCES		
Reserved for:		
Encumbrances	-	54,577
Inventory supplies	3,000	3,000
Unreserved:		
Unreserved	2,463,678	2,078,424
 Total fund balances	 2,466,678	 2,136,001
 Total liabilities and fund balances	 \$ 3,454,998	 3,068,534

CITY OF EATON, OHIO

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General Fund

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
Year Ended December 31, 2000
(with comparative totals for December 31, 1999)

	Total General Fund	
	2000	1999
REVENUES		
Property taxes	\$ 518,208	428,444
Municipal income taxes	1,837,539	1,927,347
State levied shared taxes	637,841	483,888
Intergovernmental grants and contracts	159,067	153,018
Charges for services	2,845	30,262
Fees, licenses, permits	113,911	127,092
Interest earnings	214,542	166,098
Fines and forfeitures	574,463	555,404
Other revenue	17,830	13,577
Total revenues	4,076,246	3,885,130
EXPENDITURES		
Current:		
General government	1,266,508	1,202,281
Public safety	1,748,473	1,581,410
Public health	29,202	18,113
Transportation	177,100	152,040
Community development	134,127	112,582
Capital outlay	202,196	614,374
Total expenditures	3,557,606	3,680,800
Excess of revenues over expenditures	518,640	204,330
OTHER FINANCING SOURCES (USES)		
Sale of assets	9,929	11,759
Transfers-out	(197,892)	(91,086)
Total other financing sources (uses)	(187,963)	(79,327)
Excess of revenues and other financing sources over expenditures and other financing uses	330,677	125,003
Fund balance, beginning of year	2,136,001	2,010,998
Fund balance, end of year	\$ 2,466,678	2,136,001

CITY OF EATON, OHIO
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES			
Property taxes:			
General	\$ 325,000	380,108	55,108
Tangible personal	<u>120,000</u>	<u>138,100</u>	<u>18,100</u>
Total property taxes	<u>445,000</u>	<u>518,208</u>	<u>73,208</u>
Municipal income taxes	<u>1,870,000</u>	<u>1,908,486</u>	<u>38,486</u>
State levied shared taxes:			
Local government fund, County	298,800	310,344	11,544
Inheritance	50,000	317,269	267,269
Cigarette licenses	400	414	14
Liquor and beer permits	<u>7,000</u>	<u>8,286</u>	<u>1,286</u>
Total state levied shared taxes	<u>356,200</u>	<u>636,313</u>	<u>280,113</u>
Intergovernmental contracts:			
Fire and service contracts	90,000	99,706	9,706
Ambulance contracts	<u>57,000</u>	<u>65,390</u>	<u>8,390</u>
Total intergovernmental contracts	<u>147,000</u>	<u>165,096</u>	<u>18,096</u>
Charges for services:			
General government	660,000	658,786	(1,214)
Miscellaneous	<u>1,000</u>	<u>2,970</u>	<u>1,970</u>
Total charges for services	<u>661,000</u>	<u>661,756</u>	<u>756</u>
Fees, licenses, permits:			
Zoning fees	-	775	775
Building permits	<u>115,000</u>	<u>113,136</u>	<u>(1,864)</u>
Total fees, licenses, permits	<u>115,000</u>	<u>113,911</u>	<u>(1,089)</u>
Interest earnings	<u>80,000</u>	<u>195,689</u>	<u>115,689</u>
Fines and forfeitures	<u>517,000</u>	<u>575,800</u>	<u>58,800</u>
Other revenue	<u>100,000</u>	<u>127,929</u>	<u>27,929</u>
Total revenues	<u>4,291,200</u>	<u>4,903,188</u>	<u>611,988</u>

CITY OF EATON, OHIO
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	Budget	Actual	Variance: Favorable/ (Unfavorable)
EXPENDITURES			
Current:			
General government:			
Administration	1,909,046	889,327	1,019,719
Council	12,300	11,375	925
Municipal court	626,300	618,262	8,038
Public maintenance	166,700	154,728	11,972
Total general government	<u>2,714,346</u>	<u>1,673,692</u>	<u>1,040,654</u>
Public safety:			
Police division	855,700	774,198	81,502
Headquarters	76,300	70,253	6,047
Fire division	139,800	60,136	79,664
EMS division	68,200	58,753	9,447
Public safety fund	1,310,092	997,894	312,198
Total public safety	<u>2,450,092</u>	<u>1,961,234</u>	<u>488,858</u>
Public health:			
Employee health care fund	682,897	605,695	77,202
Transportation:			
Traffic lights	27,000	18,160	8,840
Community development:			
Building & zoning	144,600	135,531	9,069
Total expenditures	<u>6,018,935</u>	<u>4,394,312</u>	<u>1,624,623</u>
Excess (deficiency) of revenues over/ (under) expenditures	(1,727,735)	508,876	2,236,611
OTHER FINANCING SOURCES (USES)			
Sale of assets	-	9,929	9,929
Operating transfers (out)	(197,892)	(197,892)	-
Total other financing sources (uses)	<u>(197,892)</u>	<u>(187,963)</u>	<u>9,929</u>
Excess of revenues and other financing sources over/(under) expenditures and other uses	(1,925,627)	320,913	2,246,540
Fund balance, beginning of year	<u>1,925,627</u>	<u>1,925,627</u>	<u>-</u>
Fund balance, end of year	\$ <u>-</u>	<u>2,246,540</u>	<u>2,246,540</u>

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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.

Robert's 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.

CITY OF EATON, OHIO

B - 1

Special Revenue Funds
Combining Balance Sheet
December 31, 2000

(with comparative totals for December 31, 1999)

	<u>Indigent Driver</u>	<u>Enforcement & Education</u>	<u>Law Enforcement</u>
ASSETS			
Cash and cash equivalents	\$ 38,715	7,507	2,164
Investments	50,000	-	-
Receivables (net):			
Taxes	-	-	-
Accounts	-	-	-
Accrued interest	-	-	-
Due from other governments	-	-	-
Due from other funds	202	45	-
Loan receivables	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>88,917</u>	<u>7,552</u>	<u>2,164</u>
LIABILITIES			
Accounts payable	\$ -	-	-
Accrued workers compensation	-	-	-
Accrued pension	-	-	-
Accrued compensated absences	-	-	-
Deferred revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Reserved for:			
Encumbrances	-	-	-
Loans receivable	-	-	-
Unreserved:			
Unreserved	<u>88,917</u>	<u>7,552</u>	<u>2,164</u>
Total fund balances	<u>88,917</u>	<u>7,552</u>	<u>2,164</u>
Total liabilities and fund balances	\$ <u>88,917</u>	<u>7,552</u>	<u>2,164</u>

(continued)

	Computerization Upgrade	Municipal Court Special Projects	Street Construction, Maintenance & Repair	State Highway Improvement	Cemetery
\$	20,293	389	18,484	4,729	-
	50,000	150,000	-	-	-
	-	-	-	-	66,990
	-	-	2,965	-	-
	-	-	-	-	-
	-	-	23,001	1,865	-
	5,831	8,099	-	-	-
	-	-	-	-	-
\$	<u>76,124</u>	<u>158,488</u>	<u>44,450</u>	<u>6,594</u>	<u>66,990</u>
\$	749	-	10,206	-	-
	251	-	1,540	125	-
	497	-	2,972	199	-
	384	-	3,855	527	-
	-	-	-	-	66,990
	<u>1,881</u>	<u>-</u>	<u>18,573</u>	<u>851</u>	<u>66,990</u>
	44,892	-	-	-	-
	-	-	-	-	-
	<u>29,351</u>	<u>158,488</u>	<u>25,877</u>	<u>5,743</u>	<u>-</u>
\$	<u>74,243</u>	<u>158,488</u>	<u>25,877</u>	<u>5,743</u>	<u>-</u>
	<u>76,124</u>	<u>158,488</u>	<u>44,450</u>	<u>6,594</u>	<u>66,990</u>

(continued)

CITY OF EATON, OHIO

B - 1

Special Revenue Funds
Combining Balance Sheet
December 31, 2000

	Recreation	Swimming Pool	Robert's Bridge
ASSETS			
Cash and cash equivalents	\$ 2,251	1,137	1,310
Investments	-	-	-
Receivables (net):			
Taxes	-	-	-
Accounts	-	-	-
Accrued interest	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Loan receivables	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>2,251</u>	<u>1,137</u>	<u>1,310</u>
LIABILITIES			
Accounts payable	\$ 1,006	128	-
Accrued workers compensation	-	394	-
Accrued pension	-	-	-
Accrued compensated absences	-	-	-
Deferred revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,006</u>	<u>522</u>	<u>-</u>
FUND BALANCES			
Reserved for:			
Encumbrances	-	-	-
Loans receivable	-	-	-
Unreserved:			
Unreserved	1,245	615	1,310
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	\$ <u>1,245</u>	<u>615</u>	<u>1,310</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>2,251</u>	<u>1,137</u>	<u>1,310</u>

(continued)

	Community Development	Fort St. Clair	Small Cities	Total Special Revenue Funds	
				2000	1999
\$	18,721	1,127	-	116,827	142,621
	46,812	-	-	296,812	194,019
	-	-	-	66,990	61,770
	-	400	-	3,365	426
	153	-	-	153	181
	-	-	-	24,866	24,617
	-	-	-	14,177	14,782
	10,540	-	-	10,540	10,540
\$	<u>76,226</u>	<u>1,527</u>	<u>-</u>	<u>533,730</u>	<u>448,956</u>
\$	-	2,840	-	14,929	10,345
	-	-	-	2,310	443
	-	-	-	3,668	5,633
	-	-	-	4,766	4,213
	-	-	-	66,990	61,770
	-	2,840	-	92,663	82,404
	-	-	-	44,892	-
	10,540	-	-	10,540	10,540
	65,686	(1,313)	-	385,635	356,012
\$	<u>76,226</u>	<u>(1,313)</u>	<u>-</u>	<u>441,067</u>	<u>366,552</u>
	<u>76,226</u>	<u>1,527</u>	<u>-</u>	<u>533,730</u>	<u>448,956</u>

CITY OF EATON, OHIO

Special Revenue Funds
 Combining Statement of Revenue, Expenditures and
 Changes in Fund Balance
 Year Ended December 31, 2000

	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	12,034	1,098	-
Other revenue	-	-	-
	<u>12,034</u>	<u>1,098</u>	<u>-</u>
Total revenues	<u>12,034</u>	<u>1,098</u>	<u>-</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public health	1,911	1,791	-
Transportation	-	-	-
Community development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
	<u>1,911</u>	<u>1,791</u>	<u>-</u>
Total expenditures	<u>1,911</u>	<u>1,791</u>	<u>-</u>
Excess of revenues over/(under) expenditures	<u>10,123</u>	<u>(693)</u>	<u>-</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>10,123</u>	<u>(693)</u>	<u>-</u>
Fund balance, beginning of year	<u>78,794</u>	<u>8,245</u>	<u>2,164</u>
Fund balance, end of year	<u>\$ 88,917</u>	<u>7,552</u>	<u>2,164</u>

(continued)

	Computerization Upgrade	Municipal Court Special Projects	Street Construction, Maintenance & Repair	State Highway Improvement	Cemetery
\$	-	-	-	-	59,245
	-	-	178,420	14,466	4,038
	-	-	-	-	-
	-	-	1,193	-	-
	-	-	81,106	6,280	-
	-	-	-	-	-
	77,680	95,582	-	-	-
	-	-	-	-	-
	<u>77,680</u>	<u>95,582</u>	<u>260,719</u>	<u>20,746</u>	<u>63,283</u>
	71,466	-	-	-	-
	-	-	-	-	97,500
	-	-	277,824	20,135	-
	-	-	-	-	-
	-	-	-	-	-
	12,962	-	-	-	-
	<u>84,428</u>	<u>-</u>	<u>277,824</u>	<u>20,135</u>	<u>97,500</u>
	(6,748)	95,582	(17,105)	611	(34,217)
	-	-	-	-	34,217
	-	-	-	-	34,217
	(6,748)	95,582	(17,105)	611	-
	<u>80,991</u>	<u>62,906</u>	<u>42,982</u>	<u>5,132</u>	<u>-</u>
\$	<u>74,243</u>	<u>158,488</u>	<u>25,877</u>	<u>5,743</u>	<u>-</u>

(continued)

CITY OF EATON, OHIO

B - 2

Special Revenue Funds
 Combining Statement of Revenue, Expenditures and
 Changes in Fund Balance
 Year Ended December 31, 2000

	Recreation	Swimming Pool	Robert's Bridge
REVENUES			
Property taxes	\$ -	-	-
State levied shared taxes	-	-	-
Intergovernmental grants and contracts	-	-	-
Charges for services	16,106	30,320	-
Fees, licenses, permits	-	-	-
Interest earnings	-	-	-
Fines and forfeitures	-	-	-
Other revenue	-	-	-
	<u>16,106</u>	<u>30,320</u>	<u>-</u>
Total revenues	<u>16,106</u>	<u>30,320</u>	<u>-</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public health	-	-	-
Transportation	-	-	-
Community development	-	-	-
Culture and recreation	68,846	54,250	75
Capital outlay	60,727	1,113	-
	<u>129,573</u>	<u>55,363</u>	<u>75</u>
Total expenditures	<u>129,573</u>	<u>55,363</u>	<u>75</u>
Excess of revenues over/(under) expenditures	<u>(113,467)</u>	<u>(25,043)</u>	<u>(75)</u>
OTHER FINANCING SOURCES (USES)			
Transfers-in	<u>114,195</u>	<u>25,500</u>	<u>-</u>
Total other financing sources (uses)	<u>114,195</u>	<u>25,500</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing uses	728	457	(75)
Fund balance, beginning of year	<u>517</u>	<u>158</u>	<u>1,385</u>
Fund balance, end of year	<u>\$ 1,245</u>	<u>615</u>	<u>1,310</u>

(continued)

	Community Development	Fort St. Clair	Small Cities	Total Special Revenue Funds	
				2000	1999
\$	-	-	-	59,245	53,843
	-	-	-	196,924	195,106
	-	-	34,000	34,000	35,000
	-	-	-	47,619	68,209
	-	-	-	87,386	85,707
	4,563	-	-	4,563	4,578
	-	-	-	186,394	177,960
	-	23,590	-	23,590	27,052
	<u>4,563</u>	<u>23,590</u>	<u>34,000</u>	<u>639,721</u>	<u>647,455</u>
	-	-	-	71,466	78,716
	-	-	-	101,202	103,646
	-	-	-	297,959	283,541
	8,610	-	-	8,610	7,140
	-	46,240	-	169,411	142,780
	<u>2,772</u>	<u>2,876</u>	<u>34,000</u>	<u>114,450</u>	<u>96,687</u>
	<u>11,382</u>	<u>49,116</u>	<u>34,000</u>	<u>763,098</u>	<u>712,510</u>
	<u>(6,819)</u>	<u>(25,526)</u>	<u>-</u>	<u>(123,377)</u>	<u>(65,055)</u>
	-	23,980	-	197,892	91,086
	-	23,980	-	197,892	91,086
	(6,819)	(1,546)	-	74,515	26,031
	<u>83,045</u>	<u>233</u>	<u>-</u>	<u>366,552</u>	<u>340,521</u>
\$	<u><u>76,226</u></u>	<u><u>(1,313)</u></u>	<u><u>-</u></u>	<u><u>441,067</u></u>	<u><u>366,552</u></u>

CITY OF EATON, OHIO

B - 3

Indigent Driver Education and Training Fund
Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES			
Fines and forfeitures	\$ 10,000	12,176	2,176
EXPENDITURES			
Public health	<u>91,163</u>	<u>4,622</u>	<u>86,541</u>
Excess (deficiency) of revenues over/ (under) expenditures	(81,163)	7,554	88,717
Fund balance, beginning of year	<u>81,163</u>	<u>81,163</u>	<u>-</u>
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>88,717</u></u>	<u><u>88,717</u></u>

CITY OF EATON, OHIO

B - 3

Enforcement and Education Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES			
Fines and forfeitures	\$ 1,175	1,285	110
EXPENDITURES			
Public health	<u>9,189</u>	<u>1,792</u>	<u>7,397</u>
Excess (deficiency) of revenues over/ (under) expenditures	(8,014)	(507)	7,507
Fund balance, beginning of year	<u>8,014</u>	<u>8,014</u>	<u>-</u>
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>7,507</u></u>	<u><u>7,507</u></u>

CITY OF EATON, OHIO

B - 3

Law Enforcement Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES			
All other revenue	\$ -	-	-
EXPENDITURES			
Culture and recreation	<u>2,164</u>	<u>-</u>	<u>2,164</u>
Excess (deficiency) of revenues over/ (under) expenditures	(2,164)	-	2,164
Fund balance, beginning of year	<u>2,164</u>	<u>2,164</u>	<u>-</u>
Fund balance, end of year	\$ <u>-</u>	<u>2,164</u>	<u>2,164</u>

CITY OF EATON, OHIO

B - 3

Computerization Upgrade Fund
Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES			
Fines and forfeitures	\$ 80,000	80,185	185
EXPENDITURES			
General government	<u>154,009</u>	<u>133,555</u>	<u>20,454</u>
Excess (deficiency) of revenues over/ (under) expenditures	(74,009)	(53,370)	20,639
Fund balance, beginning of year	<u>74,009</u>	<u>74,009</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>20,639</u>	<u>20,639</u>

CITY OF EATON, OHIO

B - 3

Municipal Court Special Projects Fund
Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES			
Charges for services	\$ 65,000	93,353	28,353
EXPENDITURES			
General government	<u>122,036</u>	<u>-</u>	<u>122,036</u>
Excess (deficiency) of revenues over/ (under) expenditures	(57,036)	93,353	150,389
Fund balance, beginning of year	<u>57,036</u>	<u>57,036</u>	<u>-</u>
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>150,389</u></u>	<u><u>150,389</u></u>

CITY OF EATON, OHIO

B - 3

Street Construction, Maintenance and Repair Fund
Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	Budget	Actual	Variance: Favorable/ (Unfavorable)
REVENUES			
State shared levied taxes	\$ 180,000	177,669	(2,331)
Fees, licenses, permits	73,000	78,663	5,663
All other revenue	-	1,193	1,193
Total revenues	253,000	257,525	4,525
EXPENDITURES			
Transportation	285,323	276,239	9,084
Excess (deficiency) of revenues over/ (under) expenditures	(32,323)	(18,714)	13,609
Fund balance, beginning of year	32,323	32,323	-
Fund balance, end of year	\$ -	13,609	13,609

CITY OF EATON, OHIO

B - 3

State Highway Improvement Fund
Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES			
State shared levied taxes	\$ 14,600	14,406	(194)
Fees, licenses, permits	<u>5,900</u>	<u>6,322</u>	<u>422</u>
Total revenues	20,500	20,728	228
EXPENDITURES			
Transportation	<u>24,905</u>	<u>20,405</u>	<u>4,500</u>
Excess (deficiency) of revenues over/ (under) expenditures	(4,405)	323	4,728
Fund balance, beginning of year	<u>4,405</u>	<u>4,405</u>	<u>-</u>
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>4,728</u></u>	<u><u>4,728</u></u>

CITY OF EATON, OHIO

B - 3

Cemetery Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES			
Property taxes	\$ 59,240	59,245	5
State shared levied taxes	<u>4,040</u>	<u>4,038</u>	<u>(2)</u>
Total revenues	63,280	63,283	3
EXPENDITURES			
Public health	<u>97,500</u>	<u>97,500</u>	<u>-</u>
Excess (deficiency) of revenues over/ (under) expenditures	(34,220)	(34,217)	3
OTHER FINANCING SOURCES (USES)			
Operating transfers-in	<u>34,220</u>	<u>34,217</u>	<u>(3)</u>
Excess of revenues and other financing sources over 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>-</u></u>	<u><u>-</u></u>

CITY OF EATON, OHIO

B - 3

Recreation Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES			
Charges for services	\$ 15,605	16,106	501
EXPENDITURES			
Culture and recreation	<u>132,058</u>	<u>130,309</u>	<u>1,749</u>
Excess (deficiency) of revenues over/ (under) expenditures	(116,453)	(114,203)	2,250
OTHER FINANCING SOURCES (USES)			
Operating transfers-in	<u>114,195</u>	<u>114,195</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(2,258)	(8)	2,250
Fund balance, beginning of year	<u>2,258</u>	<u>2,258</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>2,250</u>	<u>2,250</u>

CITY OF EATON, OHIO

B - 3

Swimming Pool Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES			
Charges for services	\$ 30,320	30,320	-
EXPENDITURES			
Culture and recreation	<u>17,270</u>	<u>54,979</u>	<u>(37,709)</u>
Excess (deficiency) of revenues over/ (under) expenditures	13,050	(24,659)	(37,709)
OTHER FINANCING SOURCES (USES)			
Operating transfers-in	<u>25,500</u>	<u>25,500</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing uses	38,550	841	(37,709)
Fund balance, beginning of year	<u>296</u>	<u>296</u>	<u>-</u>
Fund balance, end of year	<u>\$ 38,846</u>	<u>1,137</u>	<u>(37,709)</u>

CITY OF EATON, OHIO

B - 3

Roberts Bridge Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES			
All other revenue	\$ -	-	-
EXPENDITURES			
Culture and recreation	<u>1,394</u>	<u>84</u>	<u>1,310</u>
Excess (deficiency) of revenues over/ (under) expenditures	(1,394)	(84)	1,310
Fund balance, beginning of year	<u>1,394</u>	<u>1,394</u>	<u>-</u>
Fund balance, end of year	\$ <u>-</u>	<u>1,310</u>	<u>1,310</u>

CITY OF EATON, OHIO

B - 3

Community Development Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES			
Interest earnings	\$ 1,500	4,591	3,091
EXPENDITURES			
Community development	<u>73,823</u>	<u>11,382</u>	<u>62,441</u>
Excess (deficiency) of revenues over/ (under) expenditures	(72,323)	(6,791)	65,532
Fund balance, beginning of year	<u>72,323</u>	<u>72,323</u>	-
Fund balance, end of year	<u>\$ -</u>	<u>65,532</u>	<u>65,532</u>

CITY OF EATON, OHIO

B - 3

Fort St. Clair Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES			
All other revenue	\$ 22,770	23,615	845
EXPENDITURES			
Culture and recreation	<u>48,003</u>	<u>47,721</u>	<u>282</u>
Excess (deficiency) of revenues over/ (under) expenditures	(25,233)	(24,106)	1,127
OTHER FINANCING SOURCES (USES)			
Operating transfers-in	<u>23,980</u>	<u>23,980</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(1,253)	(126)	1,127
Fund balance, beginning of year	<u>1,253</u>	<u>1,253</u>	<u>-</u>
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>1,127</u></u>	<u><u>1,127</u></u>

CITY OF EATON, OHIO

B - 3

Small Cities Fund

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ (Unfavorable)
REVENUES			
Intergovernmental grants	\$ 34,000	34,000	-
EXPENDITURES			
Transportation	<u>34,000</u>	<u>34,000</u>	<u>-</u>
Excess (deficiency) of revenues over/ (under) expenditures	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

CITY OF EATON, OHIO

B - 3

Total Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	Budget	Actual	Variance: Favorable/ (Unfavorable)
REVENUES			
Property taxes	\$ 59,240	59,245	5
State shared levied taxes	198,640	196,113	(2,527)
Intergovernmental grants	34,000	34,000	-
Charges for services	110,925	139,779	28,854
Fees, licenses, permits	78,900	84,985	6,085
Interest earnings	1,500	4,591	3,091
Fines and forfeitures	91,175	93,646	2,471
All other revenues	22,770	24,808	2,038
Total revenues	<u>597,150</u>	<u>637,167</u>	<u>40,017</u>
EXPENDITURES			
Current:			
General government	276,045	133,555	142,490
Public safety	-	-	-
Public health	197,852	103,914	93,938
Transportation	344,228	330,644	13,584
Community development	73,823	11,382	62,441
Culture and recreation	200,889	233,093	(32,204)
Total expenditures	<u>1,092,837</u>	<u>812,588</u>	<u>280,249</u>
Excess (deficiency) of revenues over/ (under) expenditures	(495,687)	(175,421)	320,266
OTHER FINANCING SOURCES (USES)			
Operating transfers-in	<u>197,895</u>	<u>197,892</u>	<u>(3)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(297,792)	22,471	320,263
Fund balance, beginning of year	<u>336,638</u>	<u>336,638</u>	<u>-</u>
Fund balance, end of year	<u>\$ 38,846</u>	<u>359,109</u>	<u>320,263</u>

CAPITAL PROJECTS FUND

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

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

CITY OF EATON, OHIO

C - 1

Capital Projects Funds
 Combining Balance Sheet
 December 31, 2000

(with comparative totals for December 31, 1999)

	Capital	Issue II	Total Capital Projects	
	Improvements	East Main St.	2000	1999
ASSETS				
Cash and cash equivalents	\$ 277,007	-	277,007	81,568
Investments	205,061	-	205,061	300,000
Receivables (net):				
Taxes	188,300	-	188,300	170,729
Accounts	98,478	-	98,478	-
Special assessments	48,375	-	48,375	4,324
Due from other governments	-	-	-	194,837
Total assets	\$ 817,221	-	817,221	751,458
LIABILITIES				
Accounts payable	\$ 13,382	-	13,382	56,663
Accrued workers compensation	1,028	-	1,028	212
Accrued pension	1,833	-	1,833	3,229
Accrued compensated absences	7,876	-	7,876	9,269
Due to others	4,421	-	4,421	-
Deferred revenue	112,254	-	112,254	120,964
Total liabilities	140,794	-	140,794	190,337
FUND BALANCES				
Reserved for:				
Encumbrances	12,280	-	12,280	312,629
Unreserved:				
Unreserved	664,147	-	664,147	248,492
Total fund balances	676,427	-	676,427	561,121
Total liabilities and fund balances	\$ 817,221	-	817,221	751,458

CITY OF EATON, OHIO

C - 2

Capital Projects Funds
 Statement of Revenues, Expenditures and
 and Changes in Fund Balance
 Year Ended December 31, 2000
 (with comparative totals for December 31, 1999)

	Capital	Issue II	Total Capital Projects	
	Improvements	East Main St.	2000	1999
REVENUES				
Municipal income taxes	\$ 1,146,666	-	1,146,666	1,215,468
Intergovernmental grants and contracts	-	116,640	116,640	123,360
Special assessments	10,393	-	10,393	28,578
Total revenues	<u>1,157,059</u>	<u>116,640</u>	<u>1,273,699</u>	<u>1,367,406</u>
EXPENDITURES				
Current:				
Capital outlay	817,652	321,991	1,139,643	2,416,179
Debt service:				
Principal	18,750	-	18,750	-
Total expenditures	<u>836,402</u>	<u>321,991</u>	<u>1,158,393</u>	<u>2,416,179</u>
Excess of revenues over/(under) expenditures	<u>320,657</u>	<u>(205,351)</u>	<u>115,306</u>	<u>(1,048,773)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from loan	-	-	-	681,704
Transfers-in	-	174,295	174,295	826,458
Transfers-out	(174,295)	-	(174,295)	(826,458)
Total other financing sources (uses)	<u>(174,295)</u>	<u>174,295</u>	<u>-</u>	<u>681,704</u>
Excess of revenues and other financing sources over/(under) expenditures and other financing uses	<u>146,362</u>	<u>(31,056)</u>	<u>115,306</u>	<u>(367,069)</u>
Fund balance, beginning of year	<u>530,065</u>	<u>31,056</u>	<u>561,121</u>	<u>928,190</u>
Fund balance, end of year	<u>\$ 676,427</u>	<u>-</u>	<u>676,427</u>	<u>561,121</u>

CITY OF EATON, OHIO

C - 3

Capital Improvements Fund

Combining Statement of Revenues, Expenses and Changes in
Retained Earnings - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable/ Unfavorable</u>
REVENUES			
Municipal income taxes	\$ 1,175,000	1,197,396	22,396
Special assessments	<u>-</u>	<u>10,393</u>	<u>10,393</u>
	1,175,000	1,207,789	32,789
EXPENDITURES			
Capital outlay	<u>1,315,697</u>	<u>994,667</u>	<u>321,030</u>
Excess (deficiency) of revenues over/(under) expenditures	(140,697)	213,122	353,819
OTHER FINANCING SOURCES (USES)			
Operating transfers-out	<u>(174,295)</u>	<u>(174,295)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(314,992)	38,827	353,819
Fund balance, beginning of year	<u>314,992</u>	<u>314,992</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>353,819</u>	<u>353,819</u>

CITY OF EATON, OHIO

C - 3

Issue II - East Main Street Fund
 Combining Statement of Revenues, Expenses and Changes in
 Retained Earnings - Budget and Actual - Budgetary (Non-GAAP) Basis
 Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ Unfavorable
REVENUES			
Intergovernmental grants and contracts	\$ 194,840	194,838	(2)
EXPENDITURES			
Capital outlay	<u>49,254</u>	<u>49,254</u>	<u>-</u>
Excess (deficiency) of revenues over/(under) expenditures	145,586	145,584	(2)
OTHER FINANCING SOURCES (USES)			
Operating transfers-in	<u>174,293</u>	<u>174,295</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>(319,879)</u>	<u>(319,879)</u>	<u>-</u>
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

CITY OF EATON, OHIO

C - 3

Total Capital Projects Funds

Combining Statement of Revenues, Expenses and Changes in
Retained Earnings - Budget and Actual - Budgetary (Non-GAAP) Basis
Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	Variance: Favorable/ Unfavorable
REVENUES			
Municipal income taxes	\$ 1,175,000	1,197,396	22,396
Intergovernmental grants and contracts	194,840	194,838	(2)
Special assessments	<u>-</u>	<u>10,393</u>	<u>10,393</u>
Total revenues	1,369,840	1,402,627	32,787
EXPENDITURES			
Capital outlay	<u>1,364,951</u>	<u>1,043,921</u>	<u>321,030</u>
Excess (deficiency) of revenues over/(under) expenditures	4,889	358,706	353,817
OTHER FINANCING SOURCES (USES)			
Operating transfers in	174,293	174,295	2
Operating transfers (out)	<u>(174,295)</u>	<u>(174,295)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2)</u>	<u>-</u>	<u>2</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	4,887	358,706	353,819
Fund balance, beginning of year	<u>(4,887)</u>	<u>(4,887)</u>	<u>-</u>
Fund balance, end of year	\$ <u>-</u>	<u>353,819</u>	<u>353,819</u>

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.

CITY OF EATON, OHIO
Enterprise Funds
Combining Balance Sheet
December 31, 2000

D - 1

	Water	Sewer & Sewer		Refuse	Parking Meter	Total Enterprise	
		Disposal				2000	1999
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 612,715	196,714	82,682	8,322	900,433	297,376	
Investments	-	-	-	-	-	550,000	
Receivables (net of allowance for uncollectibles):							
Accounts	116,589	129,603	79,855	-	326,047	311,442	
Due from other governments	992	-	-	-	992	772	
Due from other funds	-	3,500	-	-	3,500	3,500	
Total current assets	730,296	329,817	162,537	8,322	1,230,972	1,163,090	
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	1,369,186	3,044,848	45,618	-	4,459,652	4,460,527	
	1,674,113	8,230,663	62,739	-	9,967,515	9,968,390	
Less: accumulated depreciation	(882,958)	(4,548,043)	(18,247)	-	(5,449,248)	(5,200,083)	
Net property, plant and equipment	791,155	3,682,620	44,492	-	4,518,267	4,768,307	
Total assets	\$ 1,521,451	4,012,437	207,029	8,322	5,749,239	5,931,397	
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 14,778	16,828	3,410	-	35,016	63,923	
Accrued workers compensation	2,833	2,041	592	140	5,606	1,098	
Accrued pension	4,952	3,390	1,083	253	9,678	16,455	
Accrued compensated absences	42,669	34,312	16,247	2,320	95,548	110,779	
Due to other funds	3,500	-	-	-	3,500	3,500	
Accrued interest payable	-	27,602	-	-	27,602	35,223	
OWDA loan payable - current	-	172,053	-	-	172,053	156,810	
Total current liabilities	68,732	256,226	21,332	2,713	349,003	387,788	
Noncurrent liabilities:							
OWDA loan payable	-	395,881	-	-	395,881	567,935	
Total liabilities	68,732	652,107	21,332	2,713	744,884	955,723	
EQUITY AND OTHER CREDITS							
Contributed capital:							
Contributed capital from governments	2,500	5,606,496	-	-	5,608,996	5,608,996	
Less: amortization	(1,250)	(2,242,602)	-	-	(2,243,852)	(2,119,013)	
	1,250	3,363,894	-	-	3,365,144	3,489,983	
Retained earnings:							
Unreserved	1,451,469	(3,564)	185,697	5,609	1,639,211	1,485,691	
Total equity and other credits	1,452,719	3,360,330	185,697	5,609	5,004,355	4,975,674	
Total liabilities, equity and other credits	\$ 1,521,451	4,012,437	207,029	8,322	5,749,239	5,931,397	

CITY OF EATON, OHIO

D - 2

Enterprise Funds
 Combining Statement of Revenues, Expenses and
 Changes in Retained Earnings
 Year Ended December 31, 2000

	Water	Sewer & Sewer Disposal	Refuse	Parking Meter	Total Enterprise	
					2000	1999
OPERATING REVENUES						
Charges for services	\$ 691,538	745,304	420,182	27,111	1,884,135	1,883,823
Total operating revenues	691,538	745,304	420,182	27,111	1,884,135	1,883,823
OPERATING EXPENSES						
Personnel services	248,729	170,697	60,106	12,956	492,488	511,212
Fringe benefits	82,992	53,733	19,777	6,886	163,388	123,739
Contractual services	48,674	23,983	253,297	-	325,954	386,165
Materials and supplies	123,751	36,182	56,195	725	216,853	270,920
Utilities	59,941	107,136	28,457	-	195,534	193,070
Other operating expenses	43,479	46,561	7,207	473	97,720	68,110
Depreciation	69,140	222,429	9,124	-	300,693	294,899
Total operating expenses	676,706	660,721	434,163	21,040	1,792,630	1,848,115
Operating income	14,832	84,583	(13,981)	6,071	91,505	35,708
NON-OPERATING INCOME (EXPENSE)						
Interest expense	-	(62,824)	-	-	(62,824)	(77,391)
Net income (loss)	14,832	21,759	(13,981)	6,071	28,681	(41,683)
Depreciation on fixed assets acquired by contributed capital	250	124,589	-	-	124,839	124,839
Gain on disposal of asset acquired by contributed capital	-	-	-	-	-	1,770
Increase in retained earnings	15,082	146,348	(13,981)	6,071	153,520	84,926
Retained earnings (deficit), beginning of year	1,436,387	(149,912)	199,678	(462)	1,485,691	1,400,765
Retained earnings (deficit), end of year	\$ 1,451,469	(3,564)	185,697	5,609	1,639,211	1,485,691

CITY OF EATON, OHIO
Enterprise Funds
Combining Statement of Cash Flows
Year Ended December 31, 2000

D - 3

	Water	Sewer & Sewer Disposal	Refuse	Parking Meter	Total Enterprise	
					2000	1999
OPERATING ACTIVITIES:						
Operating income (loss)	\$ 14,832	84,583	(13,981)	6,071	91,505	35,708
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	69,140	222,429	9,124	-	300,693	294,899
Changes in assets and liabilities:						
(Increase) decrease in receivables	(5,454)	(1,536)	(7,615)	-	(14,605)	(20,925)
(Increase) decrease in due to/from	(340)	120	-	-	(220)	(5,005)
Increase (decrease) in accounts payable	2,938	(6,567)	(25,278)	-	(28,907)	55,438
Increase (decrease) in accrued liabilities	(9,589)	(15,381)	7,231	239	(17,500)	15,019
Net cash provided (used) by operating activities	<u>71,527</u>	<u>283,648</u>	<u>(30,519)</u>	<u>6,310</u>	<u>330,966</u>	<u>375,134</u>
CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal paid on long-term liabilities	-	(156,811)	-	-	(156,811)	(142,919)
Interest paid	-	(70,445)	-	-	(70,445)	(84,337)
Acquisition of fixed assets	<u>(39,967)</u>	<u>(10,686)</u>	<u>-</u>	<u>-</u>	<u>(50,653)</u>	<u>(208,033)</u>
Net cash used by capital and related financing activities	<u>(39,967)</u>	<u>(237,942)</u>	<u>-</u>	<u>-</u>	<u>(277,909)</u>	<u>(435,289)</u>
Net increase (decrease) in cash and cash equivalents	31,560	45,706	(30,519)	6,310	53,057	(60,155)
Cash and cash equivalents, beginning 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>
Cash and cash equivalents, end of year	\$ <u><u>612,715</u></u>	<u><u>196,714</u></u>	<u><u>82,682</u></u>	<u><u>8,322</u></u>	<u><u>900,433</u></u>	<u><u>847,376</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	\$ 612,715	196,714	82,682	8,322	900,433	297,376
Plus investments, per balance sheet	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>550,000</u>
Cash and cash equivalents, end of year, per combining statement of cash flows	\$ <u><u>612,715</u></u>	<u><u>196,714</u></u>	<u><u>82,682</u></u>	<u><u>8,322</u></u>	<u><u>900,433</u></u>	<u><u>847,376</u></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.

CITY OF EATON, OHIO

Fiduciary Funds
 Combining Balance Sheet
 December 31, 2000

	Nonexpendable Trust Fund	Agency Funds		Totals	
		State Patrol Transfer	Municipal Court	2000	1999
ASSETS					
Cash and cash equivalents	\$ -	94,752	203,222	297,974	294,005
Investments	10,000	-	-	10,000	10,000
Receivables (net):					
Accrued interest	144	-	-	144	75
Due from other funds	-	5,923	-	5,923	6,510
Total assets	\$ 10,144	100,675	203,222	314,041	310,590
LIABILITIES					
Accounts payable	\$ 144	-	-	144	75
Due to other funds	-	-	67,271	67,271	70,355
Due to others	-	100,675	135,951	236,626	230,160
Total liabilities	144	100,675	203,222	304,041	300,590
FUND BALANCES					
Reserved for:					
Nonexpendable trust funds	10,000	-	-	10,000	10,000
Unreserved:					
Unreserved	-	-	-	-	-
Total fund balances	10,000	-	-	10,000	10,000
Total liabilities and fund balances	\$ 10,144	100,675	203,222	314,041	310,590

CITY OF EATON, OHIO

E - 2

Nonexpendable Trust Fund

Comparative Statement of Revenues, Expenses and
Changes in Fund Balance
Year Ended December 31, 2000

	<u>2000</u>	<u>1999</u>
Operating revenues:		
Interest income	\$ <u>583</u>	<u>550</u>
Total operating revenues	<u>583</u>	<u>550</u>
Operating expenses:		
Personnel services	<u>583</u>	<u>550</u>
Total operating expenses	<u>583</u>	<u>550</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><u>10,000</u></u>	<u><u>10,000</u></u>

CITY OF EATON, OHIO
Nonexpendable Trust Fund
Comparative Statement of Cash Flows
For the Year Ended December 31, 2000

E - 3

	2000	1999
Operating activities:		
Operating income (loss)	\$ -	-
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Investment income included as operations	(583)	(550)
Changes in assets and liabilities:		
(Increase) decrease in receivables	(69)	-
Increase (decrease) in accrued liabilities	69	-
Net cash provided (used) by operating activities	(583)	(550)
Investing activities:		
Interest income	583	550
Net cash provided by investing activities	583	550
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	-
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	10,000	10,000
Cash and cash equivalents, end of year, per combining statement of cash flows	\$ 10,000	10,000

CITY OF EATON, OHIO
 Combining Statement of Changes in Assets
 and Liabilities - All Agency Funds
 Year Ended December 31, 2000

E - 4

	<u>Balance</u> <u>12/31/1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/2000</u>
<u>State Patrol Transfer Fund</u>				
Assets:				
Equity in City treasury cash	\$ 56,407	78,345	40,000	94,752
Due from other funds	<u>6,510</u>	<u>5,923</u>	<u>6,510</u>	<u>5,923</u>
Total assets	<u>\$ 62,917</u>	<u>84,268</u>	<u>46,510</u>	<u>100,675</u>
Liabilities:				
Due to others	<u>\$ 62,917</u>	<u>84,268</u>	<u>46,510</u>	<u>100,675</u>
Total liabilities	<u>\$ 62,917</u>	<u>84,268</u>	<u>46,510</u>	<u>100,675</u>
<u>Municipal Court</u>				
Assets:				
Equity in City treasury cash	<u>\$ 234,863</u>	<u>-</u>	<u>31,641</u>	<u>203,222</u>
Total assets	<u>\$ 234,863</u>	<u>-</u>	<u>31,641</u>	<u>203,222</u>
Liabilities:				
Due to other funds	\$ 70,355	-	3,064	67,291
Due to others	<u>164,508</u>	<u>-</u>	<u>28,577</u>	<u>135,931</u>
Total liabilities	<u>\$ 234,863</u>	<u>-</u>	<u>31,641</u>	<u>203,222</u>

(continued)

CITY OF EATON, OHIO

Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
Year Ended December 31, 2000

	<u>Balance</u> <u>12/31/1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/2000</u>
<u>Preble County Counseling Center</u>				
Assets:				
Equity in City treasury cash	\$ 2,735	729	3,464	-
Total assets	<u>\$ 2,735</u>	<u>729</u>	<u>3,464</u>	<u>-</u>
Liabilities:				
Due to others	\$ 2,735	729	3,464	-
Total liabilities	<u>\$ 2,735</u>	<u>729</u>	<u>3,464</u>	<u>-</u>
<u>Total Agency Funds</u>				
Assets:				
Equity in City treasury cash	\$ 294,005	79,074	75,105	297,974
Due from other funds	6,510	5,923	6,510	5,923
Total assets	<u>\$ 300,515</u>	<u>84,997</u>	<u>81,615</u>	<u>303,897</u>
Liabilities:				
Due to other funds	\$ 70,355	-	3,064	67,291
Due to others	230,160	84,997	78,551	236,606
Total liabilities	<u>\$ 300,515</u>	<u>84,997</u>	<u>81,615</u>	<u>303,897</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

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

CITY OF EATON, OHIO
Schedule of General Fixed Assets - by Source
December 31, 2000

F - 1

General fixed assets:	
Land	\$ 532,699
Buildings	2,423,375
Equipment	<u>3,542,596</u>
 Total general fixed assets	 6,498,670
 Less accumulated depreciation	 <u>2,756,092</u>
 Net general fixed assets	 \$ <u><u>3,742,578</u></u>
 Investment in general fixed assets by source:	
General Fund revenue	\$ 3,195,255
Special Revenue Funds revenue	550,006
Capital Project Funds revenue	2,466,832
Donated assets	<u>286,577</u>
 Total investment in general fixed assets	 6,498,670
 Less accumulated depreciation	 <u>2,756,092</u>
 Net investment in general fixed assets	 \$ <u><u>3,742,578</u></u>

CITY OF EATON, OHIO
Schedule of General Fixed Assets
by Function and Activity
December 31, 2000

Function and Activity	Land	Buildings	Equipment	Total
Public Safety:				
Law enforcement	\$ -	201,137	477,188	678,325
Fire protection	23,720	2,225	1,360,067	1,386,012
Emergency medical service	77,000	379,317	241,896	698,213
Total public safety	<u>100,720</u>	<u>582,679</u>	<u>2,079,151</u>	<u>2,762,550</u>
Culture and recreation:				
Parks and recreation	291,937	515,699	128,921	936,557
Total culture and recreation	<u>291,937</u>	<u>515,699</u>	<u>128,921</u>	<u>936,557</u>
Transportation:				
Street maintenance	36,720	200,604	993,031	1,230,355
Total transportation	<u>36,720</u>	<u>200,604</u>	<u>993,031</u>	<u>1,230,355</u>
General government:				
City building	24,704	1,123,841	-	1,148,545
Municipal Court	-	-	181,781	181,781
General operations, Finance and administration	78,618	552	159,712	238,882
Total general government	<u>103,322</u>	<u>1,124,393</u>	<u>341,493</u>	<u>1,569,208</u>
Total general fixed assets	<u>\$ 532,699</u>	<u>2,423,375</u>	<u>3,542,596</u>	<u>6,498,670</u>

CITY OF EATON, OHIO
Schedule of Changes in General Fixed Assets
by Function and Activity
Year Ended December 31, 2000

Function and Activity	Balance 12/31/99	Additions	Deductions	Balance 12/31/00
Public Safety:				
Law enforcement	\$ 575,858	213,167	110,700	678,325
Fire protection	1,365,712	20,300	-	1,386,012
Emergency medical service	691,065	69,841	62,693	698,213
Total public safety	<u>2,632,635</u>	<u>303,308</u>	<u>173,393</u>	<u>2,762,550</u>
Culture and recreation:				
Parks and recreation	632,418	304,140	-	936,558
Total culture and recreation	<u>632,418</u>	<u>304,140</u>	<u>-</u>	<u>936,558</u>
Transportation:				
Street maintenance	1,221,241	87,448	78,334	1,230,355
Total transportation	<u>1,221,241</u>	<u>87,448</u>	<u>78,334</u>	<u>1,230,355</u>
General government:				
City building	1,161,490	-	12,946	1,148,544
Municipal Court	158,541	39,732	16,492	181,781
General operations, finance and administration	242,243	4,419	7,780	238,882
Total general government	<u>1,562,274</u>	<u>44,151</u>	<u>37,218</u>	<u>1,569,207</u>
Total general fixed assets	<u>\$ 6,048,568</u>	<u>739,047</u>	<u>288,945</u>	<u>6,498,670</u>

STATISTICAL SECTION

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

TABLE 1

CITY OF EATON, OHIO
GENERAL FUND REVENUES BY SOURCE
(LAST TEN FISCAL YEARS)

Year	Taxes (A)	Inter-Governmental Revenues	Charges for Services	Licenses and Permits	Interest Revenue	Fines and Forfeitures	Other Revenue	Total
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
2000	2,993,588	159,067	2,845	113,911	214,542	574,463	17,830	4,076,246

Source: City of Eaton, Finance Department

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

TABLE 2

CITY OF EATON, OHIO

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

Year	General Government	Public Safety	Public Health	Transportation	Community Development	Total
1991	\$ 677,742	\$ 966,487	\$ 18,500	\$ 68,620	\$ 63,667	\$ 1,795,016
1992	728,096	980,873	17,835	96,167	63,809	\$ 1,886,780
1993	738,867	1,059,070	18,113	96,539	80,378	\$ 1,992,967
1994	817,296	1,161,519	18,353	100,576	82,047	\$ 2,179,791
1995	748,575	1,269,095	18,113	123,964	98,901	\$ 2,258,648
1996	861,931	1,380,869	18,113	128,477	100,740	\$ 2,490,130
1997	819,741	1,441,443	18,113	134,383	100,229	\$ 2,513,909
1998	916,950	1,522,883	18,113	154,099	108,105	\$ 2,720,150
1999	1,202,281	1,581,410	18,113	152,040	112,582	\$ 3,066,426
2000	1,266,508	1,748,473	29,202	177,100	134,127	\$ 3,355,410

Source: City of Eaton, Finance Department

A. Total expenditures exclude capital outlay.

CITY OF EATON, OHIO

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			
		Actual Value (A)			
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
1999/2000	109,053,270	311,580,771	38,612,260	7,446,000	155,111,530

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	Pension		Eaton		Preble		Total
	General Fund (A)	Trust Funds	School District	Total	County	Total	
1990/1991	3.20	0.60	37.88	3.80	7.27	48.95	
1991/1992	4.00	0.60	37.38	4.60	7.97	49.95	
1992/1993	4.00	0.60	36.88	4.60	7.97	49.45	
1993/1994	4.00	0.60	37.48	4.60	7.97	50.05	
1994/1995	4.00	0.60	36.98	4.60	7.97	49.55	
1995/1996	4.00	0.60	36.48	4.60	7.97	49.05	
1996/1997	4.00	0.60	35.98	4.60	7.67	48.25	
1997/1998	4.00	0.60	35.78	4.60	8.67	49.05	
1998/1999	4.00	0.60	35.78	4.60	8.67	49.05	
1999/2000	4.00	0.60	35.78	4.60	8.07	48.45	

Source: Preble County Auditor

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

TABLE 5

CITY OF EATON, OHIO
 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	
					As Percent Of Current Levy	Accumulated Delinquency
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
1999/2000	360,950	352,140	97.56%	364,755	101.05%	30,988

Source: Preble County Auditor

CITY OF EATON, OHIO
Special Assessment Collections
(Last Ten Fiscal Years)

TABLE 6

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Total Collections Including Delinquencies</u>	<u>Total Collections As Percent of Current Assessments</u>	<u>Cumulative Delinquency</u>
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
1999/2000	2,470	5,248	212.47%	30,004

Source: Preble County Auditor

CITY OF EATON
 Computation of Legal Debt Margin
 December 31, 2000

TABLE 7

Total assessed valuation		\$ <u>155,111,530</u>
Overall debt limitation 10 1/2% of assessed valuation		16,286,711
Gross indebtedness	\$ 1,299,184	
Less: Debt outside limitations	<u>1,299,184</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>\$ 16,286,711</u>
Unvoted debt limitation 5 1/2% of assessed valuation		\$ 8,531,134
Gross indebtedness authorized by Council	1,299,184	
Less: Debt outside limitations	<u>1,299,184</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>\$ 8,531,134</u>

Source: City of Eaton, Finance Department

CITY OF EATON

TABLE 8

Computation of Direct and Overlapping Debt
December 31, 2000

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Eaton</u>	<u>Amount Applicable to City of Eaton</u>
City of Eaton	\$ 1,299,184	100.0%	\$1,299,184
Preble County	\$ 8,794,723	0.0%	\$ -

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

CITY OF EATON, OHIO

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

Year	Population (A)	Assessed Value (B)	General Bonded Debt	Less Balance In Debt Service Fund	Net General Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
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	-	-	-	-	-
2000	7,396	155,111,530	-	-	-	-	-

(A) Source: 1990 Federal Census

(B) Source: Preble County Auditor

TABLE 10

CITY OF EATON, OHIO
 Ratio of Annual Debt Service Expenditures for
 General Bonded Debt to Total General Fund Expenditures (A)
 (Last Ten Fiscal Years)

Year	Principal	Interest (B)	Total		General Fund Expenditures (C)	Ratio of Debt Service to General Fund Expenditures
			Debt Service	Debt Service		
1991	\$ 88,000	\$ 21,082	\$ 109,082	\$ 1,795,016		6.08%
1992	113,000	16,288	129,288	1,886,780		6.85%
1993	48,000	9,391	57,391	2,179,399		2.63%
1994	49,000	6,191	55,191	2,356,478		2.34%
1995	45,000	2,981	47,981	2,593,051		1.85%
1996	-	-	-	2,907,679		0.00%
1997	-	-	-	2,977,448		0.00%
1998	-	-	-	3,659,286		0.00%
1999	-	-	-	3,680,800		0.00%
2000	-	-	-	3,557,606		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
Demographic Statistics
December 31, 1999

TABLE 11

	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>(a)</u> <u>2000</u>
Population	6,070	6,839	7,396	8,133
Per capita income	\$ 3,340	\$ 6,843	\$ 11,112	\$ 11,112
Number of dwelling units	2,193	2,840	2,920	2,920
Persons per household	2.76	2.48	2.45	2.45
Median age	34.80	32.40	33.40	33.40
Percentage owner-occupied dwelling units	67%	64%	69%	69%
Median family income	8,246	17,905	28,773	28,773
Family income distribution:				
\$0 - 4,999	263	387	91	91
\$5,000 - 9,999	553	489	83	83
\$10,000 - 14,999	555	482	177	177
\$15,000 - 24,999	268	723	453	453
\$25,000 and over	<u>51</u>	<u>612</u>	<u>1,228</u>	<u>1,228</u>
Total families	<u><u>1,690</u></u>	<u><u>2,693</u></u>	<u><u>2,032</u></u>	<u><u>2,032</u></u>
Education distribution/grades years completed:				
0 - 8	1,001	699	465	465
9 - 11	609	690	781	781
12	1,340	1,979	2,432	2,432
13 - 15	319	484	859	859
16 or more	291	385	323	323
High school graduates	1,950	2,848	3,614	3,614

Source: 1990 Federal Census

(a) - the City has not received any updated figures for the year 2000 from the census bureau other than the population; therefore, 1990 figures are being presented.

CITY OF EATON, OHIO
 Employment Distribution by Occupation
 December 31, 2000

TABLE 12

<u>Resident's Employment Distribution by Occupation</u>	(a) <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><u>3,157</u></u>	<u><u>100.00</u></u>

Source: 1990 Federal Census

(a) - the City has not received any updated figures for the year 2000 from the census bureau; therefore, 1990 figures are being presented.

CITY OF EATON, OHIOProperty Value, New Construction and Bank Deposits
(Last Ten Fiscal Years)

Year	Commercial/ Industrial		Residential		Preble County Bank Deposits (In Thousands) (B)		Total Assessed Value (A)	
	Construction (A)		Construction (A)		Commercial	Residential	Commercial	Residential
1991	\$ 335,440	\$ 498,410	\$ 169,813	\$ 39,004,860	\$ 11,287,790	\$ 39,004,860		
1992	1,658,540	479,520	259,286	39,506,310	11,972,680	39,506,310		
1993	319,780	714,480	272,461	46,500,300	14,345,980	46,500,300		
1994	1,053,160	930,970	275,610	47,056,480	15,703,330	47,056,480		
1995	1,065,150	891,980	286,901	48,172,660	16,263,300	48,172,660		
1996	1,002,930	1,006,630	127,809	56,997,850	16,546,090	56,997,850		
1997	1,002,720	1,201,730	138,869	58,249,620	25,687,170	58,249,620		
1998	1,215,440	1,491,010	144,073	60,134,440	27,144,510	60,134,440		
1999	346,110	1,392,690	(C)	71,431,850	33,153,990	71,431,850		
2000	1,677,520	1,678,510	(C)	73,792,310	34,845,800	73,792,310		

(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, 2000

TABLE 14

Taxpayer	Type of Business	Real Property 2000 Assessed Valuation (A)	Percentage of Total Assessed Valuation
Neaton Auto Products	Manufacturing	\$ 12,056,260	7.77%
Dayton Power and Light	Public Utility	21,372,450	13.78%
Henny Penny Corporation	Manufacturing	8,176,940	5.27%
United Telephone Company of Ohio	Public Utility	1,205,390	0.78%
Parker Appliance Company	Manufacturing	7,450,620	4.80%
Durbin-Eaton Properties, LLC./Kroger's	Retail	2,043,600	1.32%
Maxxim Medical	Health Care	4,896,340	3.16%
Continental 51 Fund	Real Estate	2,157,590	1.39%
Bullen Ultrasonics/Eaton 122 Ltd.	Manufacturing	2,990,130	1.93%
Miami Valley Psychologists	Health Care	1,159,140	0.75%
Total		\$ 63,508,460	40.94%
Total assessed valuation of city		\$ 155,111,530	

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

CITY OF EATON, OHIO

TABLE 15

Other Statistics
December 31, 2000

Date of incorporation	January 31, 1836
Form of government	Council/Manager
Area	3,820 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	13
Municipal water department:	
Number of consumers	3,336
Average daily consumption	862,295 gallons
Miles of water mains	55
Sewers:	
Miles of storm sewers	18
Miles of sanitary sewers	41
Buildings:	
2000 permits issued	104
2000 valuation of construction	\$6,703,976
Parks and recreation:	
Number of parks	4
Number of tennis courts	3
Number of baseball diamonds	5
Number of swimming pools	1
Employees:	
Classified service	52
Exempt	12

Source: City of Eaton, Ohio



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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 17, 2001**