



**Auditor of State  
Betty Montgomery**



**CITY OF WARREN  
TRUMBULL COUNTY**

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**CITY OF WARREN  
TRUMBULL COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
YEAR ENDED DECEMBER 31, 2002**

<b>Program Title</b>	<b>Pass-Through Grantor Number</b>	<b>Federal CFDA Number</b>	<b>Cash Disbursements</b>
U.S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant Entitlement	214	14.218	
Grant Year 1991	B-91-MC-390022		\$29,410
Grant Year 1998	B-98-MC-390022		52,505
Grant Year 1999	B-99-MC-390022		131,108
Grant Year 2000	B-00-MC-390022		719,197
Grant Year 2001	B-01-MC-390022		329,850
Grant Year 2002	B-02-MC-390022		849,254
Total Expenditures for Community Development Block Grant - CFDA #14.218			2,111,324
Home Investment Partnership Program	218	14.239	
Grant Year 2002	M-02-DC-390202		2,318,201
U. S. Department of Justice			
Direct Program:			
Victims of Crime Act Grant (VOCA)	100-214	16.575	14,999
U.S. Department of Health and Human Services			
Passed-Through Ohio Department of Health:			
Dental Sealant Grant	100-044	93.994	21,500
U.S. Department of Transportation			
Passed-Through Ohio Department of Transportation:			
Highway Planning and Construction	401	20.205	1,339,979
Passed-Through Governor's Highway Safety Program:			
Local Law Enforcement Block Grant	100-011	16.592	38,633
U.S. Environmental Protection Agency			
Direct Program:			
Brownfield Pilots Cooperative Agreement	401	BP-97507901	66.811
			110,776
<b>Total Expenditures of Federal Awards</b>			<b>\$5,955,412</b>

**CITY OF WARREN  
TRUMBULL COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2002**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - SUBRECIPIENTS**

The City passes-through certain Federal assistance received from the United States Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As described in Note A, the City records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the City is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

**NOTE C - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 2002, the gross amount of loans outstanding under this program was \$1,141,925.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

City of Warren  
Trumbull County  
391 Mahoning Avenue  
Warren, Ohio 44483

To City Council:

We have audited the financial statements of City of Warren, Trumbull County (the City) as of and for the year ended December 31, 2002, and have issued our report thereon dated June 18, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated June 18, 2003.

**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 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 management of the City in a separate letter dated June 18, 2003.

City of Warren  
Trumbull County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

June 18, 2003





**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

City of Warren  
Trumbull County  
391 Mahoning Avenue  
Warren, Ohio 44483

To City Council:

**Compliance**

We have audited the compliance of the City of Warren, Trumbull County (the "City") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2002-001. We also noted an instance of noncompliance that does not require inclusion in this report that we have reported to management of the City in a separate letter dated June 18, 2003.

### **Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 2002-001.

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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness. We also noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 18, 2003.

### **Schedule of Federal Awards Expenditures**

We have audited the general purpose financial statements of the City as of and for the year ended December 31, 2002, and have issued our report thereon dated June 18, 2003. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is 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 stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended for the information and use of management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

June 18, 2003

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505**

**CITY OF WARREN  
TRUMBULL COUNTY  
DECEMBER 31, 2002**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	Yes
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #14.239—Home Improvement Partnerships Program (HOME) CFDA #20.205—Highway Planning and Construction
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
 REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

<b>Finding Number</b>	2002-001
<b>CFDA Title and Number</b>	Home Investment Partnerships Program (HOME) - CFDA# 14.239
<b>Federal Award Number / Year</b>	M-01-DC 390202, August 1, 2000 to July 31, 2002
<b>Federal Agency</b>	Department of Housing and Urban Development

**Questioned Cost:**        \$22,556                    **Projected Questioned Cost:**    \$72,179

The City of Warren funded a home owner rehabilitation assistance project through the Home Investment Partnership Program for an individual whose estimated gross earnings exceeded the income limits of 24 CFR 92.203 (b).

24 CFR 92.203(b) defines the determination of annual income to be used in assessing eligibility for projects. Annual income is to be based on one of three definitions as noted in this aforementioned CFR section and the City utilized subsection (1) which defines "annual income", per 24 CFR 5.609, to include the full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services. 24 CFR 92.203 (d) (1) states that the participating jurisdiction must calculate the annual income of the family by projecting the prevailing rate of income of the family at the time the participating jurisdiction determines that the family is income eligible.

Federal expenditures were paid by the City for a project that did not meet the annual income eligibility requirement. Evidence of overtime wages stated on the income verification documentation maintained by the City projected the family's future annual income over the maximum eligibility threshold. Also, overtime worked to date was included on the income verification documentation received, however, it was not considered as part of the estimated annual income calculation to determine eligibility. As a result, the \$22,556 disbursed for this project is considered a questioned cost. Projected questioned costs are \$72,179, calculated by projecting the proportion of known questioned costs for items tested to the population of expenditures charged against the federal award.

The City had no formal eligibility guidelines to document how the City was making the determination for participation in this program.

We recommend that the City of Warren Community Development department ensure that sufficient evidence is gathered to support the determination of eligibility, that third party verification of income from the applicant's employers be obtained and utilized to confirm that overtime is a predictable component of the employee's income, and that a formalized eligibility guideline be established to document how the determination is made for participation in this program.

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 §.315 (b)**

**CITY OF WARREN  
TRUMBULL COUNTY  
DECEMBER 31, 2002**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <b><i>Explain:</i></b>
2001-21178-001	<b>24 C.F.R. Section 92.218</b> —The County did not do an annual match for 2000 and 2001 for the Home Investment Partnership Program.	Yes	N/A
2001-21178-002	<b>24 C.F.R. Section 92.220</b> —The City used federal grant fund to assist in paying the City's match for the Home Investment Partnership Program.	Yes	N/A



**CITY OF WARREN, OHIO**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2002

PREPARED BY:

CITY AUDITOR'S OFFICE  
DAVID GRIFFING, CITY AUDITOR

391 MAHONING AVENUE, N.W.  
WARREN, OHIO 44483





# **INTRODUCTORY SECTION**

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**CITY OF WARREN, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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# CITY OF WARREN, OHIO

## Finance Department

DAVID N. GRIFFING  
City Auditor

NANCY E. RUGGIERI  
Deputy Auditor

CITY HALL  
391 Mahoning Avenue  
Warren, Ohio 44483  
Telephone: (330) 841-2586  
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June 18, 2003

The Honorable Mayor, Members of City Council, and  
The Citizens of the City of Warren, Ohio:

The Comprehensive Annual Financial Report (CAFR) of the City of Warren, Ohio, (the "City") for the year ended December 31, 2002, is hereby submitted. This report is prepared in conformance with generally accepted accounting principles (GAAP) in the United States of America as set forth by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City Auditor's office. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The CAFR is presented in the following three sections:

1. *Introductory Section* — This section introduces the reader to the report and contains a title page, table of contents, this transmittal letter, an organizational chart of the City government and a list of principal City officials. This section is unaudited.
2. *Financial Section* — This section includes the general purpose financial statements (GPFS), the combining and individual fund and account group financial statements and schedules, as well as the report of independent accountants on these financial statements and schedules. The GPFS are the City's basic financial statements and provide an overview for the users who require less detailed information than is contained in the remaining portions of the report. Additional detail relative to the GPFS is provided with the combining and individual fund and account group statements and schedules.
3. *Statistical Section* — This section, which is unaudited, presents selected financial, economic, and demographic information relative to the City.

### REPORTING ENTITY

For financial reporting purposes, the City includes all funds, account groups, agencies, boards, commissions, and departments for which the City is financially accountable. The City is the only governmental unit in the reporting entity; it has no component units.

In determining what constitutes the City's reporting entity, criteria established by GASB Statement No. 14, "The Financial Reporting Entity", were used. The City is comprised of all entities not legally separate from the City. Trumbull County, Warren Township, Howland Township, the Warren City School District and the Trumbull Career and Technical Center are separate governmental jurisdictions that overlap the City's boundaries. However, these entities are not included in the City's financial reports.

The City of Warren, historic capital of the Connecticut Western Reserve and Trumbull County seat, was incorporated as a village in 1843 and attained city status in 1869. Located in northeast Ohio, the City is situated approximately fifty-two miles southeast of Cleveland and fourteen miles northwest of Youngstown, occupies a land area of 16.08 square miles, and serves a population of 46,832 residents.

Warren is easily reached by a variety of rail, highway and air transportations systems. In conjunction with the Conrail and B&O railroads, the City is home to a first-rate network of regional and interstate highways, providing local business and industry with access to major metropolitan markets. State Routes 5, 45, 82 and U.S. Route 422 serve the City directly, while the Ohio Turnpike (I-80) is located six miles west of the corporate limits, I-76 is nine miles south, and State Route 11 is four miles east. Commercial and air freight services are supplied by the Youngstown-Warren Regional Airport; additional air transportation services are provided by Cleveland Hopkins International Airport, Akron-Canton Regional Airport, and Pittsburgh International Airport – all within 75 miles of the City.

Cultural and recreational opportunities abound throughout Warren and the surrounding region. The W.D. Packard Music Hall auditorium (performance seating capacity for 2,500 and banquet seating for 1,000) is home to a variety of music and theatrical productions, the downtown district hosts several summer festivals and outdoor concerts, and local museums, historic and cultural landmarks provide a forum for the notable architectural, educational, and entertainment resources present in the community. The City is home to over 260 acres of public parks, including the newly constructed Riverwalk, Amphitheater, and Women's Park. These facilities provide a variety of recreational opportunities for local residents, including softball, soccer, biking, and tennis. The City also owns a municipal golf course that is presently leased and operated by a private corporation, and Mosquito Lake and Meander Creek Reservoir provide facilities for swimming, fishing and boating.

In addition to the City's comprehensive public school system and excellent parochial school system, advanced education can be pursued at the local branch of Kent State University. Several accredited colleges and universities with four-year and advanced degree programs are also located within a short driving distance, including Youngstown State University, Kent State University, Hiram College, and Akron University

A complete discussion of the City's reporting entity is provided in Note 2 of the GPFS.

## **PROFILE OF THE GOVERNMENT**

The City provides a wide range of general governmental services to its residents including: public safety (police and fire), public health, municipal court, highways and streets, public improvements, community development (planning and zoning), water, sewers, sanitation, parks and recreation, and general administrative services. The City is a statutory city that operates under those powers granted by the Ohio Constitution and The Ohio Revised Code. The Mayor is elected at-large to serve a four-year term. The Mayor is responsible for administrating the policies and ordinances adopted by the City Council, for overseeing the day-to-day operations of the City, and for appointing the superintendents of various departments. The 11 members of City Council are elected every 2 years with one serving as the President of Council. Council members serve as the legislative authority and the taxing authority. The Council members create and adopt the annual operating budget of the City.

Aside from the Mayor and Council, citizens elect three other at-large City administrative officials, each of whom is independent within the limits of Ohio law affecting the particular office. These officials, elected to four-year terms, are the Auditor, Treasurer, and Law Director. The Auditor serves as the chief financial officer of the City. As chief financial officer, no contract or obligation involving the City can be made without the Auditor's certification that appropriations are sufficient and that funds are available, or are in the process of collection, to satisfy the contract or obligation. The Auditor is the central disbursing agent for the City who distributes funds to creditors in payment of liabilities incurred by the City and its departments. In addition, the Auditor is responsible for the preparation of the City payroll and maintaining a permanent accounting system and records.

The Treasurer is the custodian of all City funds. The Treasurer is responsible for the investment of active, inactive, and interim funds as specified by Ohio law. In addition, the Treasurer serves as an internal control function for the Auditor.

The Law Director has the responsibility of the criminal and civil divisions of the City Law Department. The criminal division is responsible for prosecuting all cases arising in the two municipal courts within the City. The Law Director is also responsible for the civil division which prepares all contracts, bonds, legislation, and other instruments in writing. As designated by Ohio law, the Law Director serves as chief legal counsel for all City officials, directors, departments, and boards.



## ECONOMIC CONDITION AND OUTLOOK

The City benefits from its prime location as a central component of the regional Cleveland-Pittsburgh American manufacturing belt. Approximately 11,700 manufacturing plants, 12,500 wholesale distribution centers and 46 Fortune 500 industrial, service, and corporate world headquarters are located within 75 miles of the City. Residents derive significant benefit from and have easy access to exceptional employment, educational, recreational, medical, and cultural facilities within and surrounding the greater Youngstown-Warren metropolitan area. Home to a diversified base of industrial and commercial activity, employment within the City is primarily concentrated in the production of steel, automotive and appliance wiring systems, incandescent lamps, industrial pipe, aluminum products, and the assembly of automobiles and parts. Though employment in non-manufacturing sectors has increased as a result of an overall reduction in manufacturing employment since 1983, the City continues to experience economic growth and expansion despite this transition of workforce demographics.

Spearheaded by the Community Development Department and Warren Redevelopment and Planning (WRAP), the City's economic development team possesses significant resources to assist any business with establishment, expansion, or relocation within the City. Support is available on a variety of topics, including site selection, financial and tax abatement assistance, and business plan development. The residential and commercial growth taking place in Warren and its surrounding communities represent positive economic trends that are expected to continue into the future.

Bloom Industries, Inc., a large-part plastics injection molding company, is in the final stages of relocating its operation to the City of Warren. Initially, the firm will employ a minimum of 125 persons and has pledged to add a minimum of 100 jobs within its first three years in the City. In addition, Bloom Industries will be making over \$3,100,000 in new investments as a result of the expansion, and estimates an annual payroll of approximately \$5,000,000 by 2006.

In 2002, the City allocated five Enterprise Zone tax abatements to expanding corporations – Concord Steel, Superior Walls, Steel Valley Plastics, Inc., Albert Guarnieri & Company, and Time Warner & Eastgate. Those agreements resulted in a total investment of over nine million dollars, including

- \$1,143,000 in building improvements
- \$1,850,000 in new construction
- \$2,472,000 in machinery and equipment
- \$3,860,000 in new inventory

These abatements have resulted in the preservation of 123 jobs with an annual payroll of \$4,100,000. Additionally, these five companies have pledged to increase the collective workforce by 92 employees, increasing payroll by a further \$2,298,000 over the next three years.

In addition to the Enterprise Zone program, the City made a number of small business loans in 2002, resulting in over \$250,000 in direct financing assistance, the retention of 23 jobs, and the creation of 28 new positions.

Construction of the Downtown Riverwalk, Outdoor Stage and Amphitheater began in 2002. The first phase of this ambitious project represents an expenditure of over \$1,700,000 and consists of four main elements: an outdoor amphitheater, a festival promenade, a multi-purpose event area, and restoration of the historic Kinsman House. The project addresses evolving community needs on a local, regional, and statewide basis, improving quality-of-life issues through the provision of alternative cultural and recreational opportunities for the public, new ancillary educational assets for area schools and universities, and performance venues for local arts organizations, all while supporting the City's overall downtown development strategy.

Two buildings on Courthouse Square in historic downtown Warren were renovated in 2002, along with continuing restoration work at the former Park Hotel by its current owners. Tim Ryan, U.S. Congressman for the Ohio 17<sup>th</sup> District, has opened his Trumbull County office on the ground floor of the Mahoning Building downtown, and three other buildings have recently been purchased and are under new management, with plans for renovation underway.

Plans for the complete restoration of the Robins Theater in downtown are ongoing. Upon completion, the theater will serve as a multi-use auditorium and home stage for local arts organizations. By combining artistic expression with practical function, the restoration of the Robins Theater as a performing arts center and civic auditorium (coordinated with the existing Packard Music Hall, National Packard Museum, and Riverwalk Outdoor Stage and Amphitheater) is expected to revitalize existing and generate emerging economic activity in local and regional markets.

## **MAJOR INITIATIVES – CURRENT AND FUTURE PROJECTS**

Throughout 2002, a number of projects were initiated enabling the City to operate with increased efficiency as well as compete for commercial and industrial development promoting an atmosphere conducive for job retention and growth.

### **PUBLIC SAFETY**

Through the efforts of the Police Department, several grants were received by the City, a Step Grant for traffic enforcement that has reduced the amount of traffic related accidents, a Cops in Shops Grant to put more police officers in the stores around the City to reduce crimes, and Cops in Schools to put additional police officers into the schools during school hours. All of these programs have helped to reduce crime and in some cases increase revenue.

More than \$500,000 was used to purchase vehicles and equipment for both the police and fire departments to enable those departments to be better equipped and prepared to protect the citizens of this community.

### **PUBLIC WORKS**

Expanding the commitment to public safety, the installation of three additional severe weather emergency warning systems was completed. The City maintains five other emergency warning systems located throughout the City.

The City engaged in an annual street resurfacing program focusing resources in areas of the community where streets required rehabilitation and resurfacing to prevent further damage. The project cost \$791,006.81 and a total of 10.95 miles of streets were resurfaced. Several street reconstruction projects were also completed. The Dana Street Project in the amount of \$331,532.35, the Parkman Road Project in the amount of \$869,852.11, the Tod Avenue Project in the amount of \$668,554.61 and the Niles Road Project in the amount of \$1,183,812.14.

More than \$500,000 was used to purchase vehicles and much needed equipment in this department, that equipment will allow the City to provide better service to our citizens.

### **UTILITY SERVICE**

The City Water Department started a program of testing the accuracy of all of the commercial and industrial meters, to make sure the billing of those accounts are accurate, the goal is to improve revenues. A policy was adopted regarding delinquent accounts; they are aggressively discontinuing water service at 60 days. Additional improvements include accepting credit card payments and direct debit will be coming in the very near future.

The year 2002 has brought two new rule changes, which are driving the Water Departments capital improvements. These new regulations are the Interim Enhance Surface Water Treatment Rule (IESWTR) and the Disinfectants/Disinfections By-Product Rule (D/DBPR). The EPA plays a major role with regard to operations and maintenance at the filtration plant. Work has continued on the filtration plant to maintain compliance with the rules and regulations required. The twelve million dollars of plant improvements has continued on schedule and should be completed in early 2004.

### **GENERAL GOVERNMENT**

The Packard Music Hall made progress toward becoming self sufficient. The Music Hall secured a liquor license to enable the sale of beverages at all of its functions. A concession stand provided with equipment to enable the sale of various snacks, both cold and hot, at Hall functions. A box office renovation was bid out to enable the sale of tickets for Hall events. This project will be completed in early 2003 and will include the ability to sell tickets online with the ability to select your actual seating for the event. Renovations to the Hall have been ongoing, a Green Room is being constructed, a Band Library and Office will be completed next year and improvements to the outside Band Shell were bid with early spring construction dates. All these improvements will continue the growth of Hall events.

The Income Tax Department installed new computers and a new software system. The City's income tax forms are now available on the State of Ohio's web site as well as the City's web site. A new Treasurer took office. A Tax Administrator was added to the staff. A restructuring of the Department along with rewriting of the tax code and rules and regulations was completed this year, all with the goal of improving collections of taxes and compliance with the tax code. The changes helped in increasing tax collections for 2002 by 19.3% over the collections for 2001.

## FINANCIAL INFORMATION

### BASIS OF ACCOUNTING

The City's accounting system is organized on a fund basis. Each fund or account group is a distinct, self-balancing accounting entity. Although the City maintains its day to day accounting records on a cash basis, the City has prepared its CAFR for the year ended December 31, 2002, on a modified accrual basis of accounting for the governmental and agency funds, and on an accrual basis for proprietary funds according to GAAP. The modified accrual basis of accounting recognizes revenue when measurable and available and expenditures when goods or services are received. The accrual basis of accounting recognizes revenue when measurable and available and expenditures when incurred. The basis of accounting for the City's various funds and account groups is fully described in Note 2C of the GPFS.

### ACCOUNTING SYSTEM AND BUDGETARY CONTROL

Management of the City is responsible for establishing and maintaining an internal control designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of the GPFS in conformity with GAAP. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurances 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.

The City utilizes a fully automated accounting system as well as automated systems of control for fixed assets and payroll. Combined with the manual audit of each voucher prior to payment, these systems ensure that the financial information generated is accurate and reliable. Those purchase orders which exceed the available appropriations cannot be entered by the departments. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds, debt service fund, capital projects fund, enterprise fund and internal service funds are included in the annual appropriated budget. The level of budgetary control (that is, the level which expenditures cannot legally exceed the appropriated amount) is established at the major expenditure object for all funds. Any changes in appropriations outside of the legal level of budgetary control require the approval of Council by an appropriation amendment ordinance. Budget-to-actual comparisons are provided in a report to all departments on a monthly basis for all funds for which an appropriated annual budget has been adopted by City Council. Additional information regarding the City's budgetary accounting controls can be found in the Note 2.D. of the GPFS.

### FINANCIAL HIGHLIGHTS – GOVERNMENTAL FUNDS

The following schedule presents a summary of revenue by source for the year ended December 31, 2002 for all governmental fund types (governmental fund types are comprised of the general, special revenue, and capital projects funds). Also presented are the amounts and percentages of increases and decreases in relation to revenues by source for the year ended December 31, 2001.

<u>Revenue by Source</u>	<u>2002 Amount</u>	<u>Percent of Total</u>	<u>2001 Amount</u>	<u>Percent of Total</u>	<u>Increase or (Decrease)</u>	<u>Percent Change</u>
Municipal income taxes	\$18,423,033	46.63%	\$15,413,120	47.36%	\$3,009,913	19.53%
Property and other taxes	1,493,335	3.78%	1,514,882	4.66%	(21,547)	(1.42)%
Charges for services	2,158,369	5.46%	1,714,490	5.27%	443,879	25.89%
Licenses, permits, and fees	1,678,306	4.25%	1,407,022	4.32%	271,284	19.28%
Fines and forfeitures	1,511,535	3.83%	1,133,342	3.48%	378,193	33.37%
Special assessments	9,777	0.02%	10,526	0.03%	(749)	(7.12)%
Intergovernmental	10,797,033	27.32%	9,820,979	30.18%	976,054	9.94%
Investment income	472,571	1.20%	509,357	1.57%	(36,786)	(7.22)%
Rental income	47,115	0.12%	45,818	0.14%	1,297	2.83%
Other	<u>2,919,419</u>	<u>7.39%</u>	<u>973,075</u>	<u>2.99%</u>	<u>1,946,344</u>	200.02%
<b>Total revenues</b>	<b><u>\$39,510,493</u></b>	<b><u>100.00%</u></b>	<b><u>\$32,542,611</u></b>	<b><u>100.00%</u></b>	<b><u>\$6,967,882</u></b>	<b>21.41%</b>

Municipal income tax, property and other taxes, and intergovernmental revenues are the major components of the City's general government revenues and represent \$30,713,401 or 77.73% and \$26,748,981 or 82.20% of 2002 and 2001 revenues respectively. Property and other local taxes include real estate taxes and personal property taxes.

The \$3,009,913 or 19.53% increase in municipal income tax collections was primarily due to an entire year of income tax collections at 2.0%. The income tax rate previously was 1.5% January through June 2001 and 2.0% from July through December 2001.

The decrease of \$21,547 or 1.42% in property and other local taxes is a result of the slight decrease in tax collections.

Licenses, permits and fees increased by \$271,284 or 19.28% in 2002 because of continued growth in zoning permit requests for residential construction in various housing developments throughout the City.

The \$378,913 or 33.37% growth of revenue from fines and forfeitures was a result of significantly more citations and cases processed by the City during 2002.

Intergovernmental revenues are primarily comprised of State and local grants, local government and local government revenue assistance funds, motor vehicle taxes, license taxes, inheritance taxes, and other State shared revenues designed to assist the City with major operations for the general benefit of the residents of the City. Intergovernmental revenues increased by \$976,054 or 9.94% from 2001 to 2002.

Investment income decreased in 2002 by \$36,786 or 7.22% over 2001 investment earnings due to downturns in the economy.

The increase of \$1,946,344 or 200.02% in other revenues was the result of revenues of \$2,290,808 received from demutualization of Anthem stock and the City's subsequent sale of the stock.

The following schedule presents a summary of expenditures by function for the year ended December 31, 2002 for all governmental fund types (governmental fund types are comprised of the general, special revenue, and capital projects funds). Also presented are the amounts and percentages of increases and decreases in relation to expenditures by function for the year ended December 31, 2001.

<u>Expenditures by Function</u>	<u>2002 Amount</u>	<u>Percent of Total</u>	<u>2001 Amount</u>	<u>Percent of Total</u>	<u>Increase or (Decrease)</u>	<u>Percent Change</u>
<i>Current:</i>						
General government	\$ 7,067,691	18.57%	\$ 6,926,161	22.24%	\$ 141,530	2.04%
Security of persons and property	14,768,585	38.80%	12,931,874	41.51%	1,836,711	14.20%
Public health and welfare	432,401	1.13%	375,277	1.20%	57,124	15.22%
Transportation	2,638,201	6.93%	2,122,212	6.81%	515,989	24.31%
Community environment	1,776,919	4.67%	1,577,698	5.07%	199,221	12.63%
Leisure time activity	563,994	1.48%	274,719	0.88%	289,275	105.30%
Economic development	1,604,649	4.22%	1,467,464	4.71%	137,185	9.35%
Capital outlay	6,887,754	18.10%	3,433,672	11.02%	3,454,082	100.59%
<i>Debt service:</i>						
Principal retirement	1,336,361	3.51%	1,172,939	3.77%	163,422	13.93%
Interest and fiscal charges	<u>986,695</u>	<u>2.59%</u>	<u>869,533</u>	<u>2.79%</u>	<u>117,162</u>	13.47%
Total Expenditures	<u>\$38,063,250</u>	<u>100.00%</u>	<u>\$31,151,549</u>	<u>100.00%</u>	<u>\$6,911,701</u>	22.19%

General government and security of persons and property are the major components of the City's expenditures and represent \$21,836,276 or 57.37% and \$19,858,035 or 63.75% of fiscal 2002 and 2001 expenditures respectively.

Security of persons and property and transportation expenditures increased primarily due to contractual wage increases of 3%.

Expenditures increased by \$289,275 for leisure time activities during 2002 due to costs associated with parks and recreation.

Capital expenditures increased by \$3,454,082 or 100.59% in 2002 due to increased construction projects.

#### **GENERAL FUND**

General fund revenues under the modified accrual basis of accounting totaled \$28,827,073 during 2002. The primary sources of revenue to the general fund were income taxes and intergovernmental revenues which amounted to \$21,539,667 or 74.72% of total revenue.

General fund expenditures under the modified accrual basis of accounting totaled \$24,596,610 during 2002. General government and security of persons and property functions accounted for \$6,945,511 or 28.24% and \$14,651,302 or 59.56% of general fund expenditures, respectively.

General fund other financing sources and uses include \$283,157 in operating transfers in from other funds and \$2,186,771 in operating transfers out to other funds.

General fund balance increased \$2,239,101 from \$1,530,997 at December 31, 2001, to \$3,860,098 at December 31, 2002. The general fund balance at December 31, 2001, was restated (see Note 3.A. of the GPFS for further detail).

#### **SPECIAL REVENUE FUNDS**

Revenue receipts in the special revenue funds totaled \$7,229,092 during 2002. Of this total, property and other taxes and intergovernmental revenues represent \$256,209 or 3.54% and \$5,662,696 or 78.33%, respectively. Intergovernmental revenues consist primarily of shared license and gasoline excise taxes from both the State of Ohio and Trumbull County to be used for the repair of local roads and state highways located within the corporation limits of the City.

Special revenue fund expenditures under the modified accrual basis of accounting totaled \$7,115,917 during 2002. Special revenue funds incurred costs for transportation, economic development, and capital outlays amounting to \$2,638,201 or 37.07%, \$1,604,649 or 22.55%, and \$2,548,270 or 35.81%, of total special revenue fund expenditures respectively during 2002.

Special revenue funds' other financing sources and uses include \$9,688 in proceeds from the capital lease transactions, operating transfers in of \$1,170,000 and operating transfers out of \$1,109,996.

#### **DEBT SERVICE FUND**

The primary source of revenue in the debt service fund is property and other taxes, which represent \$1,237,126 or 87.71% of total revenues of \$1,410,416. During 2002, the debt service fund made principal and interest payments of \$1,251,926 and \$735,175, respectively.

#### **CAPITAL PROJECTS FUND**

The primary source of revenue for the capital projects fund is from State and Federal grants. During 2002, the City received \$1,860,705 in intergovernmental revenue. Capital outlay expenditures totaled \$4,339,484. Capital projects funds received operating transfers in of \$973,545.

#### **ENTERPRISE FUNDS**

The City operates and maintains seven enterprise funds - Sewer, Water, Sanitation, Packard Music Hall, City Development, Downtown Parking and Stormwater Utility. The City's enterprise operations reported operating loss and net loss of \$283,034 and \$1,053,272, respectively, for the year ended December 31, 2002. Retained earnings for the enterprise funds decreased \$1,053,272 from \$26,645,583 at December 31, 2001 to \$25,592,311 at December 31, 2002. During 2002, the City changed its capitalization threshold from \$1,000 to \$5,000. This required a restatement of retained earnings at January 1, 2002 in the enterprise funds (See Note 3.A. of the GPFS for detail).

## **INTERNAL SERVICE FUNDS**

Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost reimbursement basis. The City maintains four internal service funds – Life Insurance and Hospitalization, Workers Compensation, Data Processing and Risk Management. During 2002, the internal service funds had operating revenues of \$7,686,438 and operating expenses of \$6,699,162. The total internal service retained earnings was \$5,977,032 at December 31, 2002. During 2002, the City changed its capitalization threshold from \$1,000 to \$5,000. This required a restatement of retained earnings at January 1, 2002 in the enterprise funds (See Note 3.A. of the GPFS for detail).

## **FIDUCIARY FUNDS**

Fiduciary funds account for assets held by the City in a trustee capacity, or as an agent, for individuals, private organizations, other governmental units, and/or other funds. On December 31, 2002, assets held in the City's five agency funds totaled \$1,753,325.

## **GENERAL FIXED ASSETS**

The general fixed assets of the City as of December 31, 2002 total \$20,299,885 and include all fixed assets of the City except those recorded in the proprietary funds. Such assets are accounted for at historical cost. Depreciation is not recognized on general fixed assets. Infrastructure is not reported in the general fixed assets account group. See Note 10.B. to the GPFS for further detail on general fixed assets.

## **GENERAL LONG-TERM OBLIGATIONS**

The general long-term obligations account group is used to account for all long-term obligations of the City except those accounted for in a proprietary fund. At December 31, 2002, the City had \$20,693,986 in general long-term obligations outstanding. The December 31, 2002, general long-term obligation balance is comprised of \$11,965,320 in general obligation bonds, \$2,011,689 in loans payable, police and fire pension liability of \$2,986,754, \$3,722,776 in compensated absences, \$7,447 in capital lease obligation payable.

## **PENSION PLANS**

Full-time uniformed employees of the City participate in the Ohio Police and Fire Pension Fund (OP&F), a cost sharing multiple employer defined benefit pension plan. The City's required contributions for pension obligations to the OP&F for the years ended December 31, 2002, 2001, and 2000 were \$1,650,328, \$1,476,728, and \$1,309,296, respectively.

All other full-time and part-time employees of the City participate in the Ohio Public Employees Retirement System (OPERS), a cost sharing multiple employer public employee retirement system created by the State of Ohio. The City's required contributions for pension obligations to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$1,698,387, \$1,622,607, and \$1,270,859, respectively. These pension plans are described further in Notes 18 and 19 of the GPFS.

## **DEBT ADMINISTRATION**

Various debt obligations existed at December 31, 2002 for the City. During 2002, the City retired \$1,130,860 of general obligation bonds reported in the general long-term obligations account group, resulting in a balance at December 31, 2002 of \$11,965,320. The general long-term obligations account group balance also included an OWDA loan and Reinvestment Partnership Corporation loan with balances at December 31, 2002 of \$1,066,689 and \$945,000, respectively. See Note 14.A. to the GPFS for detail.

The City's other long-term debt obligations are reported in the enterprise funds. These include \$5,880,000 in sewer improvement and sanitation general obligation bonds, \$10,945,000 in water system revenue bonds and \$15,668,286 in Ohio Water Development Authority (OWDA) loans. See Note 14.B. to the GPFS for detail.

At December 31, 2002, the City's overall debt margin was \$37,203,206 with an unvoted debt margin of \$13,807,907. The City maintains an Aaa rating from Moody's Investors Service.

## **CASH MANAGEMENT**

The City pools all idle cash to achieve maximum investment efficiency and to enhance accountability. The City Treasurer, as custodian of all City monies, is responsible for investing idle funds and directing the investments of the City.

The City strives to minimize credit and market risks while maintaining a competitive yield on its portfolio. During 2002, the City's cash resources were limited to bank deposits, repurchase agreements, certificates of deposit, United States Government money market mutual funds, and the State Treasury Asset Reserve of Ohio (STAR Ohio).

Approximately 99% of all available monies are continuously maintained in interest-bearing activities. At December 31, 2002, the City maintained \$1,343,699 in U.S. Government money market mutual funds, \$25,522 in STAR Ohio, \$5,494,563 in repurchase agreements, and \$10,571,792 in certificates of deposit. Investment income from primary investment activities amounted to \$797,114 for 2002 compared to \$1,048,536 for 2001. In accordance with State of Ohio constitutional and statutory requirements, interest receipts are deposited primarily in the general fund.

## **RISK MANAGEMENT**

The City purchases in varying amounts for general liability, property damage, and employee and public officials' liability, including errors and omissions of the City's safety forces. Settled claims have not exceeded the City's insurance coverage in any of the past three years. The City also operates and manages hospitalization, risk management and workers compensation plans on a self-insured basis. These risk management programs are further discussed in Note 17 of the GPFS.

## **OTHER INFORMATION**

### **INDEPENDENT AUDIT**

Included in this report is an unqualified audit opinion rendered on the City's GPFS as of and for the year ended December 31, 2002, by our auditor, State of Ohio, Betty Montgomery, Auditor of State. City management intends to continue to subject the GPFS to an annual independent audit as part of the preparation of the Comprehensive Annual Financial Report (CAFR). The auditor's report on the GPFS and combining and individual fund statements and schedules are included in the financial section of this report. The annual audit serves to maintain and strengthen the City's accounting and budgetary controls. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1996 and related OMB Circular A-133. The Report of Independent Accountants on the GPFS is included at the beginning of the financial section of the CAFR.

### **USE OF THE REPORT**

The report is published to provide City Council and administration, as well as our citizens and other interested persons, detailed information concerning the financial condition of the City with particular emphasis placed on the utilization of resources during the past fiscal year. It is also intended that this report serve as a guide in formulating policies and in conducting the City's future day-to-day activities. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial activity of the City's various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Use of this report by the various officials and departments of the City is encouraged when furnishing information pertaining to the City and its associated activities. Copies of this report are available in the City Auditor's Office for public inspection.

### **SUBMISSION TO THE ACHIEVEMENT PROGRAM**

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to public entities that conform to their rigorous reporting standard. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. We believe this report, our first CAFR, conforms to the Certificate of Achievement program requirements and as such, shall be submitted to the GFOA to determine its eligibility for a Certificate of Achievement.

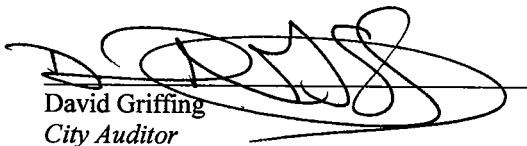
## ACKNOWLEDGEMENTS

The publication of this CAFR represents an important achievement in the ability of the City of Warren to provide significantly enhanced financial information and accountability to the citizens of the City of Warren, its elected officials, City management and investors. This report continues the aggressive program of the City Auditor's office to improve the City's overall financial accounting, management and reporting capabilities.

I would like to acknowledge the efforts of the entire staff of the City of Warren Auditor's office for their contributions to this report. Special thanks are extended to Nancy Ruggieri, Deputy Auditor, for her effort and dedication to this project. I would also like to acknowledge the assistance provided by the staff of Trimble Julian & Grube, Inc., Steve Julian, CPA and Carrie Simmons, their guidance and professionalism was invaluable and greatly appreciated.

I would also like to thank all of the elected officials, department heads and their staffs for their assistance and cooperation with the preparation of this CAFR. I know with their continued support, this project and our efforts toward sound financial management of the City of Warren will continue.

Sincerely,

  
David Griffing  
*City Auditor*



**CITY OF WARREN**  
ELECTED AND APPOINTED OFFICIALS  
DECEMBER 31, 2002

**ELECTED OFFICIALS**

***Executive Branch:***

Mayor	Henry J. Angelo
Auditor	David N. Griffing
Treasurer	John Taylor
Law Director	Gregory V. Hicks
Judge	Thomas Gysegem
Judge	Terry Ivanchak

***Legislative Branch:***

Council Member – Council President	William D. Franklin
Council Member – 1 <sup>st</sup> Ward	Virginia Bufano
Council Member – 2 <sup>nd</sup> Ward	Alford Novak
Council Member – 3 <sup>rd</sup> Ward	John Homlitas
Council Member – 4 <sup>th</sup> Ward	Robert Holmes III
Council Member – 5 <sup>th</sup> Ward	Brendan Keating
Council Member – 6 <sup>th</sup> Ward	James Pugh
Council Member – 7 <sup>th</sup> Ward	Susan E. Hartman
Council Member – At-Large	Robert Marchese
Council Member – At-Large	Daniel E. Polivka
Council Member – At-Large	Gary Fonce

**APPOINTED OFFICIALS**

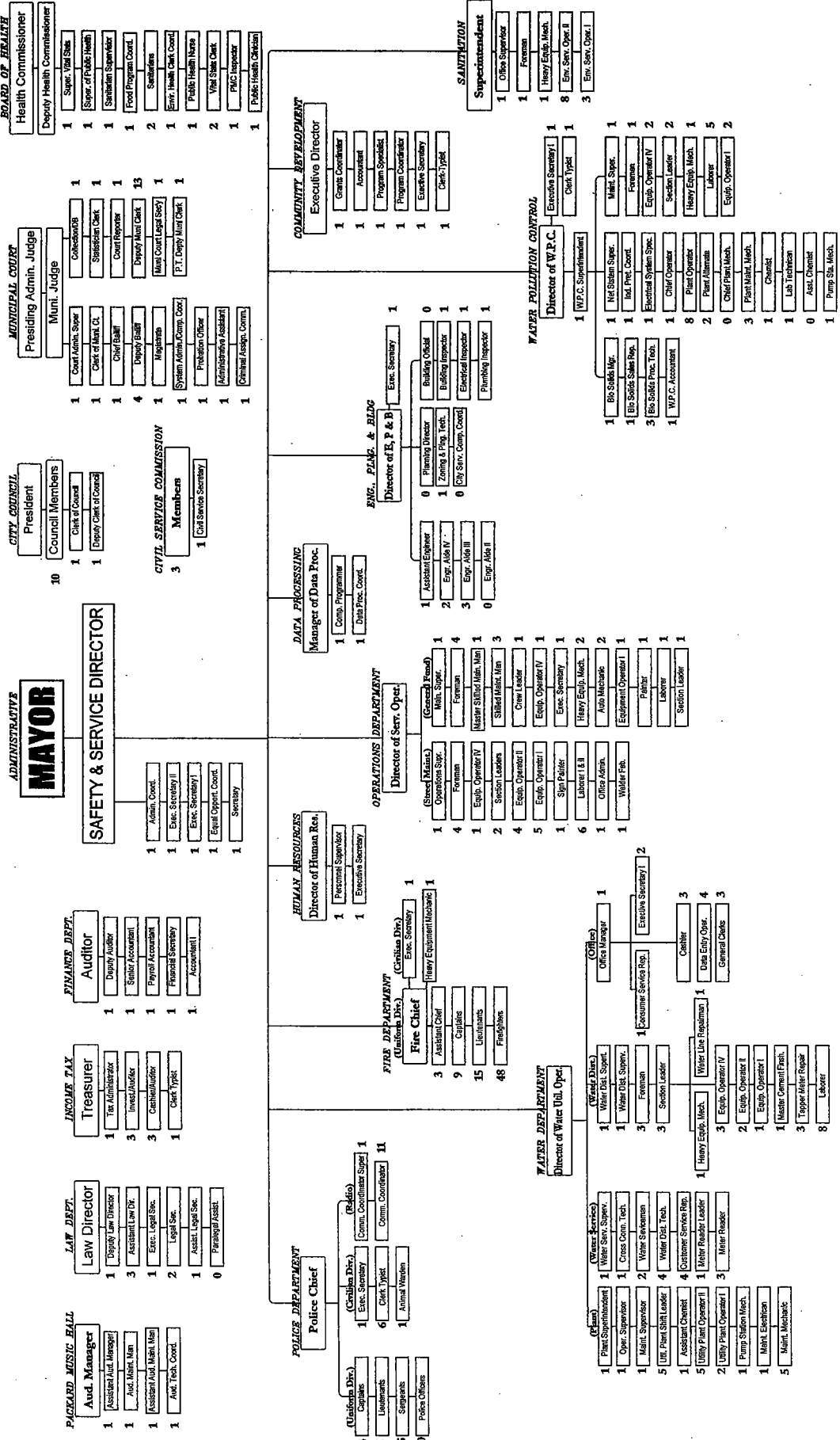
***Department of Public Safety:***

Director of Public Safety	Frederick Harris
Police Chief	John Mandopoulos
Fire Chief	Kenneth Nussle

***Department of Public Service:***

Director of Public Service	Frederick Harris
Deputy Health Commissioner	Robert Pinti
Engineering/Community Development	David Robison
Director of Operations	Frank Tempesta
Director of Water Utilities	Robert Davis
Director of Water Pollution Control	Thomas Angelo
Packard Music Hall Manager	Christopher Stephenson
Director of Environmental Services	Terry Nicopolis
Director of Warren Redevelopment & Planning	Michael Keys

# CITY OF WARREN, OHIO Organization Chart



# **FINANCIAL SECTION**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

City of Warren  
Trumbull County  
391 Mahoning Avenue  
Warren, Ohio 44483

To City Council:

We have audited the accompanying general-purpose financial statements of the City of Warren, Trumbull County, (the City) as of and for the year ended December 31, 2002, 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 auditing standards generally accepted in the United States of America 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 Warren, Trumbull County, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2003 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 results of our audit.

The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

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

**Betty Montgomery**  
Auditor of State

June 18, 2003

**GENERAL PURPOSE  
FINANCIAL STATEMENTS**

**CITY OF WARREN, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 2002**

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b><u>Assets and Other Debits</u></b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 1,937,831	\$ 4,242,247	\$ 4,642	\$ 924,558
Cash with fiscal and escrow agents . . . . .	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes . . . . .	2,972,901	-	-	-
Real and other taxes . . . . .	-	333,894	1,611,727	-
Accounts . . . . .	463,091	-	-	-
Loans . . . . .	-	3,271,046	-	-
Notes . . . . .	-	-	-	-
Bonds. . . . .	-	-	-	-
Special assessments. . . . .	50,968	250,198	13,435	-
Due from other funds . . . . .	74,587	28,986	-	-
Due from other governments . . . . .	1,450,390	653,107	78,499	-
Materials and supplies inventory . . . . .	23,581	38,547	-	-
Bond issuance costs and other deferred charges. . . . .	-	-	-	-
Restricted assets:				
Investments. . . . .	-	-	-	-
Property, plant and equipment (net of accumulated depreciation where applicable). . . . .	-	-	-	-
<b>Other debits:</b>				
Amount available in debt service fund . . . . .	-	-	-	-
Amount to be provided for retirement of general long-term obligations . . . . .	-	-	-	-
<b>Total assets and other debits . . . . .</b>	<b><u>\$ 6,973,349</u></b>	<b><u>\$ 8,818,025</u></b>	<b><u>\$ 1,708,303</u></b>	<b><u>\$ 924,558</u></b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT



<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$ 4,486,106	\$ 6,255,095	\$ 1,506,553	\$ -	\$ -	\$ 19,357,032
-	-	244,201	-	-	244,201
-	-	-	-	-	2,972,901
-	-	-	-	-	1,945,621
2,918,902	-	-	-	-	3,381,993
-	-	-	-	-	3,271,046
285,537	120,000	-	-	-	405,537
-	134,460	-	-	-	134,460
6,884	-	-	-	-	321,485
-	-	2,571	-	-	106,144
-	-	-	-	-	2,181,996
43,315	-	-	-	-	105,443
522,918	-	-	-	-	522,918
970,351	-	-	-	-	970,351
51,809,723	157,217	-	20,299,885	-	72,266,825
-	-	-	-	38,596	38,596
-	-	-	-	20,655,390	20,655,390
<u>\$ 61,043,736</u>	<u>\$ 6,666,772</u>	<u>\$ 1,753,325</u>	<u>\$ 20,299,885</u>	<u>\$ 20,693,986</u>	<u>\$ 128,881,939</u>

-- continued

**CITY OF WARREN, OHIO**

COMBINED BALANCE SHEET (CONTINUED)  
ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 2002

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b><u>Liabilities, equity and other credits</u></b>				
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 264,871	\$ 98,677	\$ -	\$ 19,707
Accrued wages and benefits. . . . .	393,643	44,593	-	-
Compensated absences payable. . . . .	126,384	24,377	-	-
Deferred revenue . . . . .	1,977,549	1,025,966	1,669,707	-
Contracts payable. . . . .	-	95,882	-	359,453
Due to other funds . . . . .	-	-	-	-
Due to other governments . . . . .	216,344	6,689	-	-
Deposits held and due to others . . . . .	-	-	-	-
Claims and judgements payable . . . . .	-	-	-	-
Accrued interest payable . . . . .	-	-	-	-
General obligation notes payable . . . . .	-	120,000	-	-
General obligation bonds payable . . . . .	134,460	-	-	-
Revenue bonds payable. . . . .	-	-	-	-
Loans payable . . . . .	-	-	-	-
Police and fire pension liability . . . . .	-	-	-	-
Capital lease obligation. . . . .	-	-	-	-
<b>Total liabilities . . . . .</b>	<b><u>3,113,251</u></b>	<b><u>1,416,184</u></b>	<b><u>1,669,707</u></b>	<b><u>379,160</u></b>
<b>Equity and other credits:</b>				
Investment in general fixed assets . . . . .	-	-	-	-
Retained earnings:				
Unreserved. . . . .	-	-	-	-
Fund balances:				
Reserved for encumbrances . . . . .	31,924	634,340	-	2,577,106
Reserved for materials and supplies inventory . .	23,581	38,547	-	-
Reserved for loans . . . . .	-	3,271,046	-	-
Reserved for debt service. . . . .	-	-	4,642	-
Reserved for tax advance. . . . .	-	7,034	33,954	-
Unreserved - undesignated . . . . .	3,804,593	3,450,874	-	(2,031,708)
<b>Total equity and other credits . . . . .</b>	<b><u>3,860,098</u></b>	<b><u>7,401,841</u></b>	<b><u>38,596</u></b>	<b><u>545,398</u></b>
<b>Total liabilities, equity and other credits . . . . .</b>	<b><u>\$ 6,973,349</u></b>	<b><u>\$ 8,818,025</u></b>	<b><u>\$ 1,708,303</u></b>	<b><u>\$ 924,558</u></b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$ 319,166	\$ 33,648	\$ -	\$ -	\$ -	\$ 736,069
171,199	4,296	-	-	-	613,731
1,190,462	82,233	-	-	3,722,776	5,146,232
-	-	-	-	-	4,673,222
770,030	-	-	-	-	1,225,365
-	-	106,144	-	-	106,144
52,602	163,598	1,282,856	-	-	1,722,089
-	-	364,325	-	-	364,325
-	405,965	-	-	-	405,965
440,517	-	-	-	-	440,517
-	-	-	-	-	120,000
5,880,000	-	-	-	11,965,320	17,979,780
10,945,000	-	-	-	-	10,945,000
15,668,286	-	-	-	2,011,689	17,679,975
-	-	-	-	2,986,754	2,986,754
14,163	-	-	-	7,447	21,610
<u>35,451,425</u>	<u>689,740</u>	<u>1,753,325</u>	<u>-</u>	<u>20,693,986</u>	<u>65,166,778</u>
-	-	-	20,299,885	-	20,299,885
25,592,311	5,977,032	-	-	-	31,569,343
-	-	-	-	-	3,243,370
-	-	-	-	-	62,128
-	-	-	-	-	3,271,046
-	-	-	-	-	4,642
-	-	-	-	-	40,988
-	-	-	-	-	5,223,759
<u>25,592,311</u>	<u>5,977,032</u>	<u>-</u>	<u>20,299,885</u>	<u>-</u>	<u>63,715,161</u>
<u>\$ 61,043,736</u>	<u>\$ 6,666,772</u>	<u>\$ 1,753,325</u>	<u>\$ 20,299,885</u>	<u>\$ 20,693,986</u>	<u>\$ 128,881,939</u>

**CITY OF WARREN, OHIO**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<b>Governmental Fund Types</b>				<b>Total (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Revenues:</b>					
Income taxes . . . . .	\$ 18,423,033	\$ -	\$ -	\$ -	\$ 18,423,033
Property and other taxes . . . . .	-	256,209	1,237,126	-	1,493,335
Charges for services . . . . .	1,841,592	316,777	-	-	2,158,369
Licenses, permits and fees . . . . .	1,633,246	45,060	-	-	1,678,306
Fines and forfeitures . . . . .	1,045,950	465,585	-	-	1,511,535
Special assessments . . . . .	-	9,777	-	-	9,777
Intergovernmental . . . . .	3,116,634	5,662,696	156,998	1,860,705	10,797,033
Investment income . . . . .	141,874	287,034	14,569	29,094	472,571
Rental income . . . . .	47,115	-	-	-	47,115
Other . . . . .	2,577,629	185,954	1,723	154,113	2,919,419
<b>Total revenues.</b> . . . .	<b>28,827,073</b>	<b>7,229,092</b>	<b>1,410,416</b>	<b>2,043,912</b>	<b>39,510,493</b>
<b>Expenditures:</b>					
Current operations:					
General government . . . . .	6,945,511	98,042	24,138	-	7,067,691
Security of persons and property. . . . .	14,651,302	117,283	-	-	14,768,585
Public health and welfare . . . . .	432,401	-	-	-	432,401
Transportation . . . . .	-	2,638,201	-	-	2,638,201
Community environment . . . . .	1,776,919	-	-	-	1,776,919
Leisure time activity . . . . .	563,994	-	-	-	563,994
Economic development . . . . .	-	1,604,649	-	-	1,604,649
Capital outlay. . . . .	-	2,548,270	-	4,339,484	6,887,754
Debt service:					
Principal retirement. . . . .	42,194	42,241	1,251,926	-	1,336,361
Interest and fiscal charges . . . . .	184,289	67,231	735,175	-	986,695
<b>Total expenditures.</b> . . . .	<b>24,596,610</b>	<b>7,115,917</b>	<b>2,011,239</b>	<b>4,339,484</b>	<b>38,063,250</b>
Excess (deficiency) of revenues over (under) expenditures. . . . .	4,230,463	113,175	(600,823)	(2,295,572)	1,447,243
<b>Other financing sources (uses):</b>					
Operating transfers in . . . . .	283,157	1,170,000	532,650	973,545	2,959,352
Operating transfers out . . . . .	(2,186,771)	(1,109,996)	-	-	(3,296,767)
Proceeds of capital lease transaction. . . . .	-	9,688	-	-	9,688
<b>Total other financing sources (uses)</b> . . . . .	<b>(1,903,614)</b>	<b>69,692</b>	<b>532,650</b>	<b>973,545</b>	<b>(327,727)</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses). . . . .	2,326,849	182,867	(68,173)	(1,322,027)	1,119,516
<b>Fund balances, January 1 (restated)</b> . . . . .	1,530,997	7,259,510	106,769	1,867,425	10,764,701
<b>Increase (decrease) in reserve for inventory</b> . . . . .	2,252	(40,536)	-	-	(38,284)
<b>Fund balances, December 31</b> . . . . .	<b>\$ 3,860,098</b>	<b>\$ 7,401,841</b>	<b>\$ 38,596</b>	<b>\$ 545,398</b>	<b>\$ 11,845,933</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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**CITY OF WARREN, OHIO**

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Income taxes . . . . .	\$ 18,631,801	\$ 18,356,594	\$ (275,207)	\$ -	\$ -	\$ -
Property and other taxes . . . . .	-	-	-	259,456	255,283	(4,173)
Charges for services . . . . .	1,777,000	1,841,592	64,592	1,085,000	1,211,418	126,418
Licenses, permits and fees . . . . .	1,501,200	1,625,041	123,841	41,094	45,060	3,966
Fines and forfeitures . . . . .	783,000	1,026,334	243,334	349,901	476,848	126,947
Intergovernmental . . . . .	3,210,681	2,909,992	(300,689)	6,215,635	5,686,113	(529,522)
Investment income . . . . .	180,000	141,874	(38,126)	97,089	189,917	92,828
Special assessments . . . . .	-	-	-	10,000	9,777	(223)
Rental income . . . . .	125,000	47,115	(77,885)	-	-	-
Other . . . . .	670,000	806,113	136,113	67,896	185,954	118,058
<b>Total revenues . . . . .</b>	<b>26,878,682</b>	<b>26,754,655</b>	<b>(124,027)</b>	<b>8,126,071</b>	<b>8,060,370</b>	<b>(65,701)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government . . . . .	8,003,086	7,322,077	681,009	152,538	132,578	19,960
Security of persons and property . . . . .	15,595,244	15,045,876	549,368	245,635	119,446	126,189
Public health and welfare . . . . .	503,663	439,421	64,242	-	-	-
Transportation . . . . .	-	-	-	2,884,838	2,635,376	249,462
Community environment . . . . .	1,946,178	1,795,410	150,768	-	-	-
Leisure time activity . . . . .	591,968	565,930	26,038	-	-	-
Economic development . . . . .	-	-	-	2,969,253	1,843,177	1,126,076
Capital outlay . . . . .	-	-	-	4,454,126	3,343,891	1,110,235
<b>Debt service:</b>						
Principal retirement . . . . .	-	-	-	220,000	220,000	-
Interest and fiscal charges . . . . .	-	-	-	66,300	66,842	(542)
<b>Total expenditures . . . . .</b>	<b>26,640,139</b>	<b>25,168,714</b>	<b>1,471,425</b>	<b>10,992,690</b>	<b>8,361,310</b>	<b>2,631,380</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	238,543	1,585,941	1,347,398	(2,866,619)	(300,940)	2,565,679
<b>Other financing sources (uses):</b>						
Proceeds of notes . . . . .	-	-	-	-	120,000	120,000
Operating transfers in . . . . .	250,000	283,157	33,157	1,462,000	1,270,002	(191,998)
Operating transfers out . . . . .	(2,260,935)	(2,259,088)	1,847	(1,569,896)	(1,209,998)	359,898
<b>Total other financing sources (uses) . . . . .</b>	<b>(2,010,935)</b>	<b>(1,975,931)</b>	<b>35,004</b>	<b>(107,896)</b>	<b>180,004</b>	<b>287,900</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses).	(1,772,392)	(389,990)	1,382,402	(2,974,515)	(120,936)	2,853,579
<b>Fund balance (deficit), January 1 . . . . .</b>	<b>1,040,926</b>	<b>1,040,926</b>	<b>-</b>	<b>1,229,999</b>	<b>1,229,999</b>	<b>-</b>
<b>Prior year encumbrances appropriated.</b>	<b>852,068</b>	<b>852,068</b>	<b>-</b>	<b>2,302,783</b>	<b>2,302,783</b>	<b>-</b>
<b>Fund balance (deficit), December 31 . . . . .</b>	<b>\$ 120,602</b>	<b>\$ 1,503,004</b>	<b>\$ 1,382,402</b>	<b>\$ 558,267</b>	<b>\$ 3,411,846</b>	<b>\$ 2,853,579</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Debt Service			Capital Projects			Total (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,631,801	\$ 18,356,594	\$ (275,207)
1,252,123	1,232,652	(19,471)	-	-	-	1,511,579	1,487,935	(23,644)
-	-	-	-	-	-	2,862,000	3,053,010	191,010
-	-	-	-	-	-	1,542,294	1,670,101	127,807
-	-	-	-	-	-	1,132,901	1,503,182	370,281
139,302	156,998	17,696	3,334,942	1,860,705	(1,474,237)	12,900,560	10,613,808	(2,286,752)
20,000	14,569	(5,431)	25,000	29,094	4,094	322,089	375,454	53,365
-	-	-	-	-	-	10,000	9,777	(223)
-	-	-	-	-	-	125,000	47,115	(77,885)
2,400,000	2,290,808	(109,192)	145,000	154,113	9,113	3,282,896	3,436,988	154,092
3,811,425	3,695,027	(116,398)	3,504,942	2,043,912	(1,461,030)	42,321,120	40,553,964	(1,767,156)
24,500	24,138	362	-	-	-	8,180,124	7,478,793	701,331
-	-	-	-	-	-	15,840,879	15,165,322	675,557
-	-	-	-	-	-	503,663	439,421	64,242
-	-	-	-	-	-	2,884,838	2,635,376	249,462
-	-	-	-	-	-	1,946,178	1,795,410	150,768
-	-	-	-	-	-	591,968	565,930	26,038
-	-	-	-	-	-	2,969,253	1,843,177	1,126,076
-	-	-	7,604,622	7,092,204	512,418	12,058,748	10,436,095	1,622,653
4,350,893	4,209,784	141,109	-	-	-	4,570,893	4,429,784	141,109
882,488	842,935	39,553	-	-	-	948,788	909,777	39,011
5,257,881	5,076,857	181,024	7,604,622	7,092,204	512,418	50,495,332	45,699,085	4,796,247
(1,446,456)	(1,381,830)	64,626	(4,099,680)	(5,048,292)	(948,612)	(8,174,212)	(5,145,121)	3,029,091
200,000	345,101	145,101	-	-	-	200,000	465,101	265,101
1,246,456	964,082	(282,374)	1,050,000	973,545	(76,455)	4,008,456	3,490,786	(517,670)
-	-	-	-	-	-	(3,830,831)	(3,469,086)	361,745
1,446,456	1,309,183	(137,273)	1,050,000	973,545	(76,455)	377,625	486,801	109,176
-	(72,647)	(72,647)	(3,049,680)	(4,074,747)	(1,025,067)	(7,796,587)	(4,658,320)	3,138,267
77,289	77,289	-	(1,006,640)	(1,006,640)	-	1,341,574	1,341,574	-
-	-	-	3,049,679	3,049,679	-	6,204,530	6,204,530	-
<u>\$ 77,289</u>	<u>\$ 4,642</u>	<u>\$ (72,647)</u>	<u>\$ (1,006,641)</u>	<u>\$ (2,031,708)</u>	<u>\$ (1,025,067)</u>	<u>\$ (250,483)</u>	<u>\$ 2,887,784</u>	<u>\$ 3,138,267</u>

**CITY OF WARREN, OHIO**

COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Proprietary Fund Types</u>		<b>Total (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Internal Service</u>	
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 19,188,638	\$ 7,665,364	\$ 26,854,002
Other operating revenues . . . . .	623,474	21,074	644,548
<b>Total operating revenues . . . . .</b>	<u>19,812,112</u>	<u>7,686,438</u>	<u>27,498,550</u>
<b>Operating expenses:</b>			
Personal services . . . . .	9,465,632	228,037	9,693,669
Contract services . . . . .	3,393,184	508,368	3,901,552
Materials and supplies . . . . .	1,484,203	43,714	1,527,917
Depreciation . . . . .	3,217,197	74,760	3,291,957
Claims expense . . . . .	-	4,860,519	4,860,519
Administrative costs . . . . .	1,415,586	195,379	1,610,965
Utilities . . . . .	1,085,019	26,613	1,111,632
Other operating expenses. . . . .	34,325	761,772	796,097
<b>Total operating expenses . . . . .</b>	<u>20,095,146</u>	<u>6,699,162</u>	<u>26,794,308</u>
<b>Operating income (loss). . . . .</b>	<u>(283,034)</u>	<u>987,276</u>	<u>704,242</u>
<b>Nonoperating revenues (expenses):</b>			
Interest expense and fiscal charges . . . . .	(1,769,956)	(1,580)	(1,771,536)
Investment earnings. . . . .	167,765	156,778	324,543
Loss on sale of fixed assets . . . . .	(21,536)	-	(21,536)
Nonoperating revenues . . . . .	407,642	-	407,642
Special assessments. . . . .	11,216	-	11,216
<b>Total nonoperating revenues (expenses) . . . . .</b>	<u>(1,204,869)</u>	<u>155,198</u>	<u>(1,049,671)</u>
<b>Income (loss) before operating transfers . . . . .</b>	<u>(1,487,903)</u>	<u>1,142,474</u>	<u>(345,429)</u>
Operating transfers in. . . . .	527,429	-	527,429
Operating transfers out . . . . .	(92,798)	(97,216)	(190,014)
<b>Net income (loss) . . . . .</b>	<u>(1,053,272)</u>	<u>1,045,258</u>	<u>(8,014)</u>
<b>Retained earnings January 1 (restated). . . . .</b>	<u>26,645,583</u>	<u>4,931,774</u>	<u>31,577,357</u>
<b>Retained earnings, December 31 . . . . .</b>	<u>\$ 25,592,311</u>	<u>\$ 5,977,032</u>	<u>\$ 31,569,343</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT



**CITY OF WARREN, OHIO**

COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Proprietary Fund Types</u>		<b>Total</b>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers . . . . .	\$ 19,256,504	\$ 7,665,364	\$ 26,921,868
Cash received from other operations . . . . .	621,913	21,074	642,987
Cash payments for personal services . . . . .	(9,382,432)	(223,729)	(9,606,161)
Cash payments for contract services . . . . .	(3,276,474)	(486,648)	(3,763,122)
Cash payments for administrative costs . . . . .	(1,415,586)	(98,427)	(1,514,013)
Cash payments for materials and supplies . . . . .	(1,351,097)	(39,954)	(1,391,051)
Cash payments for claims expense. . . . .	-	(4,808,608)	(4,808,608)
Cash payments for utilities. . . . .	(1,089,799)	(26,613)	(1,116,412)
Cash payments for other expenses . . . . .	(42,806)	(762,897)	(805,703)
Net cash provided by operating activities . . . . .	<u>3,320,223</u>	<u>1,239,562</u>	<u>4,559,785</u>
<b>Cash flows from noncapital financing activities:</b>			
<b>financing activities:</b>			
Special assessments . . . . .	4,500	-	4,500
Operating transfers in from other funds . . . . .	527,429	-	527,429
Operating transfers out to other funds . . . . .	(451,913)	(97,216)	(549,129)
Net cash provided by (used in) noncapital financing activities . . . . .	<u>80,016</u>	<u>(97,216)</u>	<u>(17,200)</u>
<b>Cash flows from capital and related financing activities:</b>			
<b>financing activities:</b>			
Acquisition of capital assets . . . . .	(3,491,199)	(40,173)	(3,531,372)
Proceeds of loans . . . . .	1,278,414	-	1,278,414
Principal retirement . . . . .	(1,175,538)	-	(1,175,538)
Interest and fiscal charges paid. . . . .	(1,696,204)	-	(1,696,204)
Net cash used in capital and related financing activities . . . . .	<u>(5,084,527)</u>	<u>(40,173)</u>	<u>(5,124,700)</u>
<b>Cash flows from investing activities:</b>			
Internal note disbursements . . . . .	-	(465,101)	(465,101)
Principal payments received on internal notes and bonds.	-	2,487,571	2,487,571
Interest received. . . . .	151,953	156,778	308,731
Net cash provided by investing activities . . . . .	<u>151,953</u>	<u>2,179,248</u>	<u>2,331,201</u>
Net increase (decrease) in cash and cash equivalents . . . . .	(1,532,335)	3,281,421	1,749,086
<b>Cash and cash equivalents at January 1 . . . . .</b>	<u>6,018,441</u>	<u>2,973,674</u>	<u>8,992,115</u>
<b>Cash and cash equivalents at December 31. . . . .</b>	<u>\$ 4,486,106</u>	<u>\$ 6,255,095</u>	<u>\$ 10,741,201</u>

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**CITY OF WARREN, OHIO**

COMBINED STATEMENT OF CASH FLOWS (CONTINUED)  
 ALL PROPRIETARY FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise Fund	Internal Service	
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss) . . . . .	\$ (283,034)	\$ 987,276	\$ 704,242
Adjustments to reconcile income (loss) to net cash provided by operating activities:			
Depreciation . . . . .	3,217,197	74,760	3,291,957
Changes in assets and liabilities:			
Decrease in materials and supplies inventory . . . . .	55,470	-	55,470
Increase in accounts receivable . . . . .	(49,432)	-	(49,432)
Decrease in notes receivable. . . . .	115,737	-	115,737
Decrease in due from other governments . . . . .	27,843	-	27,843
Increase in accounts payable. . . . .	108,567	19,600	128,167
Increase in contracts payable. . . . .	42,872	-	42,872
Increase in accrued wages and benefits . . . . .	23,582	755	24,337
Increase in compensated absences payable. . . . .	58,790	3,454	62,244
Increase in due to other governments . . . . .	2,631	97,051	99,682
Increase in claims payable . . . . .	-	56,666	56,666
Net cash provided by operating activities . . . . .	\$ 3,320,223	\$ 1,239,562	\$ 4,559,785

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

## CITY OF WARREN, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

#### **NOTE 1 - DESCRIPTION OF THE CITY**

The City of Warren, Ohio (the "City") was created in 1834. It is located in Trumbull County and is a politic and corporate body established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio and its charter. The City operates under a Council-Mayor form of government and provides the following services to its residents: public safety (police and fire), public health, municipal court, highways and streets, public improvements, community development (planning and zoning), water, sewers, sanitation, parks and recreation, and general administrative services.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **A. Reporting Entity**

For financial reporting purposes, the City's GPFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's GPFS to be misleading or incomplete. Based upon the foregoing criteria, the City has no component units.

Included as part of the City's primary government in the determination of the City's reporting entity is the Warren Municipal Court (the "Court"). The Court's operations are not legally separate from the City. In addition, the City is responsible for budgeting and appropriating funds for the operation of the Court and is ultimately responsible for any operating deficits sustained by the Court. The City's share of the fines collected by the Court along with its share of the Court's administrative and operating costs are recorded in the City's general fund. Monies held by the Court in a fiduciary capacity are included in an agency fund in the accompanying GPFS.

##### **B. Basis of Presentation - Fund Accounting**

The accounts of the City are organized on the basis of fund or account groups, each of which is considered a separate entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses, as appropriate. The various funds are summarized by type in the GPFS.

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

A fund is defined as a fiscal and accounting entity with a self balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

General Fund - This fund accounts for the general operating revenues and expenditures of the City not recorded elsewhere.

Special Revenue Funds - These funds are used to account for specific governmental revenues (other than for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Fund - This fund is used to account for revenues received and used to pay principal and interest on debt reported to the City's general long-term obligations account group.

Capital Projects Fund - This fund is used to account for the acquisition or construction of major capital assets other than those financed by proprietary funds.

*PROPRIETARY FUNDS*

The proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The following are the City's proprietary fund types:

Enterprise Funds - These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

*FIDUCIARY FUNDS*

These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following is the City's fiduciary fund type:

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

Agency Funds - These funds are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units, and other funds. Agency funds are purely custodial in nature and do not involve the measurement of results of operations.

*ACCOUNT GROUPS*

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is used to present the general fixed assets of the City utilized in its general operations, exclusive of those accounted for in the enterprise funds. General fixed assets include land, buildings, building improvements, computer equipment, vehicles, and furniture and equipment owned by the City.

General Long-Term Obligations Account Group - This account group is used to account for all long-term obligations of the City, except that accounted for in the proprietary funds.

**C. Measurement Focus and Basis of Accounting**

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

All proprietary funds 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 (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Governmental and agency funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting. Differences between the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the reporting of expenses and expenditures.

*REVENUES - EXCHANGE AND NON-EXCHANGE TRANSACTIONS*

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

**CITY OF WARREN, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (see Note 7). Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fines and forfeitures, licenses and permits, and fees for services.

*DEFERRED REVENUE*

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

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of December 31, 2002, but which were levied to finance year 2003 operations, have been recorded as deferred revenues. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

*EXPENSES/EXPENDITURES*

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

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

**D. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code (ORC) and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources. All funds, other than agency funds, legally are required to be budgeted and appropriated.

**CITY OF WARREN, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

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

A budget of estimated revenues and expenditures is submitted to the County Auditor by July 20 of each year, for the period January 1 to December 31 of the following year.

The County Budget Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources which states the projected revenue of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations.

The amounts set forth as “revised budget” revenues and other financing sources in the combined statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund types represent estimated revenues from the final amended official certificate of resources issued during 2002.

Appropriation budgets are legally required for each fund by major expenditure object. This is known as the legal level of budgetary control. Appropriation modifications outside the legal level of budgetary control must be approved by City Council. A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31.

An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified and the fund balance at the beginning of the year. Supplemental appropriations were legally enacted by City Council in 2002.

Amounts shown as “revised budget” expenditures and other financing uses in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types represent the original appropriated budget and all supplemental appropriations.

**E. Encumbrances**

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 utilized during the year for budget control purposes. Encumbrances outstanding at year-end are reported as expenditures under the City’s budgetary basis of accounting. For GAAP reporting purposes, encumbrances outstanding at year-end are reported as reservations of fund balances for governmental funds since they do not constitute expenditures or liabilities.

**CITY OF WARREN, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

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

**F. Cash and Investments**

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 2002, investments were limited to U.S. government money market mutual funds, repurchase agreements, STAR Ohio and certificates of deposit.

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 certificates of deposit are reported at cost.

The City has invested funds in STAR Ohio during fiscal 2002. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2002.

Following Ohio statutes, the Council has, by resolution, specified the funds to receive an allocation of interest earnings. During fiscal year 2002, interest revenue in the general fund amounted to \$141,874 which includes \$80,932 assigned from other City funds.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented on the combined balance sheet as "Cash with Fiscal and Escrow Agents" since they are not required to be deposited into the City treasury.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City, are considered to be cash equivalents. Investments with maturities greater than three months at the time of purchase are not reported as investments.

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

**G. Materials and Supplies Inventory**

Inventories for governmental funds are stated at cost while inventories of proprietary funds are stated at lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recognized as expenditures in governmental funds when purchased and as expenses in the proprietary funds when used. The total of inventories at year-end is reported as a reservation of fund balance in the governmental funds because it does not represent available spendable resources even though it is a component of net current assets.



**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

**H. Property, Plant, Equipment, and Depreciation**

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and disposals during the year in the general fixed assets account group. The City follows a policy of not capitalizing infrastructure, which is defined as assets that are immovable and of value only to the City, (i.e., roads, bridges, etc.). No depreciation is recognized for assets in the account group. Interest on debt issued to construct general fixed assets is not capitalized in the account group. The City has established a capitalization threshold of \$5,000 for general fixed assets. The City changed its capitalization threshold during 2002 (See Note 3.A.).

2. Proprietary Fund Fixed Assets

Property, plant, and equipment reflected in the proprietary funds are stated at cost (or estimated historical cost) and updated for the cost of additions and disposals during the year. Contributed fixed assets are recorded at their fair market value as of the date donated. Depreciation and amortization have been provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Life</u>
Autos and trucks	5
Machinery, equipment, furniture and fixtures	10
Building improvements	15
Sewer and water treatment plants and buildings	20
Other buildings	40
Sewer and water mains	70

The City also capitalizes the cost of major renovations which extend the useful life of an asset or which enable it to perform new or more valuable services. Interest on tax exempt debt issued to construct enterprise fund fixed assets is capitalized, net of interest earned on the proceeds of such debt. The City has established a capitalization threshold of \$5,000 for proprietary fixed assets. The City changed its capitalization threshold during 2002 (See Note 3.A.).

**I. Compensated Absences**

Compensated absences of the City consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty (50) or greater with at least ten (10) years of service or any employee with at least twenty (20) years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16. Sick leave benefits were accrued using the "vesting" method.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates. Payment of vacation and sick leave recorded in the general long-term obligations account group is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of vacation and sick leave when such payments become due.

Accumulated vacation and sick leave of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave benefits for employees meeting the above requirements who are paid from proprietary funds are recorded as an expense when earned, and the liability for unused amounts is shown as a fund liability.

**J. Long-Term Obligations**

Long-term obligations for general obligation bonds, revenue bonds, OWDA loans, vested sick and vacation leave, police and fire liability, and any claims or judgment that are expected to be paid from the governmental funds are shown in the general long-term obligations account group, while those expected to be paid from proprietary funds are shown as a liability of those funds.

Under Ohio law, a debt retirement fund must be created and used for the payment of all debt principal and interest. GAAP requires the allocation of the debt liability among the capital projects and enterprise funds, and the general long-term obligations account group, with principal and interest payments on matured general obligation long-term debt being reported in the debt service fund. To comply with GAAP reporting requirements, the City's debt retirement fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

**K. Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers. Intrafund transfers have been eliminated for GAAP reporting.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund balances, related to changes for goods and services rendered, are reflected as "due to/from other funds."
4. Interfund charges from the Internal Service Fund for insurance, workers' compensation and risk management are reported as revenue in the Internal Service Fund and expenditures/expenses in the respective fund.

An analysis of interfund transactions is presented in Note 5.

**L. Fund Balance Reserves**

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or use. The unreserved portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

The City reports amounts representing material and supplies inventory, available debt service equity, encumbrances outstanding, loans receivable, and tax advance unavailable for appropriation as reservations of fund balance in the governmental funds.

**M. Estimates**

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

**N. Total Columns on General Purpose Financial Statements**

Total columns on the GPFS 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 GAAP. Neither is such data comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Prior Period Adjustments**

- i. On April 3, 1995, the City and Avalon South Management jointly entered into a \$425,000 promissory note in which the City could be called upon to repay the debt obligation. On February 15, 2002, the City was called upon to retire the \$335,287 outstanding balance of the debt obligation on behalf of Avalon South Management. A prior period adjustment will be made to present this contingent debt obligation as a fund liability at December 31, 2001, in accordance with FASB Statement No. 5, "Accounting for Contingencies". This prior period adjustment had the following effect on fund balance as previously reported:

	<u>General Fund</u>
Fund balance as previously reported	\$ 1,866,284
Adjustment for contingent debt obligation	(335,287)
Restated fund balance at January 1, 2002	\$ 1,530,997

- ii. During 2002, the City increased its fixed asset capitalization threshold from \$1,000 to \$5,000. A prior period adjustment is required to restate the general fixed asset account group (See Note 10.B.) and retained earnings in the enterprise and internal service fund. In addition, an adjustment will be made for overstated retainage payable in the enterprise funds at December 31, 2001. These prior period adjustments had the following effect on retained earnings as previously reported.

	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
Retained earnings as previously reported	\$ 26,647,213	\$ 5,112,309
Adjustment for capitalization threshold	(279,072)	(180,535)
Adjustment for retainage payable	277,442	-
Restated fund earnings at January 1, 2002	\$ 26,645,583	\$ 4,931,774

- iii. The general long-term obligations account group has been restated at January 1, 2002, to include the accrued police and fire pension liability of \$3,028,948. This adjustment increased the January 1, 2002, general long-term account group balance from \$18,470,958 to \$21,499,906. See Note 14.A. for detail.

**B. Deficit Fund Balance**

The following fund had a deficit fund balance as of December 31, 2002:

	<u>Deficit Balance</u>
<u>Special Revenue Fund</u>	
Court Computerization	\$ 75,334

## CITY OF WARREN, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

#### **NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

This fund complied with Ohio state law, which does not permit a cash basis deficit at year-end. The deficit fund balance in the Court Computerization special revenue fund is caused by the application of GAAP, namely in the requirement to report a note payable as a fund liability rather than as an "other financing source". The deficit balance will be eliminated as resources become available to repay the note.

#### **NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

The City maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents." Statutes require the classification of monies held by the City into three categories:

*Active Monies:* those monies required to be kept in a "cash" or "near-cash" status for immediate use by the City. Such monies must by law be maintained either as cash in the City treasury; in depository accounts payable or withdrawable on demand; including negotiable order of withdrawal (NOW) account; or in money market deposit accounts.

*Inactive Monies:* those monies not required for use within the current two year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories or as savings or deposit accounts including, but not limited to, passbook accounts.

*Interim Monies:* those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit accounts including passbook accounts.

Interim moneys may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

## CITY OF WARREN, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

#### NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).
7. High grade commercial paper for a period not to exceed 180 days in an amount not to exceed twenty-five percent of the City's interim monies available for investment; and
8. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the City's interim monies available for investment.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons;
3. Obligations of the City.

In accordance with the Ohio Revised Code, public depositories must provide security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation or may pledge a pool of securities with a market value of at least 105% of the total uninsured amount of public monies on deposit at the institution.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

*Deposits:* At year-end, the carrying amount of the City's deposits, including nonnegotiable certificates of deposit and cash with fiscal and escrow agents, was \$13,707,800 and the bank balance, including nonnegotiable certificates of deposit and cash with fiscal and escrow agents, was \$14,365,885. Of the bank balance:

1. \$1,000,000 was covered by federal depository insurance; and
2. \$13,365,885 was uninsured and uncollateralized as defined by the GASB even though it was covered by collateral held by third party trustees pursuant to Section 135.181, Ohio Revised Code, in single institution collateral pools securing all public funds on deposit with specific depository institutions. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

*Investments:* The City's investments are required to be categorized 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 uninsured and unregistered investments for which the securities are 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. The U.S. Government Money Market Mutual Funds and STAR Ohio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category			Reported Amount	Fair Value
	1	2	3		
Repurchase agreements	\$ -	\$ -	\$ 5,494,563	\$ 5,494,563	\$ 5,494,563
U.S. Government money market mutual funds				1,343,699	1,343,699
Investment in STAR Ohio				25,522	25,522
Total investments				\$ 6,863,784	\$ 6,863,784

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classifications of pooled cash and cash equivalents on the combined balance sheet and the classifications of deposits and investments presented in this footnote is as follows:

A summary of deposits and investments as of December 31, 2002:

Deposits	\$ 13,707,800
Investments	6,863,784
Total	\$ 20,571,584

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

The above amounts are classified in the combined balance sheet as follows:

Equity in pooled cash and cash equivalents	\$ 19,357,032
Cash with fiscal and escrow agents	244,201
Investments (restricted)	<u>970,351</u>
 Total	 <u><u>\$ 20,571,584</u></u>

**NOTE 5 - INTERFUND TRANSACTIONS**

A. The following is a summarized breakdown of the City's operating transfers for 2002:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 283,157	\$ 2,186,771
<u>Special Revenue Funds</u>		
Motor Vehicle Levy	20,000	143,344
Street Maintenance	1,080,000	-
Community Development	-	613,494
Court Computerization	70,000	-
Probation - Municipal Court	-	30,000
Special Projects - Courts	-	30,000
Legal Research - Courts	-	10,000
Fire Pension	-	141,579
Police Pension	<u>-</u>	<u>141,579</u>
Total Special Revenue Funds	<u>1,170,000</u>	<u>1,109,996</u>
Debt Service Fund	532,650	-
Capital Projects Fund	973,545	-
<u>Enterprise Funds</u>		
Sewer	22,429	-
Water	-	71,780
Sanitation	-	1,980
Packard Music Hall	450,000	14,984
City Redevelopment	-	4,054
Downtown Parking	<u>55,000</u>	<u>-</u>
Total Enterprise Funds	<u>527,429</u>	<u>92,798</u>
<u>Internal Service Funds</u>		
Data Processing	<u>-</u>	<u>97,216</u>
Total	<u><u>\$ 3,486,781</u></u>	<u><u>\$ 3,486,781</u></u>



**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

**B.** Interfund balances at December 31, related to charges for goods and services rendered, consist of the following amounts due to and from other funds:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 74,587	\$ -
<u>Special Revenue Funds</u>		
Driver's Alcohol Treatment	385	-
Enforcement and Education	267	-
Court Computerization	9,780	-
Probation - Municipal Court	6,199	-
Special Projects - Courts	9,384	-
Legal Research - Courts	<u>2,971</u>	<u>-</u>
Total Special Revenue Funds	<u>28,986</u>	<u>-</u>
<u>Agency Funds</u>		
Highway Patrol Fines	2,571	-
Municipal Court	<u>-</u>	<u>106,144</u>
Total Agency Funds	<u>2,571</u>	<u>106,144</u>
Total	<u>\$ 106,144</u>	<u>\$ 106,144</u>

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected from real property (other than public utility) in one calendar year are levied on January 1 in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years with a triennial update. The last revaluation was completed in 1997. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20, with the remainder payable June 20. In certain instances, state statute permits earlier or later payment dates to be established.

Taxpayers (other than public utilities) become liable for tangible personal property taxes on January 1<sup>st</sup> of the current calendar year based on tax rates determined in the preceding year and assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts paid by multi-City taxpayers are due September 20. Single City taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20. Under Ohio law personal property taxes do not attach as a lien on the personal property. Public utility real and tangible personal property taxes collected in one calendar year are levied on January 1 in the preceding calendar year on assessed values determined as of January 1 of the preceding year, the lien date.

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 6 - PROPERTY TAXES - (Continued)**

The County Treasurer collects property taxes on behalf of all taxing districts in the City, including the City of Warren. The County Auditor periodically remits to the City its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively. The assessed value upon which the 2001 levy (collected in 2002) was based was \$467,902,378. Ohio law limits unvoted property taxation, combined for all overlapping taxing authorities, to 10 mills. The City's current share of property tax is 3.5 mills of assessed value, all of which is unvoted.

Accrued taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 2002. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2003 operations. Accordingly, the receivable is offset by a credit to "Deferred Revenue."

**NOTE 7 - LOCAL INCOME TAX**

The 2.0 percent City income tax, of which .5% will be subject to renewal after December 31, 2004, is levied on substantially all income earned within the City. In addition, the residents of the City are required to pay City income tax on income they earn outside the City; however, full credit is allowed for all income taxes these residents pay to other municipalities. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City at least quarterly. Major employers are required to remit withholdings to the City monthly. Corporations and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the City. Income tax revenue is reported to the extent that it is measurable and available to finance current operations at December 31, 2002. Income tax revenue for 2002 was \$18,423,033. Income tax revenue is reported in the general fund.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2002, consisted of taxes, loans, notes, bonds, accounts (billings for user charged services), special assessments and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as "Due From Other Governments" on the combined balance sheet and all interfund transactions related to charges for goods and services rendered have been classified as "Due From Other Funds" on the combined balance sheet. The notes and bonds receivable are internal City of Warren instruments which are further described in Note 14. Receivables have been recorded to the extent eligibility requirements have been met by year-end and the amounts are measurable.

A summary of the principal items of receivables follows:

<u>Fund/Description</u>	<u>Amount</u>
<u>General Fund</u>	
Income taxes	\$ 2,972,901
Accounts	463,091
Special assessments	50,968
Due from other funds	74,587
Intergovernmental	1,450,390

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 8 - RECEIVABLES - (Continued)**

<u>Fund/Description</u>	<u>Amount</u>
<u>Special Revenue Funds</u>	
Real and other taxes	\$ 333,894
Loans	3,271,046
Special assessments	250,198
Due from other funds	28,986
Intergovernmental	653,107
<u>Debt Service Fund</u>	
Real and other taxes	1,611,727
Special assessments	13,435
Intergovernmental	78,499
<u>Enterprise Funds</u>	
Accounts	2,918,102
Notes	285,537
Special assessments	6,884
<u>Internal Service Funds</u>	
Notes	120,000
Bonds	134,460
<u>Agency Funds</u>	
Due from other funds	2,571

**NOTE 9 - LOANS RECEIVABLE**

Loans receivable represent low interest loans made by the City for development projects and small businesses under the Federal Community Block Development Grant (CDBG) program and Home Investment Partnership (HIP) program. The loans bear interest at annual rates ranging between 4 and 9 percent. The loans are to be repaid over period ranging from 5 to 20 years.

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 10 - FIXED ASSETS**

**A. Proprietary Fixed Assets**

A summary of the proprietary fixed assets at December 31, 2002 follows:

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Land	\$ 384,399	\$ -	\$ 384,399
Buildings and improvements	51,762,112	156,896	51,919,008
Water and sewer lines	43,819,614	-	43,819,614
Computer equipment	175,718	307,674	483,392
Furniture and equipment	1,425,012	25,880	1,450,892
Vehicles	2,635,704	-	2,635,704
Construction in progress	7,123,957	-	7,123,957
Less: accumulated depreciation	<u>(55,516,793)</u>	<u>(333,233)</u>	<u>(55,850,026)</u>
Total net assets	<u>\$ 51,809,723</u>	<u>\$ 157,217</u>	<u>\$ 51,966,940</u>

**B. General Fixed Assets**

The general fixed assets account group has been restated as of January 1, 2002 due to an increase in the City's capitalization threshold from \$1,000 to \$5,000. This adjustment had the following effect on the balances previously reported in the general fixed asset account group:

	<u>Balance at 12/31/2001</u>	<u>Adjustments</u>	<u>Restated Balance at 1/1/2002</u>
Land	\$ 1,142,943	\$ (193,759)	\$ 949,184
Buildings and improvements	8,488,425	(23,491)	8,464,934
Buildings improvements	511,068	(22,050)	489,018
Computer equipment	748,105	(461,140)	286,965
Furniture and equipment	1,691,056	(516,649)	1,174,407
Vehicles	3,670,331	(49,570)	3,620,761
Construction in progress	<u>4,520,979</u>	<u>(123,766)</u>	<u>4,397,213</u>
Total fixed assets	<u>\$ 20,772,907</u>	<u>\$ (1,390,425)</u>	<u>\$ 19,382,482</u>

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 10 - FIXED ASSETS - (Continued)**

A summary of the changes in general fixed assets during 2002 follows:

	Restated Balance at <u>1/01/02</u>	<u>Additions</u>	<u>Deletions</u>	Balance at 12/31/02
Land	\$ 949,184	\$ -	\$ -	\$ 949,184
Buildings	8,464,934	-	-	8,464,934
Building improvements	489,018	4,397,213	-	4,886,231
Computer equipment	286,965	37,706	(11,071)	313,600
Furniture and equipment	1,174,407	137,002	(35,758)	1,275,651
Vehicles	3,620,761	838,100	(48,576)	4,410,285
Construction in progress	<u>4,397,213</u>	<u>-</u>	<u>(4,397,213)</u>	<u>-</u>
Total fixed assets	<u>\$ 19,382,482</u>	<u>\$ 5,410,021</u>	<u>\$ (4,492,618)</u>	<u>\$ 20,299,885</u>

**NOTE 11 - VACATION AND SICK LEAVE LIABILITY**

Vacation and sick leave accumulated by governmental fund type employees has been recorded in the general long-term obligations account group to the extent they were not paid using current expendable available resources. Vacation and sick leave earned by proprietary funds type employees is expensed when earned and has been recorded in the fund. Upon termination of City service, a fully vested employee is entitled to a percentage of their accumulated sick leave based on their years of service. At December 31, 2002, vested benefits for vacation leave for governmental fund type employees, net of amounts paid using current expendable available resources, totaled \$2,446,064 and vested benefits for sick leave, net of amounts paid using current expendable available resources, totaled \$1,276,712. For proprietary fund types, vested benefits for vacation leave totaled \$708,934 and vested benefits for sick leave totaled \$563,761 at December 31, 2002. Included in the vested benefits for sick leave figures is an additional liability to accrue and record termination (severance) payments for employees expected to become eligible to retire in the future in accordance with GASB Statement No. 16.

**NOTE 12 - INSTALLMENT PURCHASE OBLIGATION**

On January 1, 1998, the City entered into an installment purchase obligation for the acquisition of a computer system. The agreement has varying interest rates between 4.66% and 6.78% with the final payment due April 1, 2002. During 2002, the City made the final principal and interest payments of \$38,593 and \$1,580, respectively. The computer system is reflected in the Data Processing internal service fund's fixed assets at December 31, 2002.

**NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

**A. General Long-Term Obligations Account Group Lease**

During 2002, the City has entered into two capitalized leases for copier equipment. These lease agreements meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined GPFS for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)**

General fixed assets consisting of equipment have been capitalized in the general fixed assets account group in the amount of \$9,688. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2002 totaled \$2,241 paid by the Street Maintenance special revenue fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2002:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2003	\$ 4,401
2004	2,275
2005	756
2006	<u>756</u>
Total	8,188
Less: amount representing interest	<u>(741)</u>
Present value of net minimum lease payments	<u>\$ 7,447</u>

**B. Proprietary Lease**

During 2002, fixed assets consisting of copier equipment have been capitalized in the Water enterprise fund. These lease agreements meet the criteria of a capital lease as defined by FASB Statement No. 13 “Accounting for Leases”, which defines a capital lease as one which transfers benefits and risks of ownership to the lessee. The amount of the \$16,119 represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the Water enterprise fund. Principal payments in fiscal year 2002 totaled \$1,956.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2002:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2003	\$ 3,902
2004	3,902
2005	3,902
2006	3,902
2007	<u>1,177</u>
Total	16,785
Less: amount representing interest	<u>(2,622)</u>
Present value of net minimum lease payments	<u>\$ 14,163</u>

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 14 - LONG-TERM OBLIGATIONS**

**A. General Long-Term Obligations**

The January 1, 2002 balance was restated to include the police and fire pension liability as a component of the general long-term obligations account group. The City's general long-term obligations at year-end consist of the following:

	<u>Interest Rate</u>	<u>Restated Balance at 1/1/2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/02</u>
<u>General Obligation Bonds</u>					
Correctional facility	4.50% - 5.85%	\$ 899,860	\$ -	\$ (102,720)	\$ 797,140
Various purpose refunding	4.10% - 5.50%	6,640,000	-	(405,000)	6,235,000
Multiple purpose refunding	3.80% - 6.25%	3,065,000	-	(285,000)	2,780,000
Fire issues	5.96%	250,000	-	(120,000)	130,000
Streets improvement issues	5.52%	105,000	-	(50,000)	55,000
Land acquisition	3.85% - 4.75%	635,000	-	(40,000)	595,000
Communication system	3.85% - 4.75%	1,275,000	-	(75,000)	1,200,000
Energy conservation	4.20%	<u>226,320</u>	<u>-</u>	<u>(53,140)</u>	<u>173,180</u>
Total general obligation bonds		<u>\$13,096,180</u>	<u>\$ -</u>	<u>\$(1,130,860)</u>	<u>\$11,965,320</u>
<u>Other Long-Term Obligations</u>					
Reinvestment partnership corporation loan		\$ 985,000	\$ -	\$ (40,000)	\$ 945,000
OWDA loan		1,187,755	-	(121,066)	1,066,689
Police and fire pension liability		3,028,948	-	(42,194)	2,986,754
Capital lease obligation		-	9,688	(2,241)	7,447
Compensated absences payable		<u>3,202,023</u>	<u>520,753</u>	<u>-</u>	<u>3,722,776</u>
Total other long-term obligations		<u>8,403,726</u>	<u>530,441</u>	<u>(205,501)</u>	<u>8,728,666</u>
Total general obligation bonds		<u>\$21,499,906</u>	<u>\$530,441</u>	<u>\$(1,336,361)</u>	<u>\$20,693,986</u>

Compensated absences will be paid from the fund which the employees' salaries are paid. The City pays installments on the police and fire pension liability incurred when the State of Ohio established the statewide system for police and firemen in 1967. The liability is paid semi-annually from the general fund. Payment is made from unvoted property tax revenues received into the Police and Fire special revenue funds. These funds transfer money to the general fund to retire the semi-annual payments.

In accordance with State of Ohio law, the City may not incur non-exempt general long-term indebtedness in excess of 10.5 percent of the total value of all property listed and assessed for taxation and 5.5 percent of such value without voter approval.

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

On November 11, 1995, Trumbull County issued general obligation bonds to finance the construction of a new correctional facility. The City entered into an agreement with Trumbull County to service a portion of the bonds. As part of this agreement, the City is allocated a portion of the correctional facility bonds. The City's share of the bonds at December 31, 2002 was \$797,140. These bonds are scheduled to mature December 1, 2010.

On May 15, 1993, the City issued \$7,990,000 general obligation various purpose refunding bonds. The bonds bear interest at rates ranging from 4.10 percent to 5.50 percent per annum and mature in various installments through November 15, 2013. The proceeds of the bonds were used to advance refund all the City's 1988 general obligation term bonds by purchasing U.S. Government State and Local Government Series securities (SLGS) that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds are not included in the City's outstanding debt since the City has satisfied its obligations through the advance refunding. The principal balance of the general obligation various purpose refunding bonds at December 31, 2002 was \$6,235,000.

In 1993, the City issued \$2,575,000 in general obligation storm drainage bonds that were to mature in 2013. The City planned to use the proceeds to create a storm drainage utility. However, this did not occur, so on November 15, 1996, the City used the proceeds to purchase SLGS that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the storm drainage bonds. The refunded bonds are not included in the City's outstanding debt since the City has satisfied its obligations through the advance refunding.

The assets held in trust as a result of the advance refundings described above are not included in the accompanying GPFS.

The following is a summary of the City's future annual debt service requirements for the general obligation bonds:

Year Ended December 31,	General Obligation Bonds		
	Principal	Interest	Total
2003	\$ 1,174,510	\$ 634,032	\$ 1,808,542
2004	1,067,180	574,261	1,641,441
2005	1,467,635	518,063	1,985,698
2006	1,488,935	444,546	1,933,481
2007	1,465,890	368,846	1,834,736
2008-2012	4,556,170	941,799	5,497,969
2013	<u>745,000</u>	<u>40,975</u>	<u>785,975</u>
Total	<u>\$11,965,320</u>	<u>\$ 3,522,522</u>	<u>\$ 15,487,842</u>

On April 29, 1999, the City received a \$985,000 loan from the Reinvestment Partnership Corporation. This loan was made through the Federal 108 Loan Guarantee Program. In 2000, the City began disbursing the loan proceeds for economic development and housing rehabilitation projects throughout the City. Interest payments (at 6.09 percent) on the loan began in 1999, and principal payments began August 1, 2002. Principal and interest payments will be made out of the Guarantee Loan special revenue fund using future grant receipts and principal and interest payments received on amounts the City loans for economic development and housing rehabilitation.



**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

The following is a summary of the City's future annual debt service principal and interest requirements for the general obligation loan payable:

Year Ended <u>December 31,</u>	<u>Loan Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 40,000	\$ 57,840	\$ 97,840
2004	45,000	55,641	100,641
2005	50,000	53,130	103,130
2006	55,000	50,296	105,296
2007	55,000	47,134	102,134
2008-2012	325,000	184,019	509,019
2013 - 2016	<u>375,000</u>	<u>62,417</u>	<u>437,417</u>
Total	<u>\$ 945,000</u>	<u>\$ 510,477</u>	<u>\$ 1,455,477</u>

During 2000, the City entered into a debt financing arrangement through the Ohio Water Development Authority (OWDA) to fund the Mahoningside Redevelopment Project. The loan agreement functions similar to a line-of-credit agreement. At December 31, 2002, the City had outstanding borrowings of \$1,066,689. The loan agreement requires semi-annual payments. The principal and interest payments will be made out of the debt service fund.

The following is a summary of the City's future annual debt service principal and interest requirements for the OWDA loan:

Year Ended <u>December 31,</u>	<u>OWDA Loan Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 125,649	\$ 38,833	\$ 164,482
2004	130,405	34,077	164,482
2005	135,341	29,141	164,482
2006	140,463	24,019	164,482
2007	145,780	18,702	164,482
2008-2011	<u>389,051</u>	<u>22,155</u>	<u>411,206</u>
Total	<u>\$ 1,066,689</u>	<u>\$ 166,927</u>	<u>\$ 1,233,616</u>

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

The following is a summary of the City's future annual debt service principal and interest requirements for the police and fire pension liability:

Year Ended <u>December 31,</u>	<u>Police and Fire Pension Liability</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 44,006	\$ 126,475	\$ 170,481
2004	45,896	124,584	170,480
2005	47,868	122,613	170,481
2006	49,923	120,557	170,480
2007	52,067	118,413	170,480
2008 - 2012	295,866	556,534	852,400
2013 - 2017	365,103	487,296	852,399
2018 - 2022	450,544	401,858	852,402
2023 - 2027	555,978	296,422	852,400
2028 - 2032	686,085	166,314	852,399
2033 - 2035	<u>393,418</u>	<u>25,113</u>	<u>418,531</u>
Total	<u>\$ 2,986,754</u>	<u>\$ 2,546,179</u>	<u>\$ 5,532,933</u>

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

**B. Enterprise Fund Obligations**

The City had the following general obligation bonds, revenue bonds, long-term loans payable, and capital lease obligation outstanding at year-end related to enterprise fund operations:

	<u>Interest Rate</u>	<u>Balance at 1/1/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/02</u>
<u>General Obligation Bonds</u>					
Sewer improvements	2.90% - 5.20%	\$ 5,560,000	\$ -	\$ (345,000)	\$ 5,215,000
Sanitation	3.85% - 4.60%	<u>980,000</u>	<u>-</u>	<u>(315,000)</u>	<u>665,000</u>
Total general obligation bonds		<u>\$ 6,540,000</u>	<u>\$ -</u>	<u>\$ (660,000)</u>	<u>\$ 5,880,000</u>
<u>Revenue Bonds</u>					
Water system	3.80% - 5.00%	\$ <u>10,965,000</u>	\$ -	\$ (20,000)	\$ <u>10,945,000</u>
Total revenue bonds		<u>\$ 10,965,000</u>	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>\$ 10,945,000</u>
<u>OWDA Loans</u>					
Sewer system	10.16%	\$ 5,166,007	\$ -	\$ (298,393)	\$ 4,867,614
Buckeye	3.54%	1,036,316	-	(64,029)	972,287
Warren commerce park - phase I	4.80%	151,761	-	(9,613)	142,148
Waste water treatment plant and pump station improvements	3.04%	863,671	-	(44,369)	819,302
Biosolids facility	3.04%	6,001,163	-	(312,384)	5,688,779
Griswold street sanitary sewer	4.12%	1,253,826	-	(52,176)	1,201,650
Warren commerce park - phase II	3.04%	556,657	-	(22,532)	534,125
Warren commerce park - phase II	3.79%	171,009	-	(7,042)	163,967
Water system improvements	3.95%	<u>-</u>	<u>1,278,414</u>	<u>-</u>	<u>1,278,414</u>
Total OWDA loans		<u>\$ 15,200,410</u>	<u>\$ 1,278,414</u>	<u>\$ (810,538)</u>	<u>\$ 15,668,286</u>
<u>Other Long-Term Obligations</u>					
Capital lease obligation		<u>-</u>	<u>16,119</u>	<u>(1,956)</u>	<u>14,163</u>
Other long-term obligations		<u>-</u>	<u>16,119</u>	<u>(1,956)</u>	<u>14,163</u>
Total enterprise fund obligations		<u>\$ 32,705,410</u>	<u>\$ 1,294,533</u>	<u>\$ (1,492,494)</u>	<u>\$ 32,507,449</u>

General obligation bonds are expected to be retired with revenues of the enterprise funds. General obligation bonds are secured by the City's ability to levy a voted or unvoted property tax within limitations of Ohio law.

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

On November 15, 1993, the City issued \$10,430,000 general obligation sewer system improvement bonds. The bonds bear interest at rates ranging from 2.90 percent to 5.20 percent per annum and mature at various installments through November 15, 2013. A portion of the proceeds of the bonds were used for the advance refunding of the 1990 sewer system improvement bonds. The proceeds were used to purchase SLGS that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds are not included in the City's outstanding debt since the City has satisfied its obligations through the advance refunding. The principal balance of the general obligation sewer system improvement bonds at December 31, 2002 was \$5,215,000.

On December 30, 1997, the City issued \$11,380,000 water system revenue bonds. The bonds bear interest at rates ranging from 3.80 percent to 5.00 percent per annum and mature at various installments through November 1, 2022. A portion of the proceeds of the bonds were used for the advance refunding of the 1992 water system improvement bonds. The proceeds were used to purchase SLGS that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds are not included in the City's outstanding debt since the City has satisfied its obligations through the advance refunding. The principal balance of the water system revenue bonds at December 31, 2002 was \$10,945,000.

The 1992 water system improvement bonds advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$463,893. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to interest expense through the year 2012 using the straight-line method.

The assets held in trust as a result of the advance refunding described above are not included in the accompanying balance sheet.

The City has entered into debt financing arrangements through the OWDA to fund construction projects. The amounts due to the OWDA are payable solely from sewer revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2002, the City has outstanding borrowings of \$15,668,286. The loan agreements require semi-annual payments based on the permissible borrowings rather than the actual amount loaned. These payments are reflected in the future maturities of principal and interest table and are subject to revision if the total amount is not drawn down. The Biosolids Facility and Water System Improvement projects financed through OWDA loans are not closed out as of December 31, 2002. Future annual debt service principal and interest requirements for these loans, which have balances at December 31, 2002 of \$5,688,779 and \$1,278,414, are not available.

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

The following is a summary of the City's future annual debt service principal and interest requirements for enterprise fund obligations:

Year Ended December 31,	Bonds Payable			OWDA Loans Payable		
	Principal	Interest	Total	Principal	Interest	Total
2003	\$ 1,030,000	\$ 846,585	\$ 1,876,585	\$ 857,930	\$ 816,167	\$ 1,674,097
2004	1,070,000	800,737	1,870,737	908,934	765,254	1,674,188
2005	770,000	749,877	1,519,877	963,926	710,260	1,674,186
2006	805,000	712,392	1,517,392	1,023,273	650,915	1,674,188
2007	845,000	673,005	1,518,005	1,087,375	606,811	1,694,186
2008 - 2012	4,885,000	2,693,127	7,578,127	6,186,690	1,772,514	7,959,204
2013 - 2017	3,600,000	1,468,600	5,068,600	3,505,915	342,330	3,848,245
2018 - 2022	3,820,000	591,750	4,411,750	183,757	6,429	190,186
Total	<u>\$16,825,000</u>	<u>\$8,536,073</u>	<u>\$25,361,073</u>	<u>\$14,717,800</u>	<u>\$5,670,680</u>	<u>\$20,388,480</u>

**NOTE 15 - INTERNAL NOTES AND BONDS PAYABLE**

The City had the following internal note and bond activity for fiscal year 2002:

	Issue Date	Maturity Date	Balance at 1/01/02	Additions	Reductions	Balance at 12/31/02
<u>General Fund</u>						
<i>General Obligation Bonds</i>	09/15/99	12/01/04	\$ 196,930	\$ -	\$ (62,470)	\$ 134,460
Police Car Acquisition - 5.00%						
<i>General Obligation Notes</i>						
Equipment and Capital Improvements - 3.80%	09/28/01	09/28/02	\$ 1,500,000	\$ -	\$ (1,500,000)	\$ -
<u>Special Revenue Funds</u>						
<i>General Obligation Notes</i>						
Court Computer Acquisition - 3.80%	09/28/01	09/28/02	\$ 180,000	\$ -	\$ (180,000)	\$ -
Court Computer Acquisition - 3.25%	09/28/02	09/28/03	-	120,000	-	120,000
			\$ 180,000	\$ 120,000	\$ (180,000)	\$ 120,000
<u>Debt Service Fund</u>						
<i>General Obligation Notes</i>						
Avalon Clubhouse - 4.00%	02/10/02	04/10/02	\$ -	\$ 345,101	\$ (345,101)	\$ -
<u>Enterprise Funds</u>						
<i>General Obligation Notes</i>						
Downtown Parking Deck	10/10/01	10/10/02	\$ 400,000	\$ -	\$ (400,000)	\$ -

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 15 - INTERNAL NOTES AND BONDS PAYABLE - (Continued)**

All notes and bonds payable at December 31, 2002 are internal City of Warren notes and bonds that represent amounts borrowed from other funds of the City. These notes and bonds are structured in essentially the same manner as note and bond agreements with outside institutions. The fund which loaned the monies (The Workers Compensation Retro Plan internal service fund) has reported “notes receivable” and “bonds receivable” on the combined balance sheet for the principal amounts outstanding at December 31, 2002.

**NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The City maintains seven enterprise funds which are intended to be self-supported through user fees charged for services provided to consumers. These enterprise funds include Wastewater, Waterworks, Sanitation, Packard Music Hall, City Redevelopment, Downtown Parking and Stormwater Utility. Segment information for the year ended December 31, 2002 was as follows:

	<u>Sewer</u>	<u>Water</u>	<u>Sanitation</u>	<u>Packard Music Hall</u>	<u>City Development</u>	<u>Downtown Parking</u>	<u>Stormwater Utility</u>	<u>Total</u>
Operating revenues	\$ 6,691,440	\$ 9,438,057	\$ 2,978,582	\$ 181,563	\$ 44,004	\$ 68,657	\$ 409,809	\$ 19,812,112
Operating expenses before depreciation	5,642,802	7,798,305	2,639,947	515,157	3,860	125,313	152,565	16,877,949
Depreciation expense	2,137,767	875,322	132,752	8,508	14,790	48,058	-	3,217,197
Operating income/(loss)	(1,089,129)	764,430	205,883	(342,102)	25,354	(104,714)	257,244	(283,034)
Net income/(loss)	(2,164,768)	220,963	163,185	95,053	21,300	353,701	257,294	(1,053,272)
Additions to property, plant and equipment	19,361	3,740,551	168,615	-	-	-	-	3,928,527
Net working capital	1,103,312	4,399,750	622,024	186,577	39,256	12,424	308,701	6,672,044
Total assets	23,966,421	33,312,512	923,551	285,190	566,899	1,676,274	312,889	61,043,736
Bonds and other long term liabilities payable from operating revenues	19,604,872	12,237,577	665,000	-	-	-	-	32,507,449
Total equity	3,374,864	19,471,114	29,376	189,128	566,899	1,676,274	284,656	25,592,311

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 17 - RISK MANAGEMENT**

The City is exposed to various risks of loss during the normal course of its operations including, but not limited to, loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The City utilizes three funds relating to its risk management program. All of the funds have been classified as internal service funds.

The City maintains a Hospitalization Self-Insurance Fund which has been classified as an internal service fund in the accompanying GPFS. The purpose of this fund is to pay the cost of medical benefits provided to City employees and their covered dependents for which the City is self-insured. The City is self-insured for the first \$75,000 per participant; annual claims above such amount are paid for by stop-loss insurance which the City maintains.

In the last three years, the City had one occurrence in which settled claims exceeded the self-insurance amount. The liability for unpaid claims of \$405,965 reported in the internal service fund at December 31, 2002, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by FASB Statement No. 30 "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

The City maintains a Risk Management fund which has also been classified as an internal service fund in the accompanying GPFS. The purpose of this fund is to pay any general liability claims the City may have levied against it, except for police liability, which remains insured through a private insurance carrier.

Another self-insurance fund which the City maintains is the Workers' Compensation Fund which is classified as an internal service fund in the accompanying GPFS. This fund is used to account for claims applicable to years in which the City elects to be partially self-insured under a retrospective rating plan with the State of Ohio. The initial premium savings between a retrospective plan and a fully insured plan for a given year is transferred into the fund from other City funds. Subsequent claims for a ten-year period are then the City's responsibility (subject to a stop-loss maximum) and are paid from the fund.

Changes in the fund's liability during 2002 is as follows:

<u>Fund</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
Hospitalization self-insurance	\$ 349,299	\$ 4,711,590	\$ (4,654,924)	\$ 405,965
Risk management	-	370,978	(370,978)	-
Workers' compensation	66,002	163,598	(66,002)	163,598

The City purchases insurance policies in varying amounts for general liability, property damage, and employee and public officials' liability, including errors and omissions of the City's safety forces. Settled claims have not exceeded the City's insurance coverage in any of the past three years.

**CITY OF WARREN, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

**NOTE 18 - DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

All City full-time employees, other than uniformed employees, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system created by the State of Ohio. OPERS provides basic 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. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2002 was 8.5% for employees other than law enforcement and public safety. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. Public safety division members contribute at 9%. The employer contribution rate for employees other than law enforcement and public safety division was 13.55% of covered payroll and 8.55% was the portion used to fund pension obligations for 2002. The employer contribution rate for law enforcement and public safety divisions was 16.70% of covered payroll and 11.70% was the portion used to fund pension obligations for 2002. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The City's contributions to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$1,698,387, \$1,622,607, and \$1,270,859, respectively; 75.97% has been contributed for 2002 and 100% for 2001 and 2000. \$408,148, representing the unpaid contribution for 2002, is recorded as a liability within the respective funds.

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

Full-time uniformed employees of the City participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. The OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.0% for police officers and firefighters, respectively. The City's contributions to OP&F for the years ended December 31, 2002, 2001, and 2000 were \$1,650,328, \$1,476,728, and \$1,309,296, respectively; 74.27% has been contributed for 2002 and 100% for the years 2001 and 2000. \$424,662, representing the unpaid contributions for 2002, is recorded as a liability within the respective funds.



**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 19 - POSTRETIREMENT BENEFIT PLANS**

**A. Ohio Public Employees Retirement System**

OPERS provides postretirement health care coverage to age and service retirees with 10 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, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2002 employer contribution rate for local government employers was 13.55% of covered payroll and 5.00% was the portion that was used to fund health care. For both the public safety and law enforcement divisions the 2002 employer rate was 16.70% of covered payroll and 5.00% was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The City's contribution actually made to fund postemployment benefits was \$626,711.

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

As of December 31, 2001 (the latest information available), the actuarial value of the Retirement System's net assets available for future OPEB payments were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively, at December 31, 2001 (the latest information available). The number of benefit recipients eligible for OPEB at December 31, 2001 (the latest information available) was 402,041.

In December 2001, the OPERS Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of health care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

Additional information on the OPERS, including historical trend information showing the progress in accumulating sufficient assets to pay benefits when due is available in the OPERS December 31, 2002, Comprehensive Annual Financial Report.

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 19 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

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

The OP&F 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 person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides that health care cost paid from the funds of the OP&F shall be included in the employer's contribution rate. The total police officer employer contribution rate is 19.5% of covered payroll and the total firefighter's employer contribution rate is 24.0% of covered payroll. The Ohio Revised Code provides the authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.50% and 7.75% of covered payroll in 2001 and 2002, respectively. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2001 (the latest information available), is 13,174 for police officers and 10,239 for firefighters. The amount of employer contributions used to pay postemployment benefits for police officers and firefighters were \$307,374 and \$282,986, respectively. OP&F's total health care expense for the year ending December 31, 2001 (the latest information available), was \$122.299 million, which was net of member contributions of \$6.875 million.

**CITY OF WARREN, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 20 - BUDGETARY BASIS OF ACCOUNTING**

The City's budgetary process is based upon accounting for transactions on a cash basis. The differences between the cash basis (budget basis) and the modified accrual basis (GAAP basis) are that revenues are recorded when actually received (budget) as opposed to when susceptible to accrual (GAAP) and the expenditures are recorded when paid (budget) as opposed to when incurred (GAAP). Additionally, the City reflects outstanding encumbrances as expenditures on the budgetary basis of accounting. Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

EXCESS OF REVENUES AND OTHER FINANCING SOURCES  
OVER/(UNDER) EXPENDITURES AND OTHER USES

	General	Special Revenue	Debt Service	Capital Projects
Budget basis	\$ (389,990)	\$(120,936)	\$ (72,647)	\$ (4,074,747)
Adjustments:				
Net adjustment for revenue accruals	2,072,418	(831,278)	(2,284,611)	-
Net adjustment for expenditure accruals	137,277	416,494	3,065,618	(203,546)
Net adjustment for other financing sources/(uses) accruals	72,317	(110,312)	(776,533)	-
Encumbrances	434,827	828,899	-	2,956,266
GAAP basis	\$ 2,326,849	\$ 182,867	\$ (68,173)	\$ (1,322,027)

**NOTE 21 - CONTINGENCIES**

**A. Grants**

The City receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2002.

**B. Litigation**

Several claims and lawsuits are pending against the City. In the opinion of the City Law Director, any potential liability would not have a material effect on the GPFS.

**C. Debt**

On August 28, 2001, the City and Austin Village Plaza entered into a \$350,000 promissory note with Second National Bank. In the event of default by Austin Village Plaza, the City may be called upon to repay the outstanding debt obligation. At this time, it is not determinable whether the City will sustain a liability related to this matter, therefore, in accordance with FASB Statement No. 5, "Accounting or Contingencies," a liability has not been reported in the financial statements.

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COMBINING, INDIVIDUAL FUND AND  
ACCOUNT GROUP FINANCIAL  
STATEMENTS AND SCHEDULES

**CITY OF WARREN, OHIO**

*GENERAL FUND*

The general fund is used to account for all financial resources of the City except as required to be accounted for in another fund. The major revenue sources are municipal income taxes, property taxes, and state and local government receipts. It is the operating fund of the City.

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**GENERAL FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Income taxes . . . . .	\$ 18,631,801	\$ 18,356,594	\$ (275,207)
Charges for services . . . . .	1,777,000	1,841,592	64,592
Licenses, permits and fees . . . . .	1,501,200	1,625,041	123,841
Fines and forfeitures . . . . .	783,000	1,026,334	243,334
Intergovernmental . . . . .	3,210,681	2,909,992	(300,689)
Investment income . . . . .	180,000	141,874	(38,126)
Rental income . . . . .	125,000	47,115	(77,885)
Other . . . . .	670,000	806,113	136,113
Total revenues . . . . .	<u>26,878,682</u>	<u>26,754,655</u>	<u>(124,027)</u>
<b>Expenditures:</b>			
Current:			
General government			
City council			
Personal services . . . . .	266,184	263,664	2,520
Contractual services . . . . .	35,270	27,622	7,648
Materials and supplies. . . . .	5,165	4,370	795
Capital outlay . . . . .	6,000	2,814	3,186
Total city council . . . . .	<u>312,619</u>	<u>298,470</u>	<u>14,149</u>
Municipal court			
Personal services . . . . .	1,602,111	1,524,154	77,957
Contractual services . . . . .	126,144	103,278	22,866
Materials and supplies. . . . .	34,391	24,777	9,614
Total municipal court. . . . .	<u>1,762,646</u>	<u>1,652,209</u>	<u>110,437</u>
Victims of crimes			
Personal services . . . . .	31,786	-	31,786
Contractual services . . . . .	500	-	500
Materials and supplies. . . . .	1,142	68	1,074
Total victims of crimes . . . . .	<u>33,428</u>	<u>68</u>	<u>33,360</u>
Operations - general			
Personal services . . . . .	100,966	100,903	63
Contractual services . . . . .	24,550	24,202	348
Materials and supplies. . . . .	600	565	35
Capital outlay . . . . .	587	587	-
Total operations - general . . . . .	<u>126,703</u>	<u>126,257</u>	<u>446</u>
Operations - maintenance			
Personal services . . . . .	796,262	776,922	19,340
Contractual services . . . . .	515,560	308,666	206,894
Materials and supplies. . . . .	90,173	105,066	(14,893)
Capital outlay . . . . .	48,779	25,579	23,200
Total operations - maintenance. . . . .	<u>1,450,774</u>	<u>1,216,233</u>	<u>234,541</u>

Continued

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**GENERAL FUND (CONTINUED)**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Mayor</b>			
Personal services . . . . .	\$ 411,498	\$ 408,446	\$ 3,052
Contractual services . . . . .	26,225	22,429	3,796
Materials and supplies. . . . .	12,775	5,505	7,270
Total mayor. . . . .	<u>450,498</u>	<u>436,380</u>	<u>14,118</u>
<b>Purchasing</b>			
Personal services . . . . .	144,737	134,861	9,876
Contractual services . . . . .	14,000	12,510	1,490
Materials and supplies. . . . .	4,314	3,435	879
Total purchasing . . . . .	<u>163,051</u>	<u>150,806</u>	<u>12,245</u>
<b>Finance</b>			
Personal services . . . . .	424,868	400,055	24,813
Contractual services . . . . .	41,032	40,481	551
Materials and supplies. . . . .	9,325	5,538	3,787
Capital outlay . . . . .	9,454	8,861	593
Total finance . . . . .	<u>484,679</u>	<u>454,935</u>	<u>29,744</u>
<b>Human resources</b>			
Personal services . . . . .	248,608	243,473	5,135
Contractual services . . . . .	65,210	41,667	23,543
Materials and supplies. . . . .	1,610	1,350	260
Total human resources . . . . .	<u>315,428</u>	<u>286,490</u>	<u>28,938</u>
<b>Law department</b>			
Personal services . . . . .	720,154	707,767	12,387
Contractual services . . . . .	61,564	48,328	13,236
Materials and supplies. . . . .	6,990	5,176	1,814
Capital outlay . . . . .	11,911	1,156	10,755
Total law department. . . . .	<u>800,619</u>	<u>762,427</u>	<u>38,192</u>
<b>Civil service</b>			
Personal services . . . . .	9,574	9,460	114
Contractual services . . . . .	27,643	24,795	2,848
Materials and supplies. . . . .	1,000	185	815
Total civil service. . . . .	<u>38,217</u>	<u>34,440</u>	<u>3,777</u>
<b>Administrative support</b>			
Contractual services . . . . .	1,402,655	1,274,970	127,685
Materials and supplies. . . . .	5,000	3,051	1,949
Capital outlay . . . . .	15,000	14,405	595
Other . . . . .	100,541	100,355	186
Total administrative support . . . . .	<u>1,523,196</u>	<u>1,392,781</u>	<u>130,415</u>

Continued



**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**GENERAL FUND (CONTINUED)**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Income tax			
Personal services . . . . .	\$ 407,573	\$ 386,308	\$ 21,265
Contractual services . . . . .	72,740	66,890	5,850
Materials and supplies. . . . .	29,353	26,459	2,894
Capital outlay . . . . .	31,562	30,924	638
Total income tax . . . . .	<u>541,228</u>	<u>510,581</u>	<u>30,647</u>
 Total general government . . . . .	 <u>8,003,086</u>	 <u>7,322,077</u>	 <u>681,009</u>
 Security of persons and property			
Police			
Personal services . . . . .	7,281,382	7,157,910	123,472
Contractual services . . . . .	1,012,585	917,727	94,858
Materials and supplies. . . . .	145,818	105,939	39,879
Capital outlay . . . . .	393,027	298,190	94,837
Total police. . . . .	<u>8,832,812</u>	<u>8,479,766</u>	<u>353,046</u>
Fire			
Personal services . . . . .	6,093,192	5,965,707	127,485
Contractual services . . . . .	218,565	195,529	23,036
Materials and supplies. . . . .	149,473	125,303	24,170
Capital outlay . . . . .	301,202	279,571	21,631
Total fire . . . . .	<u>6,762,432</u>	<u>6,566,110</u>	<u>196,322</u>
 Total security of persons and property .	 <u>15,595,244</u>	 <u>15,045,876</u>	 <u>549,368</u>
 Public health and welfare			
Health			
Personal services . . . . .	300,921	291,738	9,183
Contractual services . . . . .	41,098	37,329	3,769
Materials and supplies. . . . .	22,050	20,899	1,151
Capital outlay . . . . .	17,441	-	17,441
Other. . . . .	80,682	62,811	17,871
Total health . . . . .	<u>462,192</u>	<u>412,777</u>	<u>49,415</u>
Dental			
Contractual services . . . . .	38,480	23,676	14,804
Materials and supplies. . . . .	2,991	2,968	23
Total dental. . . . .	<u>41,471</u>	<u>26,644</u>	<u>14,827</u>
 Total public health and welfare . . . .	 <u>503,663</u>	 <u>439,421</u>	 <u>64,242</u>
 Community environment			
Environmental health			
Personal services . . . . .	478,076	471,118	6,958
Contractual services . . . . .	16,731	13,733	2,998
Materials and supplies. . . . .	11,331	8,301	3,030
Capital outlay . . . . .	28,800	26,283	2,517
Other. . . . .	9,000	8,382	618
Total environmental health . . . . .	<u>543,938</u>	<u>527,817</u>	<u>16,121</u>

Continued

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**GENERAL FUND (CONTINUED)**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Weed control			
Personal services . . . . .	\$ 14,539	\$ 9,697	\$ 4,842
Contractual services . . . . .	4,063	2,392	1,671
Materials and supplies. . . . .	2,374	1,324	1,050
Total weed control . . . . .	<u>20,976</u>	<u>13,413</u>	<u>7,563</u>
Mosquito control			
Materials and supplies. . . . .	<u>6,960</u>	<u>1,975</u>	<u>4,985</u>
Total mosquito control . . . . .	<u>6,960</u>	<u>1,975</u>	<u>4,985</u>
Engineering building and plant department			
Personal services . . . . .	980,156	926,507	53,649
Contractual services . . . . .	281,194	225,510	55,684
Materials and supplies. . . . .	33,265	21,862	11,403
Capital outlay . . . . .	73,689	73,579	110
Other . . . . .	<u>6,000</u>	<u>4,747</u>	<u>1,253</u>
Total engineering building and plant department. . . . .	<u>1,374,304</u>	<u>1,252,205</u>	<u>122,099</u>
Total community environment. . . . .	<u>1,946,178</u>	<u>1,795,410</u>	<u>150,768</u>
Leisure time activity			
Operations - parks			
Personal services . . . . .	375,634	367,736	7,898
Contractual services . . . . .	146,348	138,292	8,056
Materials and supplies. . . . .	57,721	48,088	9,633
Capital outlay . . . . .	8,265	8,044	221
Other. . . . .	<u>4,000</u>	<u>3,770</u>	<u>230</u>
Total operations - parks. . . . .	<u>591,968</u>	<u>565,930</u>	<u>26,038</u>
Total leisure time activity . . . . .	<u>591,968</u>	<u>565,930</u>	<u>26,038</u>
Total expenditures. . . . .	<u>26,640,139</u>	<u>25,168,714</u>	<u>1,471,425</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>238,543</u>	<u>1,585,941</u>	<u>1,347,398</u>
<b>Other financing sources (uses):</b>			
Operating transfers in. . . . .	250,000	283,157	33,157
Operating transfers out . . . . .	<u>(2,260,935)</u>	<u>(2,259,088)</u>	<u>1,847</u>
Total other financing sources (uses). . . . .	<u>(2,010,935)</u>	<u>(1,975,931)</u>	<u>35,004</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	<u>(1,772,392)</u>	<u>(389,990)</u>	<u>1,382,402</u>
<b>Fund balance, January 1 . . . . .</b>	1,040,926	1,040,926	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>852,068</u>	<u>852,068</u>	<u>-</u>
<b>Fund balance, December 31. . . . .</b>	<u>\$ 120,602</u>	<u>\$ 1,503,004</u>	<u>\$ 1,382,402</u>

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**CITY OF WARREN, OHIO**

*SPECIAL REVENUE FUNDS*

The special revenue funds are used to account for all specific financial resources (other than major capital projects) that are legally restricted for specified expenditure purposes. The following are the special revenue funds which the City operates:

***Court Computerization***

To account for revenues collected by the courts to be used for computer maintenance of the courts.

***Street Maintenance***

To account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance and repair of dedicated streets within the City.

***Drivers Alcohol Treatment***

To account for fines collected to be used for expenditures related to drunk driving enforcement and treatment.

***Drug Law Enforcement***

To account for fines of the Municipal Court designated to subsidize each agency's law enforcement efforts that pertain to drug offenses.

***Law Enforcement Trust***

To account for monies received from the Federal Law Enforcement agencies designated for law enforcement purposes.

***Enforcement and Education***

To account for grant monies received from DUI arrests to be used for enforcement and education and for DUI housing reimbursements pursuant to Ohio Revised Code Section 4511.191.

***Federal Forfeitures***

To account for revenues received from Federal forfeitures to be used for expenditures related to drug enforcement and education.

***Probation Municipal Court***

To account for revenues received from municipal probation.

***Special Projects - Courts***

To account for revenues collected by the courts to be used on various projects in the courts.

***Legal Research - Courts***

To account for revenues collected by the courts to be used for legal research.

***Police Pension***

To accumulate property taxes levied for the payment of the current and accrued liability for police disability and pension benefits.

***Fire Pension***

To accumulate property taxes levied for the payment of the current and accrued liability for fire disability and pension benefits.

***Community Development Block Grant (CDBG)***

To account for monies received from the state government under the federal government under the Community Development Block Grant program for providing decent housing and a suitable living environment and expanded economic opportunities principally for persons of low and moderate income and the allowable administrative costs associated with those projects.

**CITY OF WARREN, OHIO**

*SPECIAL REVENUE FUNDS (CONTINUED)*

***Guarantee Loan***

To account for monies related to a loan received from the Reinvestment Partnership Corporation through the Federal 108 Loan Guarantee Program.

***Highway Construction***

To account for revenues generated from license and gasoline taxes to be used on State highways located within the City.

***Motor Vehicle Levy***

To account for resources received as a result of the County's levied motor vehicle license tax to assist in maintaining those City streets.

***Home Investment***

To account for monies received received through the Home Investment Partnership Program.

**CITY OF WARREN, OHIO**

**COMBINING BALANCE SHEET  
ALL SPECIAL REVENUE FUNDS  
DECEMBER 31 2002**

	<u>Court Computerization</u>	<u>Street Maintenance</u>	<u>Drivers Alcohol Treatment</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 34,886	\$ 220,672	\$ 160,218
Receivables (net of allowances for uncollectibles):			
Real and other taxes . . . . .	-	-	-
Loans . . . . .	-	-	-
Special assessments . . . . .	-	-	-
Due from other funds . . . . .	9,780	-	385
Due from other governments . . . . .	-	559,786	-
Materials and supplies inventory . . . . .	-	3,725	-
	<hr/>	<hr/>	<hr/>
Total assets . . . . .	<u>\$ 44,666</u>	<u>\$ 784,183</u>	<u>\$ 160,603</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ -	\$ 58,886	\$ -
Accrued wages and benefits . . . . .	-	38,236	-
Compensated absences payable . . . . .	-	3,081	-
Deferred revenue . . . . .	-	400,205	-
Contracts payable . . . . .	-	-	-
Due to other governments . . . . .	-	5,735	-
General obligation notes payable . . . . .	120,000	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities . . . . .	<u>120,000</u>	<u>506,143</u>	<u>-</u>
<b>Fund Equity:</b>			
Reserved for encumbrances . . . . .	29,905	6,156	-
Reserved for materials and supplies inventory . . . . .	-	3,725	-
Reserved for loans . . . . .	-	-	-
Reserved for tax advance . . . . .	-	-	-
Unreserved:			
Undesignated . . . . .	(105,239)	268,159	160,603
	<hr/>	<hr/>	<hr/>
Total fund equity . . . . .	<u>(75,334)</u>	<u>278,040</u>	<u>160,603</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity . . . . .	<u>\$ 44,666</u>	<u>\$ 784,183</u>	<u>\$ 160,603</u>

<u>Drug Law Enforcement</u>	<u>Law Enforcement Trust</u>	<u>Enforcement and Education</u>	<u>Federal Forfeitures</u>	<u>Probation Municipal Court</u>	<u>Special Projects - Courts</u>
\$ 18,167	\$ 101,930	\$ 3,231	\$ 107,107	\$ 93,193	\$ 155,471
-	-	-	-	-	-
-	-	-	-	-	-
-	-	267	-	6,199	9,384
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 18,167</u>	<u>\$ 101,930</u>	<u>\$ 3,498</u>	<u>\$ 107,107</u>	<u>\$ 99,392</u>	<u>\$ 164,855</u>
\$ -	\$ 2,913	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,913	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	4,341
-	-	-	-	-	-
-	-	-	-	-	-
<u>18,167</u>	<u>99,017</u>	<u>3,498</u>	<u>107,107</u>	<u>99,392</u>	<u>160,514</u>
<u>18,167</u>	<u>99,017</u>	<u>3,498</u>	<u>107,107</u>	<u>99,392</u>	<u>164,855</u>
<u>\$ 18,167</u>	<u>\$ 101,930</u>	<u>\$ 3,498</u>	<u>\$ 107,107</u>	<u>\$ 99,392</u>	<u>\$ 164,855</u>

Continued

CITY OF WARREN, OHIO

COMBINING BALANCE SHEET  
 ALL SPECIAL REVENUE FUNDS (CONTINUED)  
 DECEMBER 31 2002

	<u>Legal Research - Courts</u>	<u>Police Pension</u>	<u>Fire Pension</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 65,698	\$ -	\$ -
Receivables (net of allowances for uncollectibles):			
Real and other taxes. . . . .	-	166,947	166,947
Loans . . . . .	-	-	-
Special assessments. . . . .	-	-	-
Due from other funds . . . . .	2,971	-	-
Due from other governments . . . . .	-	8,127	8,127
Materials and supplies inventory . . . . .	-	-	-
Total assets . . . . .	<u>\$ 68,669</u>	<u>\$ 175,074</u>	<u>\$ 175,074</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ -	\$ -	\$ -
Accrued wages and benefits . . . . .	-	-	-
Compensated absences payable . . . . .	-	-	-
Deferred revenue. . . . .	-	171,557	171,557
Contracts payable . . . . .	-	-	-
Due to other governments . . . . .	-	-	-
General obligation notes payable. . . . .	-	-	-
Total liabilities . . . . .	<u>-</u>	<u>171,557</u>	<u>171,557</u>
<b>Fund Equity:</b>			
Reserved for encumbrances . . . . .	104	-	-
Reserved for materials and supplies inventory . . . . .	-	-	-
Reserved for loans. . . . .	-	-	-
Reserved for tax advance . . . . .	-	3,517	3,517
Unreserved:			
Undesignated. . . . .	<u>68,565</u>	<u>-</u>	<u>-</u>
Total fund equity . . . . .	<u>68,669</u>	<u>3,517</u>	<u>3,517</u>
Total liabilities and fund equity. . . . .	<u>\$ 68,669</u>	<u>\$ 175,074</u>	<u>\$ 175,074</u>



<u>CDBG</u>	<u>Guarantee Loan</u>	<u>Highway Construction</u>	<u>Motor Vehicle Levy</u>	<u>Home Investment</u>	<u>Total</u>
\$ 1,190,992	\$ 373,348	\$ 54,477	\$ 30,136	\$ 1,632,721	\$ 4,242,247
-	-	-	-	-	333,894
1,414,925	-	-	-	1,856,121	3,271,046
250,198	-	-	-	-	250,198
-	-	-	-	-	28,986
-	-	45,388	31,679	-	653,107
-	-	8,307	26,515	-	38,547
<u>\$ 2,856,115</u>	<u>\$ 373,348</u>	<u>\$ 108,172</u>	<u>\$ 88,330</u>	<u>\$ 3,488,842</u>	<u>\$ 8,818,025</u>
\$ 12,765	\$ -	\$ 615	\$ 23,498	\$ -	\$ 98,677
6,357	-	-	-	-	44,593
21,296	-	-	-	-	24,377
250,198	-	32,449	-	-	1,025,966
38,646	-	-	-	57,236	95,882
954	-	-	-	-	6,689
-	-	-	-	-	120,000
<u>330,216</u>	<u>-</u>	<u>33,064</u>	<u>23,498</u>	<u>57,236</u>	<u>1,416,184</u>
80,362	-	1,475	3,585	508,412	634,340
-	-	8,307	26,515	-	38,547
1,414,925	-	-	-	1,856,121	3,271,046
-	-	-	-	-	7,034
<u>1,030,612</u>	<u>373,348</u>	<u>65,326</u>	<u>34,732</u>	<u>1,067,073</u>	<u>3,450,874</u>
<u>2,525,899</u>	<u>373,348</u>	<u>75,108</u>	<u>64,832</u>	<u>3,431,606</u>	<u>7,401,841</u>
<u>\$ 2,856,115</u>	<u>\$ 373,348</u>	<u>\$ 108,172</u>	<u>\$ 88,330</u>	<u>\$ 3,488,842</u>	<u>\$ 8,818,025</u>

**CITY OF WARREN, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
**ALL SPECIAL REVENUE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31 2002

	<u>Court Computerization</u>	<u>Street Maintenance</u>	<u>Drivers Alcohol Treatment</u>
<b>Revenues:</b>			
Property and other taxes . . . . .	\$ -	\$ -	\$ -
Charges for services. . . . .	-	30	-
Licenses permits and fees . . . . .	-	44,950	-
Fines and forfeitures. . . . .	129,696	-	19,652
Special assessment . . . . .	-	-	-
Intergovernmental. . . . .	-	1,073,091	-
Investment income . . . . .	237	8,776	3,967
Other . . . . .	1,393	46,850	-
	<hr/>	<hr/>	<hr/>
Total revenues. . . . .	131,326	1,173,697	23,619
	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>			
Current operations:			
General government . . . . .	98,042	-	-
Security of persons and property . . . . .	-	-	4,493
Transportation. . . . .	-	2,638,201	-
Economic development . . . . .	-	-	-
Capital outlay. . . . .	-	9,688	-
Debt service:			
Principal retirement . . . . .	-	2,241	-
Interest and fiscal charges . . . . .	6,840	389	-
	<hr/>	<hr/>	<hr/>
Total expenditures . . . . .	104,882	2,650,519	4,493
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures . . . . .	26,444	(1,476,822)	19,126
	<hr/>	<hr/>	<hr/>
<b>Other financing sources (uses):</b>			
Operating transfers in . . . . .	70,000	1,080,000	-
Operating transfers out. . . . .	-	-	-
Proceeds of capital lease transaction. . . . .	-	9,688	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses) . . . . .	70,000	1,089,688	-
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses. . . . .	96,444	(387,134)	19,126
	<hr/>	<hr/>	<hr/>
<b>Fund balances, January 1. . . . .</b>	(171,778)	662,844	141,477
<b>Increase in reserve for inventory. . . . .</b>	-	2,330	-
	<hr/>	<hr/>	<hr/>
<b>Fund balances, December 31 . . . . .</b>	\$ (75,334)	\$ 278,040	\$ 160,603
	<hr/>	<hr/>	<hr/>

<b>Drug Law Enforcement</b>	<b>Law Enforcement Trust</b>	<b>Enforcement and Education</b>	<b>Federal Forfeitures</b>	<b>Probation Municipal Court</b>	<b>Special Projects - Courts</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	110	-	-	-	-
6,495	8,086	3,083	68,790	66,804	123,591
-	-	-	-	-	-
-	32,833	-	-	-	-
231	2,448	247	2,578	1,846	3,096
3,760	15,112	-	-	-	-
<u>10,486</u>	<u>58,589</u>	<u>3,330</u>	<u>71,368</u>	<u>68,650</u>	<u>126,687</u>
-	-	-	-	-	-
209	41,712	10,471	37,115	-	13,966
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>209</u>	<u>41,712</u>	<u>10,471</u>	<u>37,115</u>	<u>-</u>	<u>13,966</u>
<u>10,277</u>	<u>16,877</u>	<u>(7,141)</u>	<u>34,253</u>	<u>68,650</u>	<u>112,721</u>
-	-	-	-	-	-
-	-	-	-	(30,000)	(30,000)
-	-	-	-	-	-
-	-	-	-	(30,000)	(30,000)
10,277	16,877	(7,141)	34,253	38,650	82,721
7,890	82,140	10,639	72,854	60,742	82,134
-	-	-	-	-	-
<u>\$ 18,167</u>	<u>\$ 99,017</u>	<u>\$ 3,498</u>	<u>\$ 107,107</u>	<u>\$ 99,392</u>	<u>\$ 164,855</u>

Continued

**CITY OF WARREN, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
**ALL SPECIAL REVENUE FUNDS (CONTINUED)**  
FOR THE YEAR ENDED DECEMBER 31 2002

	<u>Legal Research - Courts</u>	<u>Police Pension</u>	<u>Fire Pension</u>
<b>Revenues:</b>			
Property and other taxes . . . . .	\$ -	\$ 128,105	\$ 128,104
Charges for services. . . . .	-	-	-
Licenses permits and fees . . . . .	-	-	-
Fines and forfeitures. . . . .	39,388	-	-
Special assessment . . . . .	-	-	-
Intergovernmental. . . . .	-	16,253	16,253
Investment income . . . . .	1,207	-	-
Other . . . . .	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues. . . . .	40,595	144,358	144,357
	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>			
Current operations:			
General government . . . . .	-	-	-
Security of persons and property . . . . .	4,686	2,316	2,315
Transportation. . . . .	-	-	-
Economic development . . . . .	-	-	-
Capital outlay. . . . .	-	-	-
Debt service:			
Principal retirement . . . . .	-	-	-
Interest and fiscal charges . . . . .	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures . . . . .	4,686	2,316	2,315
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures . . . . .	35,909	142,042	142,042
	<hr/>	<hr/>	<hr/>
<b>Other financing sources (uses):</b>			
Operating transfers in . . . . .	-	-	-
Operating transfers out. . . . .	(10,000)	(141,579)	(141,579)
Proceeds of capital lease transaction. . . . .	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses) . . . . .	(10,000)	(141,579)	(141,579)
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses. . . . .	25,909	463	463
	<hr/>	<hr/>	<hr/>
<b>Fund balances, January 1. . . . .</b>	42,760	3,054	3,054
<b>Increase in reserve for inventory. . . . .</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Fund balances, December 31 . . . . .</b>	\$ 68,669	\$ 3,517	\$ 3,517
	<hr/>	<hr/>	<hr/>

<b>CDBG</b>	<b>Guarantee Loan</b>	<b>Highway Construction</b>	<b>Motor Vehicle Levy</b>	<b>Home Investment</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 256,209
256,058	-	-	-	60,689	316,777
-	-	-	-	-	45,060
-	-	-	-	-	465,585
9,777	-	-	-	-	9,777
1,564,314	-	87,007	392,207	2,480,738	5,662,696
179,747	12,091	955	2,064	67,544	287,034
115,756	-	-	-	3,083	185,954
<u>2,125,652</u>	<u>12,091</u>	<u>87,962</u>	<u>394,271</u>	<u>2,612,054</u>	<u>7,229,092</u>
-	-	-	-	-	98,042
-	-	-	-	-	117,283
-	-	-	-	-	2,638,201
1,534,649	70,000	-	-	-	1,604,649
-	-	62,542	261,078	2,214,962	2,548,270
-	40,000	-	-	-	42,241
-	60,002	-	-	-	67,231
<u>1,534,649</u>	<u>170,002</u>	<u>62,542</u>	<u>261,078</u>	<u>2,214,962</u>	<u>7,115,917</u>
<u>591,003</u>	<u>(157,911)</u>	<u>25,420</u>	<u>133,193</u>	<u>397,092</u>	<u>113,175</u>
-	-	-	20,000	-	1,170,000
(613,494)	-	-	(143,344)	-	(1,109,996)
-	-	-	-	-	9,688
<u>(613,494)</u>	<u>-</u>	<u>-</u>	<u>(123,344)</u>	<u>-</u>	<u>69,692</u>
(22,491)	(157,911)	25,420	9,849	397,092	182,867
2,548,390	531,259	61,169	86,368	3,034,514	7,259,510
-	-	(11,481)	(31,385)	-	(40,536)
<u>\$ 2,525,899</u>	<u>\$ 373,348</u>	<u>\$ 75,108</u>	<u>\$ 64,832</u>	<u>\$ 3,431,606</u>	<u>\$ 7,401,841</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**COURT COMPUTERIZATION**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Fines and forfeitures . . . . .	\$ 131,000	\$ 127,828	\$ (3,172)
Investment income . . . . .	4,000	237	(3,763)
Other . . . . .	-	1,393	1,393
Total revenues . . . . .	<u>135,000</u>	<u>129,458</u>	<u>(5,542)</u>
<b>Expenditures:</b>			
Current:			
General government			
Personal services . . . . .	64,500	63,874	626
Contractual services . . . . .	39,550	26,860	12,690
Materials and supplies . . . . .	15,088	8,623	6,465
Capital outlay . . . . .	28,600	28,590	10
Total general government . . . . .	<u>147,738</u>	<u>127,947</u>	<u>19,791</u>
Debt service:			
Principal retirement . . . . .	180,000	180,000	-
Interest and fiscal charges . . . . .	6,300	6,840	(540)
Total debt service . . . . .	<u>186,300</u>	<u>186,840</u>	<u>(540)</u>
Total expenditures . . . . .	<u>334,038</u>	<u>314,787</u>	<u>19,251</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(199,038)</u>	<u>(185,329)</u>	<u>13,709</u>
<b>Other financing sources (uses):</b>			
Proceeds of notes . . . . .	-	120,000	120,000
Operating transfers in . . . . .	199,000	70,000	(129,000)
Total other financing sources (uses) . . . . .	<u>199,000</u>	<u>190,000</u>	<u>(9,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	(38)	4,671	4,709
<b>Fund balance, January 1 . . . . .</b>	273	273	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>37</u>	<u>37</u>	<u>-</u>
<b>Fund balance, December 31. . . . .</b>	<u>\$ 272</u>	<u>\$ 4,981</u>	<u>\$ 4,709</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**STREET MAINTENANCE**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<b>Variance: Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Charges for services . . . . .	\$ -	\$ 30	\$ 30
Licenses, permits and fees . . . . .	41,000	44,950	3,950
Intergovernmental . . . . .	1,096,000	1,076,410	(19,590)
Investment income . . . . .	10,000	8,776	(1,224)
Other . . . . .	45,000	46,850	1,850
Total revenues . . . . .	<u>1,192,000</u>	<u>1,177,016</u>	<u>(14,984)</u>
<b>Expenditures:</b>			
Current:			
Transportation			
Personal services . . . . .	1,639,216	1,540,485	98,731
Contractual services. . . . .	668,785	546,075	122,710
Materials and supplies. . . . .	146,989	119,141	27,848
Capital outlay . . . . .	429,848	429,675	173
Total transportation . . . . .	<u>2,884,838</u>	<u>2,635,376</u>	<u>249,462</u>
Total expenditures . . . . .	<u>2,884,838</u>	<u>2,635,376</u>	<u>249,462</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(1,692,838)</u>	<u>(1,458,360)</u>	<u>234,478</u>
<b>Other financing sources (uses):</b>			
Operating transfers in. . . . .	<u>1,263,000</u>	<u>1,080,000</u>	<u>(183,000)</u>
Total other financing sources (uses). . . . .	<u>1,263,000</u>	<u>1,080,000</u>	<u>(183,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	<u>(429,838)</u>	<u>(378,360)</u>	<u>51,478</u>
<b>Fund balance, January 1 . . . . .</b>	104,152	104,152	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>429,838</u>	<u>429,838</u>	<u>-</u>
<b>Fund balance, December 31. . . . .</b>	<u>\$ 104,152</u>	<u>\$ 155,630</u>	<u>\$ 51,478</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**DRIVERS ALCOHOL TREATMENT**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Fines and forfeitures . . . . .	\$ 15,000	\$ 19,617	\$ 4,617
Investment income . . . . .	-	3,967	3,967
Total revenues . . . . .	<u>15,000</u>	<u>23,584</u>	<u>8,584</u>
<b>Expenditures:</b>			
Current:			
Security of persons and property			
Contractual services . . . . .	<u>15,000</u>	<u>4,493</u>	<u>10,507</u>
Total security of persons and property.	<u>15,000</u>	<u>4,493</u>	<u>10,507</u>
Total expenditures . . . . .	<u>15,000</u>	<u>4,493</u>	<u>10,507</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	-	19,091	19,091
<b>Fund balance, January 1 . . . . .</b>	141,127	141,127	-
<b>Prior year encumbrances appropriated .</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, December 31. . . . .</b>	<u>\$ 141,127</u>	<u>\$ 160,218</u>	<u>\$ 19,091</u>



**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**DRUG LAW ENFORCEMENT**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Fines and forfeitures . . . . .	\$ 5,000	\$ 6,495	\$ 1,495
Investment income . . . . .	-	231	231
Other . . . . .	-	3,760	3,760
Total revenues . . . . .	<u>5,000</u>	<u>10,486</u>	<u>5,486</u>
<b>Expenditures:</b>			
Current:			
Security of persons and property			
Materials and supplies. . . . .	<u>5,000</u>	<u>209</u>	<u>4,791</u>
Total security of persons and property.	<u>5,000</u>	<u>209</u>	<u>4,791</u>
Total expenditures . . . . .	<u>5,000</u>	<u>209</u>	<u>4,791</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	-	10,277	10,277
<b>Fund balance, January 1 . . . . .</b>	7,890	7,890	-
<b>Prior year encumbrances appropriated .</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, December 31. . . . .</b>	<u>\$ 7,890</u>	<u>\$ 18,167</u>	<u>\$ 10,277</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**LAW ENFORCEMENT TRUST**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Licenses, permits and fees . . . . .	\$ 94	\$ 110	\$ 16
Fines and forfeitures . . . . .	6,901	8,086	1,185
Intergovernmental . . . . .	28,020	32,833	4,813
Investment income . . . . .	2,089	2,448	359
Other . . . . .	12,896	15,112	2,216
Total revenues . . . . .	<u>50,000</u>	<u>58,589</u>	<u>8,589</u>
<b>Expenditures:</b>			
Current:			
Security of persons and property			
Materials and supplies . . . . .	25,000	9,476	15,524
Capital outlay . . . . .	76,920	33,385	43,535
Other . . . . .	1,200	1,200	-
Total security of persons and property.	<u>103,120</u>	<u>44,061</u>	<u>59,059</u>
Total expenditures . . . . .	<u>103,120</u>	<u>44,061</u>	<u>59,059</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(53,120)	14,528	67,648
<b>Fund balance, January 1 . . . . .</b>	58,212	58,212	-
<b>Prior year encumbrances appropriated .</b>	26,277	26,277	-
<b>Fund balance, December 31. . . . .</b>	<u>\$ 31,369</u>	<u>\$ 99,017</u>	<u>\$ 67,648</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**ENFORCEMENT AND EDUCATION**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Fines and forfeitures . . . . .	\$ 2,000	\$ 2,935	\$ 935
Investment income . . . . .	-	247	247
Total revenues . . . . .	<u>2,000</u>	<u>3,182</u>	<u>1,182</u>
<b>Expenditures:</b>			
Current:			
Security of persons and property			
Materials and supplies. . . . .	2,000	261	1,739
Capital outlay . . . . .	<u>10,520</u>	<u>10,210</u>	<u>310</u>
Total security of persons and property.	<u>12,520</u>	<u>10,471</u>	<u>2,049</u>
Total expenditures . . . . .	<u>12,520</u>	<u>10,471</u>	<u>2,049</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(10,520)	(7,289)	3,231
<b>Fund balance, January 1 . . . . .</b>	10,520	10,520	-
<b>Prior year encumbrances appropriated .</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, December 31. . . . .</b>	<u>\$ -</u>	<u>\$ 3,231</u>	<u>\$ 3,231</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**FEDERAL FORFEITURES**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Fines and forfeitures . . . . .	\$ 20,000	\$ 68,790	\$ 48,790
Investment income . . . . .	-	2,578	2,578
Total revenues . . . . .	<u>20,000</u>	<u>71,368</u>	<u>51,368</u>
<b>Expenditures:</b>			
Current:			
Security of persons and property			
Contractual services . . . . .	4,000	-	4,000
Materials and supplies . . . . .	16,000	6,474	9,526
Capital outlay . . . . .	61,000	30,641	30,359
Total security of persons and property.	<u>81,000</u>	<u>37,115</u>	<u>43,885</u>
Total expenditures . . . . .	<u>81,000</u>	<u>37,115</u>	<u>43,885</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(61,000)	34,253	95,253
<b>Fund balance, January 1 . . . . .</b>	72,854	72,854	-
<b>Prior year encumbrances appropriated .</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, December 31. . . . .</b>	<u>\$ 11,854</u>	<u>\$ 107,107</u>	<u>\$ 95,253</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**PROBATION MUNICIPAL COURT**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Fines and forfeitures . . . . .	\$ 40,000	\$ 63,688	\$ 23,688
Investment income . . . . .	-	1,846	1,846
Total revenues . . . . .	<u>40,000</u>	<u>65,534</u>	<u>25,534</u>
<b>Expenditures:</b>			
Current:			
Security of persons and property			
Contractual services. . . . .	<u>850</u>	<u>-</u>	<u>850</u>
Total security of persons and property.	<u>850</u>	<u>-</u>	<u>850</u>
Total expenditures . . . . .	<u>850</u>	<u>-</u>	<u>850</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>39,150</u>	<u>65,534</u>	<u>26,384</u>
<b>Other financing sources (uses):</b>			
Operating transfers out . . . . .	<u>(89,150)</u>	<u>(30,000)</u>	<u>59,150</u>
Total other financing sources (uses) . . . . .	<u>(89,150)</u>	<u>(30,000)</u>	<u>59,150</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	<u>(50,000)</u>	<u>35,534</u>	<u>85,534</u>
<b>Fund balance, January 1 . . . . .</b>	<u>57,659</u>	<u>57,659</u>	<u>-</u>
<b>Prior year encumbrances appropriated . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, December 31. . . . .</b>	<u>\$ 7,659</u>	<u>\$ 93,193</u>	<u>\$ 85,534</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**SPECIAL PROJECTS - COURTS**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Fines and forfeitures . . . . .	\$ 100,000	\$ 140,618	\$ 40,618
Investment income . . . . .	-	3,096	3,096
Total revenues . . . . .	<u>100,000</u>	<u>143,714</u>	<u>43,714</u>
<b>Expenditures:</b>			
Current:			
Security of persons and property			
Contractual services. . . . .	1,750	1,135	615
Materials and supplies. . . . .	7,750	6,028	1,722
Capital outlay . . . . .	11,688	11,144	544
Total security of persons and property.	<u>21,188</u>	<u>18,307</u>	<u>2,881</u>
Total expenditures . . . . .	<u>21,188</u>	<u>18,307</u>	<u>2,881</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>78,812</u>	<u>125,407</u>	<u>46,595</u>
<b>Other financing sources (uses):</b>			
Operating transfers out . . . . .	<u>(133,000)</u>	<u>(30,000)</u>	<u>103,000</u>
Total other financing sources (uses) . . . . .	<u>(133,000)</u>	<u>(30,000)</u>	<u>103,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	<u>(54,188)</u>	<u>95,407</u>	<u>149,595</u>
<b>Fund balance, January 1 . . . . .</b>	48,535	48,535	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>7,188</u>	<u>7,188</u>	<u>-</u>
<b>Fund balance, December 31. . . . .</b>	<u>\$ 1,535</u>	<u>\$ 151,130</u>	<u>\$ 149,595</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**LEGAL RESEARCH - COURTS**  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Fines and forfeitures . . . . .	\$ 30,000	\$ 38,791	\$ 8,791
Investment income . . . . .	-	1,207	1,207
Total revenues . . . . .	<u>30,000</u>	<u>39,998</u>	<u>9,998</u>
<b>Expenditures:</b>			
Current:			
Security of persons and property			
Contractual services. . . . .	5,957	4,790	1,167
Materials and supplies. . . . .	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total security of persons and property.	<u>6,957</u>	<u>4,790</u>	<u>2,167</u>
Total expenditures . . . . .	<u>6,957</u>	<u>4,790</u>	<u>2,167</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>23,043</u>	<u>35,208</u>	<u>12,165</u>
<b>Other financing sources (uses):</b>			
Operating transfers out . . . . .	<u>(55,400)</u>	<u>(10,000)</u>	<u>45,400</u>
Total other financing sources (uses) . . . . .	<u>(55,400)</u>	<u>(10,000)</u>	<u>45,400</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	(32,357)	25,208	57,565
<b>Fund balance, January 1 . . . . .</b>	39,529	39,529	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>857</u>	<u>857</u>	<u>-</u>
<b>Fund balance, December 31. . . . .</b>	<u>\$ 8,029</u>	<u>\$ 65,594</u>	<u>\$ 57,565</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**POLICE PENSION**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Property and other taxes . . . . .	\$ 129,728	\$ 127,642	\$ (2,086)
Intergovernmental . . . . .	14,414	16,253	1,839
Total revenues . . . . .	<u>144,142</u>	<u>143,895</u>	<u>(247)</u>
<b>Expenditures:</b>			
Current:			
General government			
Contractual services . . . . .	<u>2,400</u>	<u>2,316</u>	<u>84</u>
Total general government . . . . .	<u>2,400</u>	<u>2,316</u>	<u>84</u>
Total expenditures . . . . .	<u>2,400</u>	<u>2,316</u>	<u>84</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	141,742	141,579	(163)
<b>Other financing sources (uses):</b>			
Operating transfers out . . . . .	<u>(141,742)</u>	<u>(141,579)</u>	<u>163</u>
Total other financing sources (uses) . . . . .	<u>(141,742)</u>	<u>(141,579)</u>	<u>163</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	-	-	-
<b>Fund balance, January 1 . . . . .</b>	-	-	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, December 31. . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**FIRE PENSION**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Property and other taxes . . . . .	\$ 129,728	\$ 127,641	\$ (2,087)
Intergovernmental . . . . .	14,414	16,253	1,839
Total revenues . . . . .	<u>144,142</u>	<u>143,894</u>	<u>(248)</u>
<b>Expenditures:</b>			
Current:			
General government			
Contractual services. . . . .	<u>2,400</u>	<u>2,315</u>	<u>85</u>
Total general government . . . . .	<u>2,400</u>	<u>2,315</u>	<u>85</u>
Total expenditures . . . . .	<u>2,400</u>	<u>2,315</u>	<u>85</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>141,742</u>	<u>141,579</u>	<u>(163)</u>
<b>Other financing sources (uses):</b>			
Operating transfers out . . . . .	<u>(141,742)</u>	<u>(141,579)</u>	<u>163</u>
Total other financing sources (uses) . . . . .	<u>(141,742)</u>	<u>(141,579)</u>	<u>163</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	-	-	-
<b>Fund balance, January 1 . . . . .</b>	-	-	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, December 31. . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**COMMUNITY DEVELOPMENT**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Charges for services . . . . .	\$ 185,000	\$ 1,094,644	\$ 909,644
Intergovernmental . . . . .	2,982,502	1,591,519	(1,390,983)
Special assessments . . . . .	10,000	9,777	(223)
Investment income . . . . .	80,000	114,521	34,521
Other . . . . .	10,000	115,756	105,756
<b>Total revenues . . . . .</b>	<u>3,267,502</u>	<u>2,926,217</u>	<u>(341,285)</u>
<b>Expenditures:</b>			
Current:			
Economic development and assistance			
Personal services . . . . .	359,126	329,856	29,270
Contractual services. . . . .	264,725	243,017	21,708
Materials and supplies. . . . .	8,239	6,714	1,525
Capital outlay . . . . .	746,552	184,438	562,114
Other . . . . .	1,330,613	1,009,152	321,461
<b>Total economic development and assistance. . . . .</b>	<u>2,709,255</u>	<u>1,773,177</u>	<u>936,078</u>
<b>Total expenditures . . . . .</b>	<u>2,709,255</u>	<u>1,773,177</u>	<u>936,078</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>558,247</u>	<u>1,153,040</u>	<u>594,793</u>
<b>Other financing sources (uses):</b>			
Operating transfers out . . . . .	(756,860)	(613,494)	143,366
<b>Total other financing sources (uses) . . .</b>	<u>(756,860)</u>	<u>(613,494)</u>	<u>143,366</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses .	(198,613)	539,546	738,159
<b>Fund balance, January 1 . . . . .</b>	306,521	306,521	-
<b>Prior year encumbrances appropriated .</b>	213,152	213,152	-
<b>Fund balance, December 31. . . . .</b>	<u>\$ 321,060</u>	<u>\$ 1,059,219</u>	<u>\$ 738,159</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**GUARANTEE LOAN**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Investment income . . . . .	\$ -	\$ 10,589	\$ 10,589
Total revenues . . . . .	<u>-</u>	<u>10,589</u>	<u>10,589</u>
<b>Expenditures:</b>			
Current:			
Economic development and assistance			-
Other . . . . .	<u>259,998</u>	<u>70,000</u>	<u>189,998</u>
Total economic development and assistance. . . . .	<u>259,998</u>	<u>70,000</u>	<u>189,998</u>
Debt service:			
Principal retirement. . . . .	40,000	40,000	-
Interest and fiscal charges . . . . .	<u>60,000</u>	<u>60,002</u>	<u>(2)</u>
Total debt service . . . . .	<u>100,000</u>	<u>100,002</u>	<u>(2)</u>
Total expenditures . . . . .	<u>359,998</u>	<u>170,002</u>	<u>189,996</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(359,998)</u>	<u>(159,413)</u>	<u>200,585</u>
<b>Other financing sources (uses):</b>			
Operating transfers in . . . . .	-	100,002	100,002
Operating transfers out . . . . .	<u>(100,002)</u>	<u>(100,002)</u>	<u>-</u>
Total other financing sources (uses) . . . . .	<u>(100,002)</u>	<u>-</u>	<u>100,002</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	<u>(460,000)</u>	<u>(159,413)</u>	<u>300,587</u>
<b>Fund balance, January 1 . . . . .</b>	531,259	531,259	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, December 31. . . . .</b>	<u>\$ 71,259</u>	<u>\$ 371,846</u>	<u>\$ 300,587</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**HIGHWAY CONSTRUCTION**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Intergovernmental . . . . .	\$ 79,000	\$ 87,277	\$ 8,277
Investment income . . . . .	1,000	955	(45)
Total revenues . . . . .	<u>80,000</u>	<u>88,232</u>	<u>8,232</u>
<b>Expenditures:</b>			
Capital outlay			
Materials and supplies . . . . .	<u>83,958</u>	<u>67,630</u>	<u>16,328</u>
Total capital outlay . . . . .	<u>83,958</u>	<u>67,630</u>	<u>16,328</u>
Total expenditures . . . . .	<u>83,958</u>	<u>67,630</u>	<u>16,328</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(3,958)	20,602	24,560
<b>Fund balance, January 1 . . . . .</b>	27,234	27,234	-
<b>Prior year encumbrances appropriated .</b>	<u>4,551</u>	<u>4,551</u>	<u>-</u>
<b>Fund balance, December 31. . . . .</b>	<u>\$ 27,827</u>	<u>\$ 52,387</u>	<u>\$ 24,560</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**MOTOR VEHICLE LEVY**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Intergovernmental . . . . .	\$ 425,000	\$ 384,830	(40,170)
Investment income . . . . .	-	2,064	2,064
Total revenues . . . . .	<u>425,000</u>	<u>386,894</u>	<u>(38,106)</u>
<b>Expenditures:</b>			
Capital outlay			
Contractual services . . . . .	105,465	104,834	631
Materials and supplies . . . . .	197,957	186,342	11,615
Capital outlay . . . . .	18,815	18,815	-
Total capital outlay . . . . .	<u>322,237</u>	<u>309,991</u>	<u>12,246</u>
Total expenditures . . . . .	<u>322,237</u>	<u>309,991</u>	<u>12,246</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>102,763</u>	<u>76,903</u>	<u>(25,860)</u>
<b>Other financing sources (uses):</b>			
Operating transfers in . . . . .	-	20,000	20,000
Operating transfers out . . . . .	(152,000)	(143,344)	8,656
Total other financing sources (uses) . . . . .	<u>(152,000)</u>	<u>(123,344)</u>	<u>28,656</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	(49,237)	(46,441)	2,796
<b>Fund balance, January 1 . . . . .</b>	257	257	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>49,237</u>	<u>49,237</u>	<u>-</u>
<b>Fund balance, December 31. . . . .</b>	<u>\$ 257</u>	<u>\$ 3,053</u>	<u>\$ 2,796</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**HOME INVESTMENT**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Charges for services . . . . .	\$ 900,000	\$ 116,744	\$ (783,256)
Intergovernmental . . . . .	1,576,285	2,480,738	904,453
Investment income . . . . .	-	37,155	37,155
Other . . . . .	-	3,083	3,083
Total revenues . . . . .	<u>2,476,285</u>	<u>2,637,720</u>	<u>161,435</u>
<b>Expenditures:</b>			
Capital outlay			
Personal services . . . . .	114,920	95,327	19,593
Contractual services. . . . .	27,980	10,345	17,635
Materials and supplies. . . . .	5,100	831	4,269
Capital outlay . . . . .	3,000	2,658	342
Other . . . . .	3,896,931	2,857,109	1,039,822
Total capital outlay . . . . .	<u>4,047,931</u>	<u>2,966,270</u>	<u>1,081,661</u>
Total expenditures . . . . .	<u>4,047,931</u>	<u>2,966,270</u>	<u>1,081,661</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(1,571,646)	(328,550)	1,243,096
<b>Fund balance, January 1 . . . . .</b>	(176,023)	(176,023)	-
<b>Prior year encumbrances appropriated .</b>	<u>1,571,646</u>	<u>1,571,646</u>	-
<b>Fund balance (deficit), December 31 . . .</b>	<u>\$ (176,023)</u>	<u>\$ 1,067,073</u>	<u>\$ 1,243,096</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**ALL SPECIAL REVENUE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Property and other taxes . . . . .	\$ 259,456	\$ 255,283	\$ (4,173)
Charges for services . . . . .	1,085,000	1,211,418	126,418
Licenses, permits and fees . . . . .	41,094	45,060	3,966
Fines and forfeitures . . . . .	349,901	476,848	126,947
Intergovernmental . . . . .	6,215,635	5,686,113	(529,522)
Investment income . . . . .	97,089	189,917	92,828
Special assessments. . . . .	10,000	9,777	(223)
Other . . . . .	67,896	185,954	118,058
Total revenues . . . . .	<u>8,126,071</u>	<u>8,060,370</u>	<u>(65,701)</u>
<b>Expenditures:</b>			
Current:			
General government			
Personal services . . . . .	64,500	63,874	626
Contractual services. . . . .	44,350	31,491	12,859
Materials and supplies. . . . .	15,088	8,623	6,465
Capital outlay . . . . .	28,600	28,590	10
Total general government . . . . .	<u>152,538</u>	<u>132,578</u>	<u>19,960</u>
Security of persons and property			
Contractual services. . . . .	27,557	10,418	17,139
Materials and supplies. . . . .	56,750	22,448	34,302
Capital outlay . . . . .	160,128	85,380	74,748
Other . . . . .	1,200	1,200	-
Total security of persons and property. . . . .	<u>245,635</u>	<u>119,446</u>	<u>126,189</u>
Transportation			
Personal services . . . . .	1,639,216	1,540,485	98,731
Contractual services. . . . .	668,785	546,075	122,710
Materials and supplies. . . . .	146,989	119,141	27,848
Capital outlay . . . . .	429,848	429,675	173
Total transportation . . . . .	<u>2,884,838</u>	<u>2,635,376</u>	<u>249,462</u>
Economic development and assistance			
Personal services . . . . .	359,126	329,856	29,270
Contractual services. . . . .	264,725	243,017	21,708
Materials and supplies. . . . .	8,239	6,714	1,525
Capital outlay . . . . .	746,552	184,438	562,114
Other . . . . .	1,590,611	1,079,152	511,459
Total economic development and assistance. . . . .	<u>2,969,253</u>	<u>1,843,177</u>	<u>1,126,076</u>

Continued

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**ALL SPECIAL REVENUE FUNDS (CONTINUED)**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Capital outlay			
Personal services . . . . .	\$ 114,920	\$ 95,327	\$ 19,593
Contractual services. . . . .	133,445	115,179	18,266
Materials and supplies. . . . .	287,015	254,803	32,212
Capital outlay . . . . .	21,815	21,473	342
Other . . . . .	3,896,931	2,857,109	1,039,822
Total capital outlay . . . . .	<u>4,454,126</u>	<u>3,343,891</u>	<u>1,110,235</u>
Debt service:			
Principal retirement. . . . .	220,000	220,000	-
Interest and fiscal charges . . . . .	66,300	66,842	(542)
Total debt service . . . . .	<u>286,300</u>	<u>286,842</u>	<u>(542)</u>
Total expenditures . . . . .	<u>10,992,690</u>	<u>8,361,310</u>	<u>2,631,380</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(2,866,619)</u>	<u>(300,940)</u>	<u>2,565,679</u>
<b>Other financing sources (uses):</b>			
Proceeds of notes . . . . .	-	120,000	120,000
Operating transfers in . . . . .	1,462,000	1,270,002	(191,998)
Operating transfers out . . . . .	(1,569,896)	(1,209,998)	359,898
Total other financing sources (uses) . . . . .	<u>(107,896)</u>	<u>180,004</u>	<u>287,900</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	<u>(2,974,515)</u>	<u>(120,936)</u>	<u>2,853,579</u>
<b>Fund balances, January 1 . . . . .</b>	1,229,999	1,229,999	-
<b>Prior year encumbrances appropriated .</b>	2,302,783	2,302,783	-
<b>Fund balances, December 31 . . . . .</b>	<u>\$ 558,267</u>	<u>\$ 3,411,846</u>	<u>\$ 2,853,579</u>



**CITY OF WARREN, OHIO**

*DEBT SERVICE FUND*

***General Bond Payment***

The General Bond Payment debt service fund is established to account for the accumulation of resources for, and the payment of, principal and interest on long-term debt and related costs.

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**GENERAL BOND PAYMENT**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Property and other taxes . . . . .	\$ 1,252,123	\$ 1,232,652	\$ (19,471)
Intergovernmental . . . . .	139,302	156,998	17,696
Investment income . . . . .	20,000	14,569	(5,431)
Other . . . . .	2,400,000	2,290,808	(109,192)
Total revenues . . . . .	<u>3,811,425</u>	<u>3,695,027</u>	<u>(116,398)</u>
<b>Expenditures:</b>			
Current:			
General government			
Contractual services . . . . .	24,500	24,138	362
Total general government . . . . .	<u>24,500</u>	<u>24,138</u>	<u>362</u>
Debt service:			
Principal retirement . . . . .	4,350,893	4,209,784	141,109
Interest and fiscal charges . . . . .	882,488	842,935	39,553
Total debt service . . . . .	<u>5,233,381</u>	<u>5,052,719</u>	<u>180,662</u>
Total expenditures . . . . .	<u>5,257,881</u>	<u>5,076,857</u>	<u>181,024</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(1,446,456)</u>	<u>(1,381,830)</u>	<u>64,626</u>
<b>Other financing sources (uses):</b>			
Proceeds from sale of notes . . . . .	200,000	345,101	145,101
Operating transfers in . . . . .	1,246,456	964,082	(282,374)
Total other financing sources (uses) . . . . .	<u>1,446,456</u>	<u>1,309,183</u>	<u>(137,273)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	-	(72,647)	(72,647)
<b>Fund balance, January 1 . . . . .</b>	77,289	77,289	-
<b>Prior year encumbrances appropriated . . . . .</b>	-	-	-
<b>Fund balance, December 31. . . . .</b>	<u>\$ 77,289</u>	<u>\$ 4,642</u>	<u>\$ (72,647)</u>

**CITY OF WARREN, OHIO**

*CAPITAL PROJECTS FUND*

***General Capital Improvements***

The General Capital Improvements capital projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary fund types.

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**GENERAL CAPITAL PROJECTS**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Intergovernmental . . . . .	\$ 3,334,942	\$ 1,860,705	\$ (1,474,237)
Investment income . . . . .	25,000	29,094	4,094
Other . . . . .	145,000	154,113	9,113
Total revenues . . . . .	<u>3,504,942</u>	<u>2,043,912</u>	<u>(1,461,030)</u>
<b>Expenditures:</b>			
Capital outlay			
Contractual services . . . . .	250,000	65,501	184,499
Capital outlay . . . . .	<u>7,354,622</u>	<u>7,026,703</u>	<u>327,919</u>
Total capital outlay . . . . .	<u>7,604,622</u>	<u>7,092,204</u>	<u>512,418</u>
Total expenditures . . . . .	<u>7,604,622</u>	<u>7,092,204</u>	<u>512,418</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(4,099,680)</u>	<u>(5,048,292)</u>	<u>(948,612)</u>
<b>Other financing sources (uses):</b>			
Operating transfers in . . . . .	<u>1,050,000</u>	<u>973,545</u>	<u>(76,455)</u>
Total other financing sources (uses) . . . . .	<u>1,050,000</u>	<u>973,545</u>	<u>(76,455)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	<u>(3,049,680)</u>	<u>(4,074,747)</u>	<u>(1,025,067)</u>
<b>Fund balance (deficit), January 1 . . . . .</b>	<u>(1,006,640)</u>	<u>(1,006,640)</u>	<u>-</u>
<b>Prior year encumbrances appropriated . . . . .</b>	<u>3,049,679</u>	<u>3,049,679</u>	<u>-</u>
<b>Fund balance (deficit), December 31 . . . . .</b>	<u><u>\$ (1,006,641)</u></u>	<u><u>\$ (2,031,708)</u></u>	<u><u>\$ (1,025,067)</u></u>

**CITY OF WARREN, OHIO**

*ENTERPRISE FUNDS*

The enterprise funds are used to account for the City's sewer, water and sanitation operations. These operations are financed and operated in a manner similar to that of a private business enterprise. The intent of the City is that the costs (expenses including depreciation) of providing goods and services on a continuing basis be recovered primarily through user charges. Following is a description of the City's enterprise funds:

***Sewer***

To account for sanitary sewer services provided to the residential and commercial users of the City and some residents of the County.

***Water***

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.

***Sanitation***

To account for sanitation services provided to the residential and commercial users of the City and some residents of the County.

***Packard Music Hall***

To account for the operations of the Packard Music Hall.

***City Redevelopment***

To account for the purchase, leasing and eventual sale of land and buildings by the City.

***Downtown Parking***

To account for user fees and related operations of various city-owned downtown parking facilities.

***Stormwater Utility***

To account for the storm drainage runoff service provided to the residential and commercial users of the City and to some residents of the County.

**CITY OF WARREN, OHIO**

**COMBINING BALANCE SHEET  
ALL ENTERPRISE FUNDS  
DECEMBER 31 2002**

	<u>Sewer</u>	<u>Water</u>	<u>Sanitation</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 630,919	\$ 3,172,192	\$ 159,031
Receivables (net of allowances for uncollectibles):			
Accounts . . . . .	1,058,787	1,206,099	560,578
Notes . . . . .	285,537	-	-
Special assessments . . . . .	496	5,959	379
Materials and supplies inventory . . . . .	14,127	28,160	1,028
Bond issuance costs and other deferred charges. . . . .	-	507,566	15,352
Restricted assets:			
Cash with fiscal agent . . . . .	-	970,351	-
Property, plant and equipment (net of accumulated depreciation) . . . . .	<u>21,976,555</u>	<u>27,422,185</u>	<u>187,183</u>
Total assets . . . . .	<u>\$ 23,966,421</u>	<u>\$ 33,312,512</u>	<u>\$ 923,551</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 85,080	\$ 140,463	\$ 75,852
Accrued wages and benefits . . . . .	45,233	99,231	18,169
Compensated absences payable . . . . .	385,668	620,810	130,183
Contracts payable. . . . .	-	727,158	-
Due to other governments . . . . .	33,706	14,885	2,726
Accrued interest payable. . . . .	436,998	1,274	2,245
General obligation bonds payable . . . . .	5,215,000	-	665,000
Revenue bonds payable . . . . .	-	10,945,000	-
Loans payable . . . . .	14,389,872	1,278,414	-
Capital lease obligation payable . . . . .	<u>-</u>	<u>14,163</u>	<u>-</u>
Total liabilities. . . . .	<u>20,591,557</u>	<u>13,841,398</u>	<u>894,175</u>
<b>Fund Equity:</b>			
Retained earnings:			
Unreserved. . . . .	<u>3,374,864</u>	<u>19,471,114</u>	<u>29,376</u>
Total fund equity . . . . .	<u>3,374,864</u>	<u>19,471,114</u>	<u>29,376</u>
Total liabilities and fund equity . . . . .	<u>\$ 23,966,421</u>	<u>\$ 33,312,512</u>	<u>\$ 923,551</u>

<u>Packard Music Hall</u>	<u>City Redevelopment</u>	<u>Downtown Parking</u>	<u>Stormwater Utility</u>	<u>Totals</u>
\$ 252,883	\$ 39,256	\$ 6,208	\$ 225,617	\$ 4,486,106
-	-	6,216	87,222	2,918,902
-	-	-	-	285,537
-	-	-	50	6,884
-	-	-	-	43,315
-	-	-	-	522,918
-	-	-	-	970,351
<u>32,307</u>	<u>527,643</u>	<u>1,663,850</u>	<u>-</u>	<u>51,809,723</u>
<u>\$ 285,190</u>	<u>\$ 566,899</u>	<u>\$ 1,676,274</u>	<u>\$ 312,889</u>	<u>\$ 61,043,736</u>
\$ 17,771	\$ -	\$ -	\$ -	\$ 319,166
4,924	-	-	3,642	171,199
29,756	-	-	24,045	1,190,462
42,872	-	-	-	770,030
739	-	-	546	52,602
-	-	-	-	440,517
-	-	-	-	5,880,000
-	-	-	-	10,945,000
-	-	-	-	15,668,286
-	-	-	-	14,163
<u>96,062</u>	<u>-</u>	<u>-</u>	<u>28,233</u>	<u>35,451,425</u>
<u>189,128</u>	<u>566,899</u>	<u>1,676,274</u>	<u>284,656</u>	<u>25,592,311</u>
<u>189,128</u>	<u>566,899</u>	<u>1,676,274</u>	<u>284,656</u>	<u>25,592,311</u>
<u>\$ 285,190</u>	<u>\$ 566,899</u>	<u>\$ 1,676,274</u>	<u>\$ 312,889</u>	<u>\$ 61,043,736</u>

**CITY OF WARREN, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
**ALL ENTERPRISE FUNDS**  
FOR THE FISCAL YEAR ENDED DECEMBER 31 2002

	<u>Sewer</u>	<u>Water</u>	<u>Sanitation</u>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 6,403,342	\$ 9,167,890	\$ 2,950,110
Other operating revenues . . . . .	288,098	270,167	28,472
	<hr/>	<hr/>	<hr/>
Total operating revenues . . . . .	6,691,440	9,438,057	2,978,582
	<hr/>	<hr/>	<hr/>
<b>Operating expenses:</b>			
Personal services . . . . .	2,956,337	5,043,741	951,785
Contractual services. . . . .	1,322,602	611,760	1,393,713
Materials and supplies. . . . .	347,961	876,451	125,123
Depreciation. . . . .	2,137,767	875,322	132,752
Administrative costs. . . . .	566,456	655,058	167,128
Utilities. . . . .	446,283	583,576	2,120
Other operating expenses . . . . .	3,163	27,719	78
	<hr/>	<hr/>	<hr/>
Total operating expenses. . . . .	7,780,569	8,673,627	2,772,699
	<hr/>	<hr/>	<hr/>
Operating income (loss) . . . . .	(1,089,129)	764,430	205,883
	<hr/>	<hr/>	<hr/>
<b>Nonoperating revenues (expenses):</b>			
Interest and fiscal charges . . . . .	(1,124,768)	(590,157)	(50,804)
Investment earnings . . . . .	32,575	123,298	9,753
Loss on sale of fixed assets . . . . .	(10,749)	(10,787)	-
Nonoperating revenue . . . . .	-	-	-
Special assessments . . . . .	4,874	5,959	333
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues (expenses) . . . . .	(1,098,068)	(471,687)	(40,718)
	<hr/>	<hr/>	<hr/>
Net income (loss) before operating transfers . . . . .	(2,187,197)	292,743	165,165
Operating transfers in . . . . .	22,429	-	-
Operating transfers out. . . . .	-	(71,780)	(1,980)
	<hr/>	<hr/>	<hr/>
Net income (loss) . . . . .	(2,164,768)	220,963	163,185
	<hr/>	<hr/>	<hr/>
<b>Retained earnings, January 1 (restated) . . . . .</b>	5,539,632	19,250,151	(133,809)
	<hr/>	<hr/>	<hr/>
<b>Retained earnings, December 31 . . . . .</b>	\$ 3,374,864	\$ 19,471,114	\$ 29,376
	<hr/>	<hr/>	<hr/>



<b>Packard Music Hall</b>	<b>City Redevelopment</b>	<b>Downtown Parking</b>	<b>Stormwater Utility</b>	<b>Totals</b>
\$ 145,251	\$ 44,004	\$ 68,647	\$ 409,394	\$ 19,188,638
36,312	-	10	415	623,474
<u>181,563</u>	<u>44,004</u>	<u>68,657</u>	<u>409,809</u>	<u>19,812,112</u>
254,633	-	119,335	139,801	9,465,632
58,198	1,383	848	4,680	3,393,184
126,344	240	-	8,084	1,484,203
8,508	14,790	48,058	-	3,217,197
26,944	-	-	-	1,415,586
45,673	2,237	5,130	-	1,085,019
3,365	-	-	-	34,325
<u>523,665</u>	<u>18,650</u>	<u>173,371</u>	<u>152,565</u>	<u>20,095,146</u>
<u>(342,102)</u>	<u>25,354</u>	<u>(104,714)</u>	<u>257,244</u>	<u>(283,034)</u>
-	-	(4,227)	-	(1,769,956)
2,139	-	-	-	167,765
-	-	-	-	(21,536)
-	-	407,642	-	407,642
-	-	-	50	11,216
<u>2,139</u>	<u>-</u>	<u>403,415</u>	<u>50</u>	<u>(1,204,869)</u>
(339,963)	25,354	298,701	257,294	(1,487,903)
450,000	-	55,000	-	527,429
<u>(14,984)</u>	<u>(4,054)</u>	<u>-</u>	<u>-</u>	<u>(92,798)</u>
95,053	21,300	353,701	257,294	(1,053,272)
<u>94,075</u>	<u>545,599</u>	<u>1,322,573</u>	<u>27,362</u>	<u>26,645,583</u>
<u>\$ 189,128</u>	<u>\$ 566,899</u>	<u>\$ 1,676,274</u>	<u>\$ 284,656</u>	<u>\$ 25,592,311</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**SEWER**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<b>Variance: Favorable (Unfavorable)</b>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 7,687,109	\$ 6,601,388	\$ (1,085,721)
Other operating revenues . . . . .	16,538	286,143	269,605
Total operating revenues . . . . .	<u>7,703,647</u>	<u>6,887,531</u>	<u>(816,116)</u>
<b>Operating expenses:</b>			
Personal services . . . . .	3,054,102	2,920,813	133,289
Contractual services . . . . .	1,430,682	1,335,921	94,761
Materials and supplies . . . . .	390,608	368,889	21,719
Capital outlay . . . . .	36,105	35,435	670
Administrative costs . . . . .	610,030	566,456	43,574
Utilities . . . . .	394,413	446,325	(51,912)
Other operating expenses . . . . .	5,500	3,163	2,337
Total operating expenses . . . . .	<u>5,921,440</u>	<u>5,677,002</u>	<u>244,438</u>
Operating income . . . . .	<u>1,782,207</u>	<u>1,210,529</u>	<u>(571,678)</u>
<b>Nonoperating revenues (expenses):</b>			
Investment earnings . . . . .	42,127	32,575	(9,552)
Special assessments . . . . .	5,933	4,500	(1,433)
Debt service:			
Principal retirement . . . . .	(1,155,096)	(1,155,096)	-
Interest and fiscal charges . . . . .	(1,148,606)	(1,148,126)	480
Total nonoperating revenues (expenses) . . . . .	<u>(2,255,642)</u>	<u>(2,266,147)</u>	<u>(10,505)</u>
Net loss before operating transfers . . . . .	(473,435)	(1,055,618)	(582,183)
Operating transfers in . . . . .	416,000	1,473,354	1,057,354
Operating transfers out . . . . .	<u>(1,451,000)</u>	<u>(1,450,925)</u>	<u>75</u>
Net loss . . . . .	(1,508,435)	(1,033,189)	475,246
<b>Retained earnings, January 1 . . . . .</b>	1,474,962	1,474,962	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>93,960</u>	<u>93,960</u>	<u>-</u>
<b>Retained earnings, December 31. . . . .</b>	<u>\$ 60,487</u>	<u>\$ 535,733</u>	<u>\$ 475,246</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**WATER**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 8,825,000	\$ 9,125,805	\$ 300,805
Other operating revenues . . . . .	274,000	270,561	(3,439)
Total operating revenues . . . . .	<u>9,099,000</u>	<u>9,396,366</u>	<u>297,366</u>
<b>Operating expenses:</b>			
Personal services . . . . .	5,213,204	5,044,720	168,484
Contractual services . . . . .	1,074,265	867,706	206,559
Materials and supplies . . . . .	1,362,034	1,095,640	266,394
Capital outlay . . . . .	13,726,324	10,393,269	3,333,055
Administrative costs . . . . .	689,440	655,058	34,382
Utilities . . . . .	661,708	613,387	48,321
Other operating expenses . . . . .	44,850	37,157	7,693
Total operating expenses . . . . .	<u>22,771,825</u>	<u>18,706,937</u>	<u>4,064,888</u>
Operating loss . . . . .	<u>(13,672,825)</u>	<u>(9,310,571)</u>	<u>4,362,254</u>
<b>Nonoperating revenues (expenses):</b>			
Investment earnings . . . . .	280,000	123,298	(156,702)
Proceeds of loans . . . . .	10,830,021	1,278,414	(9,551,607)
Debt service:			
Principal retirement . . . . .	(51,000)	(20,000)	31,000
Interest and fiscal charges . . . . .	(549,000)	(548,520)	480
Total nonoperating revenues (expenses) . . . . .	<u>10,510,021</u>	<u>833,192</u>	<u>(9,676,829)</u>
Net loss before operating transfers . . . . .	(3,162,804)	(8,477,379)	(5,314,575)
Operating transfers in . . . . .	621,000	603,958	(17,042)
Operating transfers out . . . . .	<u>(717,134)</u>	<u>(675,738)</u>	<u>41,396</u>
Net loss . . . . .	(3,258,938)	(8,549,159)	(5,290,221)
<b>Retained earnings, January 1 . . . . .</b>	2,974,164	2,974,164	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>2,004,087</u>	<u>2,004,087</u>	<u>-</u>
<b>Retained earnings, December 31 . . . . .</b>	<u>\$ 1,719,313</u>	<u>\$ (3,570,908)</u>	<u>\$ (5,290,221)</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**SANITATION**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<b>Variance: Favorable (Unfavorable)</b>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 3,004,000	\$ 2,918,804	\$ (85,196)
Other operating revenues . . . . .	10,000	28,472	18,472
Total operating revenues . . . . .	<u>3,014,000</u>	<u>2,947,276</u>	<u>(66,724)</u>
<b>Operating expenses:</b>			
Personal services. . . . .	949,015	931,374	17,641
Contractual services . . . . .	1,444,847	1,412,172	32,675
Materials and supplies. . . . .	162,589	126,343	36,246
Capital outlay . . . . .	244,435	168,615	75,820
Administrative costs. . . . .	183,673	167,128	16,545
Utilities . . . . .	2,150	2,120	30
Other operating expenses . . . . .	1,500	175	1,325
Total operating expenses . . . . .	<u>2,988,209</u>	<u>2,807,927</u>	<u>180,282</u>
Operating income (loss) . . . . .	<u>25,791</u>	<u>139,349</u>	<u>113,558</u>
<b>Nonoperating revenues (expenses):</b>			
Investment earnings . . . . .	15,000	9,753	(5,247)
Total nonoperating revenues (expenses) . . . . .	<u>15,000</u>	<u>9,753</u>	<u>(5,247)</u>
Net income (loss) before operating transfers . . . . .	40,791	149,102	108,311
Operating transfers out . . . . .	<u>(361,115)</u>	<u>(361,095)</u>	<u>20</u>
Net loss. . . . .	(320,324)	(211,993)	108,331
<b>Retained earnings, January 1 . . . . .</b>	116,821	116,821	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>203,503</u>	<u>203,503</u>	<u>-</u>
<b>Retained earnings, December 31. . . . .</b>	<u>\$ -</u>	<u>\$ 108,331</u>	<u>\$ 108,331</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**PACKARD MUSIC HALL**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<b>Variance: Favorable (Unfavorable)</b>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 204,000	\$ 145,251	\$ (58,749)
Other operating revenues . . . . .	10,000	36,312	26,312
Total operating revenues . . . . .	<u>214,000</u>	<u>181,563</u>	<u>(32,437)</u>
<b>Operating expenses:</b>			
Personal services. . . . .	271,832	250,458	21,374
Contractual services . . . . .	64,468	55,171	9,297
Materials and supplies. . . . .	33,992	32,713	1,279
Capital outlay . . . . .	156,994	113,549	43,445
Administrative costs. . . . .	28,280	26,944	1,336
Utilities . . . . .	47,912	47,449	463
Other operating expenses . . . . .	4,000	2,634	1,366
Total operating expenses . . . . .	<u>607,478</u>	<u>528,918</u>	<u>78,560</u>
Operating loss . . . . .	<u>(393,478)</u>	<u>(347,355)</u>	<u>46,123</u>
<b>Nonoperating revenues (expenses):</b>			
Investment earnings . . . . .	4,000	2,139	(1,861)
Total nonoperating revenues (expenses) . . . . .	<u>4,000</u>	<u>2,139</u>	<u>(1,861)</u>
Net loss before operating transfers. . . . .	(389,478)	(345,216)	44,262
Operating transfers in. . . . .	350,000	450,000	100,000
Operating transfers out . . . . .	<u>(16,000)</u>	<u>(14,984)</u>	<u>1,016</u>
Net income. . . . .	(55,478)	89,800	145,278
<b>Retained earnings, January 1 . . . . .</b>	83,102	83,102	-
<b>Prior year encumbrances appropriated. . . . .</b>	<u>5,478</u>	<u>5,478</u>	<u>-</u>
<b>Retained earnings, December 31. . . . .</b>	<u>\$ 33,102</u>	<u>\$ 178,380</u>	<u>\$ 145,278</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**CITY REDEVELOPMENT**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 40,000	\$ 44,004	\$ 4,004
Total operating revenues . . . . .	<u>40,000</u>	<u>44,004</u>	<u>4,004</u>
<b>Operating expenses:</b>			
Contractual services . . . . .	5,470	1,383	4,087
Materials and supplies . . . . .	1,000	240	760
Utilities . . . . .	3,560	2,361	1,199
Total operating expenses . . . . .	<u>10,030</u>	<u>3,984</u>	<u>6,046</u>
Net income before operating transfers . . . . .	29,970	40,020	10,050
Operating transfers out . . . . .	<u>(30,000)</u>	<u>(4,054)</u>	<u>25,946</u>
Net income. . . . .	(30)	35,966	35,996
<b>Retained earnings, January 1 . . . . .</b>	3,136	3,136	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>30</u>	<u>30</u>	<u>-</u>
<b>Retained earnings, December 31. . . . .</b>	<u>\$ 3,136</u>	<u>\$ 39,132</u>	<u>\$ 35,996</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**DOWNTOWN PARKING**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 63,000	\$ 67,610	\$ 4,610
Other operating revenues . . . . .	-	10	10
Total operating revenues . . . . .	<u>63,000</u>	<u>67,620</u>	<u>4,620</u>
<b>Operating expenses:</b>			
Contractual services . . . . .	119,808	119,335	473
Materials and supplies . . . . .	1,000	848	152
Utilities . . . . .	10,327	10,356	(29)
Other operating expenses . . . . .	2,000	-	2,000
Total operating expenses . . . . .	<u>133,135</u>	<u>130,539</u>	<u>2,596</u>
Net loss before operating transfers. . . . .	(70,135)	(62,919)	7,216
Operating transfers in . . . . .	<u>65,000</u>	<u>55,000</u>	<u>(10,000)</u>
Net loss. . . . .	(5,135)	(7,919)	(2,784)
<b>Retained earnings, January 1 . . . . .</b>	8,546	8,546	-
<b>Prior year encumbrances appropriated . .</b>	<u>5,135</u>	<u>5,135</u>	<u>-</u>
<b>Retained earnings, December 31. . . . .</b>	<u>\$ 8,546</u>	<u>\$ 5,762</u>	<u>\$ (2,784)</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**STORMWATER UTILITY**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 250,000	\$ 353,642	\$ 103,642
Other operating revenues . . . . .	-	415	415
Total operating revenues . . . . .	<u>250,000</u>	<u>354,057</u>	<u>104,057</u>
<b>Operating expenses:</b>			
Personal services. . . . .	204,150	115,732	88,418
Contractual services . . . . .	24,850	4,680	20,170
Materials and supplies. . . . .	20,000	8,388	11,612
Other operating expenses . . . . .	1,000	-	1,000
Total operating expenses . . . . .	<u>250,000</u>	<u>128,800</u>	<u>121,200</u>
Net income (loss). . . . .	-	225,257	225,257
<b>Retained earnings, January 1 . . . . .</b>	56	56	-
<b>Prior year encumbrances appropriated . .</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Retained earnings, December 31. . . . .</b>	<u>\$ 56</u>	<u>\$ 225,313</u>	<u>\$ 225,257</u>



**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**ALL ENTERPRISE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<b>Variance: Favorable (Unfavorable)</b>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 20,073,109	\$ 19,256,504	\$ (816,605)
Other operating revenues . . . . .	310,538	621,912	311,374
Total operating revenues . . . . .	<u>20,383,647</u>	<u>19,878,416</u>	<u>(505,231)</u>
<b>Operating expenses:</b>			
Personal services . . . . .	9,692,303	9,263,097	429,206
Contractual services . . . . .	4,164,390	3,796,368	368,022
Materials and supplies . . . . .	1,971,223	1,633,061	338,162
Capital outlay . . . . .	14,163,858	10,710,867	3,452,991
Administrative costs . . . . .	1,511,423	1,415,586	95,837
Utilities . . . . .	1,120,070	1,121,998	(1,928)
Other operating expenses . . . . .	58,850	43,129	15,721
Total operating expenses . . . . .	<u>32,682,117</u>	<u>27,984,106</u>	<u>4,698,011</u>
Operating income . . . . .	<u>(12,298,470)</u>	<u>(8,105,690)</u>	<u>4,192,780</u>
<b>Nonoperating revenues (expenses):</b>			
Investment earnings . . . . .	341,127	167,765	(173,362)
Special assessments . . . . .	5,933	4,500	(1,433)
Proceeds of loans . . . . .	10,830,021	1,278,414	(9,551,607)
Debt service:			
Principal retirement . . . . .	(1,206,096)	(1,175,096)	31,000
Interest and fiscal charges . . . . .	(1,697,606)	(1,696,646)	960
Total nonoperating revenues (expenses) . .	<u>8,273,379</u>	<u>(1,421,063)</u>	<u>(9,694,442)</u>
Net loss before operating transfers . . . . .	(4,025,091)	(9,526,753)	(5,501,662)
Operating transfers in . . . . .	1,452,000	2,582,312	1,130,312
Operating transfers out . . . . .	<u>(2,575,249)</u>	<u>(2,506,796)</u>	<u>68,453</u>
Net loss . . . . .	(5,148,340)	(9,451,237)	(4,302,897)
<b>Retained earnings, January 1 . . . . .</b>	4,660,787	4,660,787	-
<b>Prior year encumbrances appropriated . .</b>	<u>2,312,193</u>	<u>2,312,193</u>	<u>-</u>
<b>Retained earnings, December 31. . . . .</b>	<u>\$ 1,824,640</u>	<u>\$ (2,478,257)</u>	<u>\$ (4,302,897)</u>

**CITY OF WARREN, OHIO**

COMBINING STATEMENT OF CASH FLOWS  
**ALL ENTERPRISE FUNDS**  
 FOR THE FISCAL YEAR ENDED DECEMBER 31 2002

	<u>Sewer</u>	<u>Water</u>	<u>Sanitation</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers . . . . .	\$ 6,601,388	\$ 9,125,805	\$ 2,918,804
Cash received from other operations . . . . .	286,143	270,561	28,472
Cash payments for personal services . . . . .	(2,920,813)	(5,044,720)	(931,374)
Cash payments for contractual services. . . . .	(1,275,671)	(576,671)	(1,364,342)
Cash payments for administrative costs. . . . .	(566,456)	(655,058)	(167,128)
Cash payments for materials and supplies . . . . .	(350,069)	(793,081)	(123,473)
Cash payments for utilities . . . . .	(446,283)	(583,576)	(2,120)
Cash payments for other expenses . . . . .	<u>(3,163)</u>	<u>(37,157)</u>	<u>(175)</u>
Net cash provided by (used in) operating activities . . . . .	<u>1,325,076</u>	<u>1,706,103</u>	<u>358,664</u>
<b>Cash flows from noncapital financing activities:</b>			
Special assessments . . . . .	4,500	-	-
Operating transfers in from other funds. . . . .	22,429	-	-
Operating transfers out to other funds. . . . .	<u>-</u>	<u>(71,780)</u>	<u>(361,095)</u>
Net cash provided by (used in) noncapital financing activities . . . . .	<u>26,929</u>	<u>(71,780)</u>	<u>(361,095)</u>
<b>Cash flows from capital and related financing activities:</b>			
Aquisition of capital assets . . . . .	(19,361)	(3,303,223)	(168,615)
Proceeds of loans . . . . .	-	1,278,414	-
Principal retirement. . . . .	(1,155,538)	(20,000)	-
Interest and fiscal charges. . . . .	<u>(1,147,684)</u>	<u>(548,520)</u>	<u>-</u>
Net cash used in capital and related financing activities . . . . .	<u>(2,322,583)</u>	<u>(2,593,329)</u>	<u>(168,615)</u>
<b>Cash flows from investing activities:</b>			
Interest received. . . . .	<u>32,575</u>	<u>107,486</u>	<u>9,753</u>
Net cash provided by investing activities . . . . .	<u>32,575</u>	<u>107,486</u>	<u>9,753</u>
Net increase (decrease) in cash and cash equivalents . .	(938,003)	(851,520)	(161,293)
<b>Cash and cash equivalents, January 1 . . . . .</b>	<u>1,568,922</u>	<u>4,023,712</u>	<u>320,324</u>
<b>Cash and cash equivalents, December 31 . . . . .</b>	<u><u>\$ 630,919</u></u>	<u><u>\$ 3,172,192</u></u>	<u><u>\$ 159,031</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss). . . . .	(1,089,129)	764,430	205,883
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation . . . . .	2,137,767	875,322	132,752
Changes in assets and liabilities:			
(Increase) decrease in materials and supplies inventory.	(2,447)	56,441	1,476
(Increase) decrease in accounts receivable. . . . .	80,354	(41,691)	(31,306)
Decrease in notes receivable. . . . .	115,737	-	-
Decrease in due from other governments . . . . .	27,843	-	-
Increase (decrease) in accounts payable . . . . .	20,349	49,855	29,448
Increase in contracts payable. . . . .	-	-	-
Increase in accrued wages and benefits . . . . .	6,144	11,297	4,359
Increase (decrease) in compensated absences payable .	28,458	(11,246)	15,397
Increase in due to other governments . . . . .	<u>-</u>	<u>1,695</u>	<u>655</u>
Net cash provided by (used in) operating activities. . . . .	<u><u>\$ 1,325,076</u></u>	<u><u>\$ 1,706,103</u></u>	<u><u>\$ 358,664</u></u>

<b>Packard Music Hall</b>	<b>City Redevelopment</b>	<b>Downtown Parking</b>	<b>Stormwater Utility</b>	<b>Totals</b>
\$ 145,251	\$ 44,004	\$ 67,610	\$ 353,642	\$ 19,256,504
36,312	-	10	415	621,913
(250,458)	-	(119,335)	(115,732)	(9,382,432)
(52,879)	(1,383)	(848)	(4,680)	(3,276,474)
(26,944)	-	-	-	(1,415,586)
(76,150)	(240)	-	(8,084)	(1,351,097)
(45,673)	(2,237)	(9,910)	-	(1,089,799)
(2,311)	-	-	-	(42,806)
<u>(272,852)</u>	<u>40,144</u>	<u>(62,473)</u>	<u>225,561</u>	<u>3,320,223</u>
-	-	-	-	4,500
450,000	-	55,000	-	527,429
(14,984)	(4,054)	-	-	(451,913)
<u>435,016</u>	<u>(4,054)</u>	<u>55,000</u>	<u>-</u>	<u>80,016</u>
-	-	-	-	(3,491,199)
-	-	-	-	1,278,414
-	-	-	-	(1,175,538)
-	-	-	-	(1,696,204)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,084,527)</u>
2,139	-	-	-	151,953
<u>2,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,953</u>
164,303	36,090	(7,473)	225,561	(1,532,335)
88,580	3,166	13,681	56	6,018,441
<u>\$ 252,883</u>	<u>\$ 39,256</u>	<u>\$ 6,208</u>	<u>\$ 225,617</u>	<u>\$ 4,486,106</u>
(342,102)	25,354	(104,714)	257,244	(283,034)
8,508	14,790	48,058	-	3,217,197
-	-	-	-	55,470
-	-	(1,037)	(55,752)	(49,432)
-	-	-	-	115,737
-	-	-	-	27,843
13,695	-	(4,780)	-	108,567
42,872	-	-	-	42,872
1,773	-	-	9	23,582
2,136	-	-	24,045	58,790
266	-	-	15	2,631
<u>\$ (272,852)</u>	<u>\$ 40,144</u>	<u>\$ (62,473)</u>	<u>\$ 225,561</u>	<u>\$ 3,320,223</u>

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**CITY OF WARREN, OHIO**

*INTERNAL SERVICE FUNDS*

The internal service funds are used to account for the financing of goods or services provided by one department or agency to another departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis. Following is a description of the City's internal service funds:

***Life Insurance and Hospitalization***

To account for the revenues and expenses associated with medical benefits provided to City employees and their covered dependents for which the City is self-insured.

***Workers Compensation***

To account for claims applicable to years in which the City elects to be partially self-insured under a retrospective rating plan with the State of Ohio.

***Data Processing***

To account for operations of the data processing department which provides services to various City departments on a cost-reimbursement basis.

***Risk Management***

To account for expenses related to the general liability claims the City may have levied against it, except for police liability, which remains insured through a private insurance carrier.

**CITY OF WARREN, OHIO**

**COMBINING BALANCE SHEET  
ALL INTERNAL SERVICE FUNDS  
DECEMBER 31 2002**

	<u>Life Insurance and Hospitalization</u>	<u>Workers Compensation</u>	<u>Data Processing</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 1,255,357	\$ 4,166,577	\$ 277,828
Receivables (net of allowances for uncollectibles):			
Notes . . . . .	-	120,000	-
Bonds. . . . .	-	134,460	-
Property, plant and equipment (net of accumulated depreciation). . . . .	<u>-</u>	<u>-</u>	<u>157,217</u>
Total assets . . . . .	<u><u>\$ 1,255,357</u></u>	<u><u>\$ 4,421,037</u></u>	<u><u>\$ 435,045</u></u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ -	\$ 5,440	\$ 10,878
Accrued wages and benefits . . . . .	-	-	4,296
Compensated absences payable . . . . .	-	-	82,233
Due to other governments . . . . .	-	162,954	644
Claims payable. . . . .	<u>405,965</u>	<u>-</u>	<u>-</u>
Total liabilities. . . . .	<u>405,965</u>	<u>168,394</u>	<u>98,051</u>
<b>Fund Equity:</b>			
Retained earnings:			
Unreserved. . . . .	<u>849,392</u>	<u>4,252,643</u>	<u>336,994</u>
Total fund equity . . . . .	<u>849,392</u>	<u>4,252,643</u>	<u>336,994</u>
Total liabilities and fund equity . . . . .	<u><u>\$ 1,255,357</u></u>	<u><u>\$ 4,421,037</u></u>	<u><u>\$ 435,045</u></u>

<b>Risk Management</b>	<b>Totals</b>
\$ 555,333	\$ 6,255,095
-	120,000
-	134,460
-	157,217
\$ 555,333	\$ 6,666,772
\$ 17,330	\$ 33,648
-	4,296
-	82,233
-	163,598
-	405,965
17,330	689,740
538,003	5,977,032
538,003	5,977,032
\$ 555,333	\$ 6,666,772

**CITY OF WARREN, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
**ALL INTERNAL SERVICE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31 2002

	<b>Life Insurance and Hospitalization</b>	<b>Workers Compensation</b>	<b>Data Processing</b>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 5,472,077	\$ 1,370,295	\$ 580,595
Other operating revenues . . . . .	-	-	21,074
Total operating revenues . . . . .	5,472,077	1,370,295	601,669
<b>Operating expenses:</b>			
Personal services . . . . .	-	-	228,037
Contractual services . . . . .	-	10,401	110,911
Materials and supplies . . . . .	-	-	43,714
Depreciation . . . . .	-	-	74,760
Claims expense . . . . .	4,706,835	153,684	-
Administrative costs . . . . .	-	162,954	32,425
Utilities . . . . .	-	-	26,613
Other operating expenses . . . . .	-	761,772	-
Total operating expenses . . . . .	4,706,835	1,088,811	516,460
Operating income (loss) . . . . .	765,242	281,484	85,209
<b>Nonoperating revenues (expenses):</b>			
Interest and fiscal charges . . . . .	-	-	(1,580)
Investment earnings . . . . .	-	132,370	7,661
Total nonoperating revenues (expenses) . . . . .	-	132,370	6,081
Net income (loss) before operating transfers . . . . .	765,242	413,854	91,290
Operating transfers out . . . . .	-	-	(97,216)
Net income (loss) . . . . .	765,242	413,854	(5,926)
<b>Retained earnings, January 1 (restated) . . . . .</b>	<b>84,150</b>	<b>3,838,789</b>	<b>342,920</b>
<b>Retained earnings, December 31 . . . . .</b>	<b>\$ 849,392</b>	<b>\$ 4,252,643</b>	<b>\$ 336,994</b>



<u>Risk Management</u>	<u>Totals</u>
\$ 242,397	\$ 7,665,364
-	21,074
<u>242,397</u>	<u>7,686,438</u>
-	228,037
387,056	508,368
-	43,714
-	74,760
-	4,860,519
-	195,379
-	26,613
-	761,772
<u>387,056</u>	<u>6,699,162</u>
<u>(144,659)</u>	<u>987,276</u>
-	(1,580)
<u>16,747</u>	<u>156,778</u>
<u>16,747</u>	<u>155,198</u>
(127,912)	1,142,474
<u>(127,912)</u>	<u>(97,216)</u>
(127,912)	1,045,258
<u>665,915</u>	<u>4,931,774</u>
<u>\$ 538,003</u>	<u>\$ 5,977,032</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**LIFE INSURANCE AND HOSPITALIZATION**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 4,700,000	\$ 5,472,077	\$ 772,077
Total operating revenues . . . . .	<u>4,700,000</u>	<u>5,472,077</u>	<u>772,077</u>
<b>Operating expenses:</b>			
Claims expense . . . . .	<u>4,700,000</u>	<u>4,654,924</u>	<u>45,076</u>
Total operating expenses . . . . .	<u>4,700,000</u>	<u>4,654,924</u>	<u>45,076</u>
Net income. . . . .	-	817,153	817,153
<b>Retained earnings, January 1 . . . . .</b>	438,204	438,204	-
<b>Prior year encumbrances appropriated . .</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Retained earnings, December 31. . . . .</b>	<u>\$ 438,204</u>	<u>\$ 1,255,357</u>	<u>\$ 817,153</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**WORKERS COMPENSATION**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 850,000	\$ 1,370,295	\$ 520,295
Total operating revenues . . . . .	<u>850,000</u>	<u>1,370,295</u>	<u>520,295</u>
<b>Operating expenses:</b>			
Contractual services . . . . .	5,000	4,961	39
Claims expense . . . . .	165,600	153,684	11,916
Administrative costs . . . . .	67,000	66,002	998
Other operating expenses . . . . .	<u>763,000</u>	<u>762,897</u>	<u>103</u>
Total operating expenses . . . . .	<u>1,000,600</u>	<u>987,544</u>	<u>13,056</u>
Operating income (loss) . . . . .	<u>(150,600)</u>	<u>382,751</u>	<u>533,351</u>
<b>Nonoperating revenues (expenses):</b>			
Investment earnings . . . . .	<u>150,000</u>	<u>132,370</u>	<u>(17,630)</u>
Total nonoperating revenues (expenses) . .	<u>150,000</u>	<u>132,370</u>	<u>(17,630)</u>
Net income (loss). . . . .	(600)	515,121	515,721
<b>Retained earnings, January 1 . . . . .</b>	3,905,316	3,905,316	-
<b>Prior year encumbrances appropriated . .</b>	<u>600</u>	<u>600</u>	<u>-</u>
<b>Retained earnings, December 31. . . . .</b>	<u>\$ 3,905,316</u>	<u>\$ 4,421,037</u>	<u>\$ 515,721</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**DATA PROCESSING**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 614,464	\$ 580,595	\$ (33,869)
Other operating revenues . . . . .	15,700	21,074	5,374
Total operating revenues . . . . .	<u>630,164</u>	<u>601,669</u>	<u>(28,495)</u>
<b>Operating expenses:</b>			
Personal services. . . . .	235,265	223,729	11,536
Contractual services . . . . .	123,024	110,961	12,063
Materials and supplies. . . . .	21,135	13,527	7,608
Capital outlay . . . . .	117,000	72,040	44,960
Administrative costs . . . . .	34,000	32,425	1,575
Utilities . . . . .	36,440	28,230	8,210
Total operating expenses . . . . .	<u>566,864</u>	<u>480,912</u>	<u>85,952</u>
Operating income. . . . .	<u>63,300</u>	<u>120,757</u>	<u>57,457</u>
<b>Nonoperating revenues (expenses):</b>			
Investment earnings. . . . .	13,000	7,661	(5,339)
Total nonoperating revenues (expenses) . .	<u>13,000</u>	<u>7,661</u>	<u>(5,339)</u>
Net income before operating transfers . . . .	76,300	128,418	52,118
Operating transfers out . . . . .	<u>(119,174)</u>	<u>(97,216)</u>	<u>21,958</u>
Net income (loss). . . . .	(42,874)	31,202	74,076
<b>Retained earnings, January 1 . . . . .</b>	232,443	232,443	-
<b>Prior year encumbrances appropriated . .</b>	<u>6,874</u>	<u>6,874</u>	<u>-</u>
<b>Retained earnings, December 31. . . . .</b>	<u>\$ 196,443</u>	<u>\$ 270,519</u>	<u>\$ 74,076</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**RISK MANAGEMENT**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 125,000	\$ 242,397	\$ 117,397
Total operating revenues . . . . .	<u>125,000</u>	<u>242,397</u>	<u>117,397</u>
<b>Operating expenses:</b>			
Contractual services . . . . .	470,000	381,266	88,734
Total operating expenses . . . . .	<u>470,000</u>	<u>381,266</u>	<u>88,734</u>
Operating loss . . . . .	<u>(345,000)</u>	<u>(138,869)</u>	<u>206,131</u>
<b>Nonoperating revenues (expenses):</b>			
Investment earnings. . . . .	25,000	16,747	(8,253)
Total nonoperating revenues (expenses) . .	<u>25,000</u>	<u>16,747</u>	<u>(8,253)</u>
Net loss. . . . .	(320,000)	(122,122)	197,878
<b>Retained earnings, January 1 . . . . .</b>	667,167	667,167	-
<b>Prior year encumbrances appropriated . .</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Retained earnings, December 31. . . . .</b>	<u>\$ 347,167</u>	<u>\$ 545,045</u>	<u>\$ 197,878</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
**ALL INTERNAL SERVICE FUNDS**  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Revised Budget</u>	<u>Actual</u>	<b>Variance: Favorable (Unfavorable)</b>
<b>Operating revenues:</b>			
Charges for services . . . . .	\$ 6,289,464	\$ 7,665,364	\$ 1,375,900
Other operating revenues . . . . .	15,700	21,074	5,374
Total operating revenues . . . . .	<u>6,305,164</u>	<u>7,686,438</u>	<u>1,381,274</u>
<b>Operating expenses:</b>			
Personal services . . . . .	235,265	223,729	11,536
Contractual services . . . . .	598,024	497,188	100,836
Materials and supplies . . . . .	21,135	13,527	7,608
Capital outlay . . . . .	117,000	72,040	44,960
Claims expense . . . . .	4,865,600	4,808,608	56,992
Administrative costs . . . . .	101,000	98,427	2,573
Utilities . . . . .	36,440	28,230	8,210
Other operating expenses . . . . .	763,000	762,897	103
Total operating expenses . . . . .	<u>6,737,464</u>	<u>6,504,646</u>	<u>232,818</u>
Operating income . . . . .	<u>(432,300)</u>	<u>1,181,792</u>	<u>1,614,092</u>
<b>Nonoperating revenues (expenses):</b>			
Investment earnings . . . . .	188,000	156,778	(31,222)
Total nonoperating revenues (expenses) . . . . .	<u>188,000</u>	<u>156,778</u>	<u>(31,222)</u>
Net income before operating transfers . . . . .	(244,300)	1,338,570	1,582,870
Operating transfers out . . . . .	<u>(119,174)</u>	<u>(97,216)</u>	<u>21,958</u>
Net loss . . . . .	(363,474)	1,241,354	1,604,828
<b>Retained earnings, January 1 . . . . .</b>	5,243,130	5,243,130	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>7,474</u>	<u>7,474</u>	<u>-</u>
<b>Retained earnings, December 31 . . . . .</b>	<u>\$ 4,887,130</u>	<u>\$ 6,491,958</u>	<u>\$ 1,604,828</u>

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**CITY OF WARREN, OHIO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**ALL INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31 2002**

	<b>Life Insurance and Hospitalization</b>	<b>Workers Compensation</b>	<b>Data Processing</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers . . . . .	\$ 5,472,077	\$ 1,370,295	\$ 580,595
Cash received from other operations . . . . .	-	-	21,074
Cash payments for personal services . . . . .	-	-	(223,729)
Cash payments for contractual services. . . . .	-	(4,961)	(110,709)
Cash payments for administrative costs. . . . .	-	(66,002)	(32,425)
Cash payments for materials and supplies . . . . .	-	-	(39,954)
Cash payments for claims expense . . . . .	(4,654,924)	(153,684)	-
Cash payments for utilities . . . . .	-	-	(26,613)
Cash payments for other expenses . . . . .	-	(762,897)	-
Net cash provided by (used in) operating activities. . . . .	<u>817,153</u>	<u>382,751</u>	<u>168,239</u>
<b>Cash flows from noncapital financing activities:</b>			
Operating transfers out to other funds . . . . .	-	-	(97,216)
Net cash used in noncapital financing activities. . . . .	<u>-</u>	<u>-</u>	<u>(97,216)</u>
<b>Cash flows from capital and related financing activities:</b>			
Aquisition of capital assets . . . . .	-	-	(40,173)
Net cash used in capital and related financing activities . . . . .	<u>-</u>	<u>-</u>	<u>(40,173)</u>
<b>Cash flows from investing activities:</b>			
Principal payment received on internal notes . . . . .	-	2,487,571	-
Cash used for internal notes and bond disbursements . . . . .	-	(465,101)	-
Interest received. . . . .	-	132,370	7,661
Net cash provided by investing activities . . . . .	<u>-</u>	<u>2,154,840</u>	<u>7,661</u>
Net increase (decrease) in cash and cash equivalents. . . . .	817,153	2,537,591	38,511
<b>Cash and cash equivalents, January 1 . . . . .</b>	<u>438,204</u>	<u>1,628,986</u>	<u>239,317</u>
<b>Cash and cash equivalents, December 31 . . . . .</b>	<u><u>1,255,357</u></u>	<u><u>4,166,577</u></u>	<u><u>277,828</u></u>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>			
Operating income (loss) . . . . .	765,242	281,484	85,209
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation. . . . .	-	-	74,760
Changes in assets and liabilities:			
Increase (decrease) in accounts payable . . . . .	(4,755)	4,315	3,962
Increase in accrued wages and benefits . . . . .	-	-	755
Increase in compensated absences payable. . . . .	-	-	3,454
Increase (decrease) in due to other governments. . . . .	-	96,952	99
Increase in claims payable . . . . .	56,666	-	-
Net cash provided by (used in) operating activities . . . . .	<u>\$ 817,153</u>	<u>\$ 382,751</u>	<u>\$ 168,239</u>



<u>Risk Management</u>	<u>Totals</u>
\$ 242,397	\$ 7,665,364
-	21,074
-	(223,729)
(370,978)	(486,648)
-	(98,427)
-	(39,954)
-	(4,808,608)
-	(26,613)
-	(762,897)
<u>(128,581)</u>	<u>1,239,562</u>
<u>-</u>	<u>(97,216)</u>
<u>-</u>	<u>(97,216)</u>
<u>-</u>	<u>(40,173)</u>
<u>-</u>	<u>(40,173)</u>
-	2,487,571
-	(465,101)
16,747	156,778
<u>16,747</u>	<u>2,179,248</u>
(111,834)	3,281,421
667,167	2,973,674
<u>555,333</u>	<u>6,255,095</u>
(144,659)	987,276
-	74,760
16,078	19,600
-	755
-	3,454
-	97,051
-	56,666
<u>\$ (128,581)</u>	<u>\$ 1,239,562</u>

**CITY OF WARREN, OHIO**

*FIDUCIARY FUNDS*

*Agency Funds*

Agency funds maintain assets held by the City as an agent for individuals, private organizations, other governmental units and/or funds. These funds are purely custodial (assets equal liabilities) and therefore do not involve the measurement of results of operation. The following are the City's agency funds:

***Highway Patrol Fines***

To account for Highway Patrol fines due to other entities.

***Auditors Escrow***

To account for various deposits received by the City in a fiduciary role.

***Payroll***

To account for the next payroll, payroll taxes, and other related payroll deductions accumulated from the governmental, proprietary, and fiduciary funds for the distribution to employees, other governmental units, and private organizations.

***Municipal Court***

To account for the activities within the Municipal Court.

**CITY OF WARREN, OHIO**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
**ALL AGENCY FUNDS**  
 FOR THE YEAR ENDED DECEMBER 31 2002

	<u>Balance</u> <u>1/1/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/02</u>
<b>Highway Patrol Fines</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ -	\$ 38,427	\$ 38,427	\$ -
Due from other funds . . . . .	2,454	2,571	2,454	2,571
Total assets. . . . .	<u>2,454</u>	<u>40,998</u>	<u>40,881</u>	<u>2,571</u>
<b>Liabilities:</b>				
Deposits held and due to others . . . . .	2,454	40,998	40,881	2,571
Total liabilities . . . . .	<u>2,454</u>	<u>40,998</u>	<u>40,881</u>	<u>2,571</u>
<b>Auditors Escrow</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	236,895	268,260	143,401	361,754
Total assets. . . . .	<u>236,895</u>	<u>268,260</u>	<u>143,401</u>	<u>361,754</u>
<b>Liabilities:</b>				
Deposits held and due to others . . . . .	236,895	268,260	143,401	361,754
Total liabilities . . . . .	<u>236,895</u>	<u>268,260</u>	<u>143,401</u>	<u>361,754</u>
<b>Payroll</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	958,031	230,074	43,306	1,144,799
Total assets. . . . .	<u>958,031</u>	<u>230,074</u>	<u>43,306</u>	<u>1,144,799</u>
<b>Liabilities:</b>				
Due to other governments . . . . .	958,031	230,074	43,306	1,144,799
Total liabilities . . . . .	<u>958,031</u>	<u>230,074</u>	<u>43,306</u>	<u>1,144,799</u>
<b>Municipal Court</b>				
<b>Assets:</b>				
Cash with fiscal and escrow agents. . . . .	234,282	244,201	234,282	244,201
Total assets. . . . .	<u>234,282</u>	<u>244,201</u>	<u>234,282</u>	<u>244,201</u>
<b>Liabilities:</b>				
Due to other funds . . . . .	100,988	106,144	100,988	106,144
Due to other governments . . . . .	133,294	138,057	133,294	138,057
Total liabilities . . . . .	<u>\$ 234,282</u>	<u>\$ 244,201</u>	<u>\$ 234,282</u>	<u>\$ 244,201</u>

Continued

**CITY OF WARREN, OHIO**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31 2002**

	<u>Balance 1/1/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/02</u>
<b>Total Agency Funds</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 1,194,926	\$ 536,761	\$ 225,134	\$ 1,506,553
Cash with fiscal and escrow agents. . . . .	234,282	244,201	234,282	244,201
Due from other funds . . . . .	2,454	2,571	2,454	2,571
Total assets. . . . .	<u>1,431,662</u>	<u>783,533</u>	<u>461,870</u>	<u>1,753,325</u>
<b>Liabilities:</b>				
Due to other funds . . . . .	100,988	106,144	100,988	106,144
Due to other governments . . . . .	1,091,325	368,131	176,600	1,282,856
Deposits held and due to others . . . . .	239,349	309,258	184,282	364,325
Total liabilities . . . . .	<u>\$ 1,431,662</u>	<u>\$ 783,533</u>	<u>\$ 461,870</u>	<u>\$ 1,753,325</u>

**CITY OF WARREN, OHIO**

*GENERAL FIXED ASSETS ACCOUNT GROUP*

The general fixed assets account group is used to account for all general fixed assets of the City, other than those accounted for in the proprietary funds.

**CITY OF WARREN, OHIO**

SCHEDULE OF GENERAL FIXED ASSETS  
BY FUNCTION  
DECEMBER 31, 2002

<u>Function</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Building Improvements</u>	<u>Computer Equipment</u>
General government . . . . .	\$ 723,443	\$ 6,120,619	\$ 4,886,231	\$ 203,770
Security of persons and property . . . . .	182,925	693,122	-	52,824
Public health and welfare . . . . .	-	-	-	5,370
Community environment . . . . .	-	-	-	10,142
Economic development . . . . .	42,816	1,651,193	-	41,494
Total general fixed assets . . . . .	<u>\$ 949,184</u>	<u>\$ 8,464,934</u>	<u>\$ 4,886,231</u>	<u>\$ 313,600</u>

<b>Furniture and Equipment</b>	<b>Vehicles</b>	<b>Total</b>
\$ 844,166	\$ 1,837,054	\$ 14,615,283
342,531	2,431,442	3,702,844
14,795	30,847	51,012
57,520	94,411	162,073
16,639	16,531	1,768,673
<u>\$ 1,275,651</u>	<u>\$ 4,410,285</u>	<u>\$ 20,299,885</u>

**CITY OF WARREN, OHIO**

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
BY FUNCTION  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

<b>Function</b>	<b>Balance 1/1/02</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/02</b>
General government. . . . .	\$ 9,832,199	\$ 4,845,682	\$ 62,598	\$ 14,615,283
Security of persons and property . . . .	3,285,751	438,012	20,919	3,702,844
Public health and welfare . . . . .	15,362	36,217	567	51,012
Community environment . . . . .	99,720	73,579	11,226	162,073
Economic development . . . . .	1,752,237	16,531	95	1,768,673
Capital outlay . . . . .	4,397,213	-	4,397,213	-
Total general fixed assets . . . . .	<u>\$ 19,382,482</u>	<u>\$ 5,410,021</u>	<u>\$ 4,492,618</u>	<u>\$ 20,299,885</u>



**CITY OF WARREN, OHIO**

**SCHEDULE OF GENERAL FIXED ASSETS  
BY SOURCE  
DECEMBER 31, 2002**

**General Fixed Assets:**

Land . . . . .	\$	949,184
Buildings . . . . .		8,464,934
Building improvements . . . . .		4,886,231
Computer equipment . . . . .		313,600
Furniture and equipment . . . . .		1,275,651
Vehicles . . . . .		4,410,285
		<hr/>
Total General Fixed Assets . . . . .	\$	<u>20,299,885</u>

**Investment in General Fixed Assets:**

General Fund Revenues . . . . .	\$	4,202,942
Special Revenue Funds Revenues . . . . .		1,796,597
Capital Projects Funds Revenues . . . . .		14,300,346
		<hr/>
Total Investment in General Fixed Assets . . . . .	\$	<u>20,299,885</u>

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# **STATISTICAL SECTION**

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## STATISTICAL SECTION

THE FOLLOWING UNAUDITED STATISTICAL TABLES  
REFLECT SOCIAL AND ECONOMIC DATA FINANCIAL TRENDS AND  
FISCAL CAPACITY OF THE CITY

**CITY OF WARREN, OHIO**

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION  
LAST TEN YEARS (1)

<u>Year</u>	<u>General Government</u>	<u>Security of Persons and Property</u>	<u>Public Health and Welfare</u>	<u>Transportation</u>	<u>Community Environment</u>
2002	\$ 7,067,691	\$ 14,768,585	\$ 432,401	\$ 2,638,201	\$ 1,776,919
2001	6,926,161	12,931,874	375,277	2,122,212	1,577,698
2000	6,449,633	11,677,787	313,128	2,231,622	1,289,926
1999	6,386,935	12,926,018	339,617	2,091,105	1,617,439
1998	6,133,328	11,511,145	347,371	1,954,228	1,632,107
1997	6,038,109	11,691,884	355,612	1,972,657	1,573,074
1996	6,559,461	11,451,738	732,925	2,546,423	4,604,960
1995	6,040,039	10,416,233	644,571	2,343,139	4,624,944
1994	5,883,216	10,006,098	603,515	2,117,810	3,304,400
1993	5,676,906	9,435,462	583,367	1,999,757	1,755,141

(1) Includes general, special revenue, debt service and capital projects funds.

Note: 1997-2002 amounts reflect GAAP basis reporting; prior years reflect cash basis accounting.

Source: Warren City Auditor's Office

<b>Leisure Time Activity</b>	<b>Economic Development</b>	<b>Capital Outlay</b>	<b>Debt Service</b>	<b>Total</b>
\$ 563,994	\$ 1,604,649	\$ 6,887,754	\$ 2,323,056	\$ 38,063,250
274,719	1,467,464	3,433,672	2,042,472	31,151,549
239,038	1,639,421	4,327,789	2,008,448	30,176,792
560,031	2,632,464	3,969,685	1,816,919	32,340,213
540,848	1,236,605	7,719,035	1,753,635	32,828,302
607,954	1,785,832	3,456,747	1,576,303	29,058,172
609,246	-	3,393,762	2,443,851	32,342,366
569,097	-	3,193,755	1,810,749	29,642,527
515,452	-	1,879,587	1,891,069	26,201,147
514,258	-	1,643,416	9,597,720	31,206,027

**CITY OF WARREN, OHIO**

GENERAL GOVERNMENTAL REVENUES BY SOURCE  
LAST TEN YEARS (1)

<u>Year</u>	<u>Taxes</u>	<u>Charges for Services</u>	<u>Licenses, Permits and Fees</u>	<u>Fines and Forfeitures</u>	<u>Special Assessments</u>
2002	\$ 19,916,368	\$ 2,158,369	\$ 1,678,306	\$ 1,511,535	\$ 9,777
2001	16,928,002	1,714,490	1,407,022	1,133,342	10,526
2000	15,827,320	1,869,173	1,464,433	1,262,522	29,470
1999	16,043,491	1,933,471	1,519,125	1,168,795	1,954
1998	15,486,257	1,975,399	1,338,647	1,388,009	13,422
1997	15,754,892	2,542,427	874,622	1,113,945	10,927
1996	15,347,952	1,636,467	1,776,643	-	-
1995	14,812,066	1,445,473	1,927,258	-	-
1994	14,002,004	1,555,494	1,671,348	-	-
1993	13,143,273	1,474,784	1,215,436	-	-

(1) Includes general, special revenue, debt service and capital projects funds.

Note: 1997-2002 amounts reflect GAAP basis reporting; prior years reflect cash basis accounting.

Source: Warren City Auditor's Office



<u>Intergovernmental</u>	<u>Investment Income</u>	<u>Rental Income</u>	<u>Other</u>	<u>Total</u>
\$ 10,797,033	\$ 472,571	\$ 47,115	\$ 2,919,419	\$ 39,510,493
9,820,979	509,357	45,818	973,075	32,542,611
9,069,513	461,352	129,890	613,317	30,726,990
9,281,582	395,244	123,283	915,883	31,382,828
7,688,710	558,269	106,758	511,877	29,067,348
6,577,131	551,262	63,291	368,627	27,857,124
8,970,125	-	-	2,131,355	29,862,542
7,708,253	-	-	1,773,228	27,666,278
7,452,544	-	-	1,435,556	26,116,946
5,249,488	-	-	1,390,112	22,473,093

**CITY OF WARREN, OHIO**

**ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS**

<b>Year</b>	<b>Real Property</b>		<b>Public Utilities</b>		<b>Personal Property</b>	
	<b>Assessed Value</b>	<b>Estimated Actual Value (1)</b>	<b>Assessed Value</b>	<b>Estimated Actual Value (1)</b>	<b>Assessed Value</b>	<b>Estimated Actual Value (1)</b>
2002	\$ 377,707,860	\$ 1,079,165,314	\$ 17,604,360	\$ 20,004,955	\$ 72,590,158	\$ 290,360,632
2001	374,592,740	1,070,264,971	28,796,520	32,723,318	81,416,955	325,667,820
2000	374,824,460	1,070,927,029	28,552,120	32,445,591	77,083,732	308,334,928
1999	342,569,900	978,771,143	32,054,070	36,425,080	78,637,234	314,548,936
1998	334,716,710	956,333,457	32,611,680	37,058,727	79,088,747	316,354,988
1997	327,969,350	937,055,286	33,646,060	38,234,159	74,739,319	298,957,276
1996	307,858,570	879,595,914	35,222,060	40,025,068	75,775,744	303,102,976
1995	306,808,930	876,596,943	36,881,750	41,911,080	69,237,236	276,948,944
1994	303,170,440	866,201,257	37,613,380	42,742,477	65,326,153	261,304,612
1993	282,245,850	806,416,714	36,361,140	41,319,477	71,844,284	287,377,136

(1) This is calculated by dividing the assessed value by the assessment percentage. The percentages for 2002 were thirty-five percent (35%) for all real property, eighty-eight (88%) for public utility property and twenty-five percent (25%) for tangible personal property.

Source: Trumbull County Auditor

	<b>Total Assessed Value</b>	<b>Total Estimated Value</b>	<b>Percentage of Assessed Value To Estimated True Value</b>
\$	467,902,378	\$ 1,389,530,901	33.67%
	484,806,215	1,428,656,110	33.93%
	480,460,312	1,411,707,547	34.03%
	453,261,204	1,329,745,158	34.09%
	446,417,137	1,309,747,172	34.08%
	436,354,729	1,274,246,721	34.24%
	418,856,374	1,222,723,958	34.26%
	412,927,916	1,195,456,966	34.54%
	406,109,973	1,170,248,346	34.70%
	390,451,274	1,135,113,328	34.40%

**CITY OF WARREN, OHIO**

**REAL AND PUBLIC UTILITY PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS**

<b>Year</b>	<b>Current Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Current Collections to Levy</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Collections to Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percentage of Outstanding Delinquent Taxes to Total Levy</b>
2002	\$ 1,382,548	\$ 1,312,330	94.9%	\$ 64,438	\$ 1,376,768	99.6%	\$ 169,323	12.2%
2001	1,407,161	1,341,960	95.4%	59,286	1,401,246	99.6%	194,425	13.8%
2000	1,410,785	1,333,773	94.5%	61,208	1,394,981	98.9%	189,985	13.5%
1999	1,310,301	1,211,862	92.5%	52,619	1,264,481	96.5%	150,681	11.5%
1998	1,284,789	1,217,951	94.8%	55,067	1,273,018	99.1%	98,910	7.7%
1997	1,266,732	1,218,076	96.2%	47,729	1,265,805	99.9%	103,310	8.2%
1996	1,200,017	1,157,075	96.4%	40,201	1,197,276	99.8%	87,868	7.3%
1995	1,202,135	1,155,068	96.1%	45,557	1,200,625	99.9%	98,528	8.2%
1994	1,182,142	1,134,425	96.0%	48,044	1,182,469	100.0%	107,154	9.1%
1993	1,104,661	1,060,082	96.0%	35,868	1,095,950	99.2%	99,326	9.0%

Source: Trumbull County Auditor

**CITY OF WARREN, OHIO**

**TANGIBLE PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS**

<b>Year</b>	<b>Current Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Current Collections to Levy</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Collections to Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percentage of Outstanding Delinquent Taxes to Total Levy</b>
2002	\$ 253,789	\$ 241,310	95.1%	\$ 34,484	\$ 275,794	108.7%	\$ 33,089	13.0%
2001	284,209	270,497	95.2%	20,881	291,378	102.5%	47,705	16.8%
2000	268,923	264,056	98.2%	7,455	271,511	101.0%	48,003	17.9%
1999	274,265	262,372	95.7%	13,164	275,536	100.5%	43,517	15.9%
1998	275,933	255,500	92.6%	3,054	258,554	93.7%	40,865	14.8%
1997	260,797	246,390	94.5%	32,180	278,570	106.8%	30,141	11.6%
1996	264,470	239,902	90.7%	8,784	248,686	94.0%	39,132	14.8%
1995	241,635	237,517	98.3%	3,577	241,094	99.8%	37,428	15.5%
1994	228,112	218,053	95.6%	6,770	224,823	98.6%	41,621	18.2%
1993	237,836	233,417	98.1%	13,648	247,065	103.9%	41,640	17.5%

Source: Trumbull County Auditor

**CITY OF WARREN, OHIO**

**SPECIAL ASSESSMENT TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS**

<b>Year</b>	<b>Current Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Current Collections to Levy</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Collections to Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percentage of Outstanding Delinquent Taxes to Total Levy</b>
2002	\$ 76,589	\$ 14,790	19.3%	\$ 40,275	\$ 55,065	71.9%	\$ 286,141	373.6%
2001	28,122	7,808	27.8%	15,362	23,170	82.4%	359,743	1279.2%
2000	142,383	42,463	29.8%	10,543	53,006	37.2%	284,546	199.8%
1999	26,666	15,710	58.9%	5,644	21,354	80.1%	234,723	880.2%
1998	17,159	12,543	73.1%	18,490	31,033	180.9%	271,620	1583.0%
1997	12,762	16,173	126.7%	11,111	27,284	213.8%	289,433	2267.9%
1996	37,264	29,737	79.8%	6,130	35,867	96.3%	289,060	775.7%
1995	23,376	15,896	68.0%	-	15,896	68.0%	285,456	1221.1%
1994	20,009	21,636	108.1%	-	21,636	108.1%	276,313	1380.9%
1993	29,936	21,021	70.2%	-	21,021	70.2%	267,445	893.4%

Source: Trumbull County Auditor

**CITY OF WARREN, OHIO**

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
(PER \$1,000 OF ASSESSED VALUATION)  
LAST TEN YEARS

<b>Year</b>	<b>City of Warren</b>	<b>County</b>	<b>School</b>	<b>Vocational School</b>	<b>Township</b>	<b>Library</b>	<b>Total</b>
2001 for 2002	3.50	10.35	52.55	2.40	13.50	0.40	82.70
2000 for 2001	3.50	10.35	52.38	2.40	13.50	0.40	82.53
1999 for 2000	3.50	10.35	51.94	2.40	13.50	0.40	82.09
1998 for 1999	3.50	10.35	52.64	2.40	13.50	0.40	82.79
1997 for 1998	3.50	9.30	53.35	2.40	13.50	0.40	82.45
1996 for 1997	3.50	9.30	53.45	2.40	13.50	0.40	82.55
1995 for 1996	3.50	9.30	54.15	2.40	13.50	0.40	83.25
1994 for 1995	3.50	9.30	54.25	2.40	13.50	-	82.95
1993 for 1994	3.50	9.30	44.30	2.40	13.50	-	73.00
1992 for 1993	3.50	9.30	49.15	2.40	13.50	-	77.85

Source: Trumbull County Auditor

**CITY OF WARREN, OHIO**

RATIO OF NET GENERAL OBLIGATION BONDED DEBT  
TO ASSESSED VALUATION AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA  
LAST TEN YEARS

<u>Year</u>	<u>Estimated Population (1)</u>	<u>Assessed Valuation (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Less: Debt Service Fund Equity (3)</u>	<u>Less: Payable from Enterprise Revenues (3)</u>	<u>Net Bonded Debt</u>
2002	46,100	\$ 467,902,378	\$ 28,790,320	\$ 38,596	\$ 16,825,000	\$ 11,926,724
2001	46,466	484,806,215	30,601,180	106,769	17,505,000	12,989,411
2000	46,832	480,460,312	32,366,145	68,428	18,210,000	14,087,717
1999	47,845	453,261,204	34,082,795	1,052	18,900,000	15,181,743
1998	48,458	446,417,137	35,392,875	237,186	19,595,000	15,560,689
1997	49,033	436,354,729	36,999,010	6,079	20,325,000	16,667,931
1996	49,613	418,856,374	27,521,400	10,602	12,435,000	15,075,798
1995	50,039	412,927,916	26,485,045	2,568	15,280,000	11,202,477
1994	50,420	406,109,973	25,875,000	25,298	15,810,000	10,039,702
1993	50,081	390,451,274	26,640,000	67,070	16,305,000	10,267,930

(1) U.S. Census Bureau and the National Sales & Marketing Management

(2) Trumbull County Auditor

(3) Warren City Auditor's Office



<b>Ratio of Net General Bonded Debt to Assessed Value</b>	<b>Net General Bonded Debt Per Capita</b>
2.55%	258.71
2.68%	279.55
2.93%	300.81
3.35%	317.31
3.49%	321.12
3.82%	339.93
3.60%	303.87
2.71%	223.87
2.47%	199.12
2.63%	205.03

**CITY OF WARREN, OHIO**

COMPUTATION OF LEGAL DEBT MARGIN (1)  
DECEMBER 31, 2002

	<u><b>Total Debt Limit (2)</b></u>	<u><b>Total Unvoted Debt Limit (3)</b></u>
Assessed valuation of the City	\$467,902,378	\$467,902,378
Legal debt margin:		
Debt limitation	49,129,750	25,734,631
Debt applicable to limitation		
Total bonded debt	28,790,320	28,790,320
Exemptions:		
Debt service fund balance	(38,596)	(38,596)
Debt supported by enterprise fund operations	<u>(16,825,000)</u>	<u>(16,825,000)</u>
Net debt applicable to limitation:	<u>11,926,724</u>	<u>11,926,724</u>
Total legal debt margin (debt limitation minus total debt applicable to limitation)	<u>\$ 37,203,026</u>	<u>\$ 13,807,907</u>

(1) Computation based upon the provision of Section 133, the Uniform Bond Act of the Ohio Revised Code

(2) The Statutory Total Debt Limitation is calculated as follows:  
Ten and one-half percent (10 1/2%) of the assessed valuation

(3) The Direct Limitation on unvoted debt is calculated as follows:  
Five and one-half percent (5 1/2%) of the total assessed valuation

**CITY OF WARREN, OHIO**

COMPUTATION OF DIRECT AND OVERLAPPING  
GENERAL OBLIGATION BONDED DEBT  
DECEMBER 31, 2002

<u>Jurisdiction</u>	<u>Net General Bonded Debt</u>	<u>Percentage Applicable to the City</u>	<u>Amount Applicable to the City</u>
Direct:			
City of Warren	\$ 11,965,320	100.00%	\$ 11,965,320
Overlapping Debt:			
Trumbull County	20,952,128	14.48%	3,033,868
La Brae Local School District	8,909,000	15.46%	1,377,331
Lakeview Local School District	4,389,522	0.04%	1,756
Total Overlapping Debt			4,412,955
Total Direct and Overlapping Debt			\$ 16,378,275

Sources: Warren City Auditor's Office, Trumbull County Auditor, La Brae Local School District and Lakeview Local School District.

Note: The percentage of gross indebtedness of the City's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

**CITY OF WARREN, OHIO**

RATIO OF ANNUAL DEBT PRINCIPAL AND INTEREST EXPENDITURES  
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL  
GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN YEARS (1)

<u>Year</u>	<u>Principal (2)</u>	<u>Interest and Fiscal Charges (2)</u>	<u>Total</u>	<u>Total General Expenditures (3)</u>	<u>Ratio of Debt Service to General Expenditures</u>
2002	\$ 1,130,860	\$ 687,109	\$ 1,817,969	\$ 38,063,250	4.78%
2001	1,059,965	741,195	1,801,160	31,151,549	5.78%
2000	1,026,650	791,668	1,818,318	30,176,792	6.03%
1999	1,029,880	809,569	1,839,449	32,340,213	5.69%
1998	968,635	858,708	1,827,343	32,828,302	5.57%
1997	722,390	825,697	1,548,087	29,058,172	5.33%
1996	383,645	600,508	984,153	32,342,366	3.04%
1995	290,000	596,715	886,715	29,642,527	2.99%
1994	270,000	569,375	839,375	26,201,147	3.20%
1993	235,000	630,308	865,308	31,206,027	2.77%

(1) Total general expenditures include general, special revenue, debt service and capital projects funds.

(2) Excludes general obligation debt reported in the enterprise funds.

(3) Warren City Auditor's Office

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**CITY OF WARREN, OHIO**

REVENUE BOND COVERAGE - WATER  
LAST TEN YEARS (1)

Year	Gross Revenues (1)	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements		
				Principal	Interest	Total
2002	\$ 9,438,057	\$ 7,798,305	\$ 1,639,752	\$ 20,000	\$ 548,520	\$ 568,520
2001	8,784,860	7,619,648	1,165,212	75,000	551,632	626,632
2000	7,749,739	7,205,496	544,243	70,000	554,503	624,503
1999	7,768,877	7,292,035	476,842	110,000	558,903	668,903
1998	7,481,114	6,848,084	633,030	160,000	517,900	677,900
1997	7,658,723	6,482,272	1,176,451	200,000	345,168	545,168
1996	7,831,024	6,924,805	906,219	185,000	354,788	539,788
1995	7,693,049	6,889,158	803,891	180,000	363,338	543,338
1994	7,594,773	7,409,302	185,471	170,000	370,732	540,732
1993	6,717,650	6,635,961	81,689	125,000	375,482	500,482

(1) 1997-2002 amounts reflect GAAP basis reporting; prior years reflect cash basis accounting.

Note: Total operating expenses are exclusive of depreciation.

Source: Warren City Auditor's Office

**Coverage**

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2.88

1.86

0.87

0.71

0.93

2.16

1.68

1.48

0.34

0.16

**CITY OF WARREN, OHIO**

**DEMOGRAPHIC STATISTICS  
LAST TEN YEARS**

<b>Year</b>	<b>Estimated Population (1)</b>	<b>Per Capita Income (2)</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
2002	46,100	N/A	6,986	6.80%
2001	46,466	24,322	7,059	6.00%
2000	46,832	24,177	7,244	5.30%
1999	47,845	23,354	7,296	5.50%
1998	48,458	22,649	7,348	5.90%
1997	49,033	22,013	7,296	5.80%
1996	49,613	21,045	7,212	6.30%
1995	50,039	21,626	7,190	6.30%
1994	50,420	20,439	7,293	7.90%
1993	50,081	19,150	7,258	8.40%

N/A indicates that the information was not available.

Sources:

- (1) U.S. Census Bureau and the National Sales & Marketing Management
- (2) Bureau of Economic Analysis
- (3) Ohio Department of Education
- (4) U.S Department of Labor, Bureau of Labor Statistics



**CITY OF WARREN, OHIO**  
**PROPERTY VALUE AND CONSTRUCTION**  
**LAST TEN YEARS**

<b>Year</b>	<b>Property Value (1)</b>			<b>Building Permits Issued (2)</b>		<b>Estimated Value of Construction (2)</b>
	<b>Commercial</b>	<b>Residential</b>	<b>Total</b>	<b>Commercial</b>	<b>Residential</b>	
2002	\$ 113,109,090	\$ 264,598,770	\$ 377,707,860	273	924	\$ 19,674,935
2001	112,120,320	262,472,420	374,592,740	193	581	16,232,342
2000	114,251,580	260,572,880	374,824,460	122	414	16,515,922
1999	110,889,870	231,680,030	342,569,900	138	502	16,347,311
1998	103,916,470	230,800,240	334,716,710	161	535	15,987,727
1997	97,375,350	230,594,000	327,969,350	104	511	15,879,620
1996	95,593,310	212,265,260	307,858,570	150	548	16,169,482
1995	95,071,350	211,737,580	306,808,930	141	524	39,980,621
1994	94,115,280	209,055,160	303,170,440	171	669	16,753,472
1993	89,557,370	192,688,480	282,245,850	259	1015	11,411,128

(1) Trumbull County Auditor

(2) City of Warren Engineering Department

**CITY OF WARREN, OHIO**

PRINCIPAL TAXPAYERS  
REAL ESTATE AND TANGIBLE PERSONAL PROPERTY TAX (1)  
DECEMBER 31, 2002

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Ohio Edison	Electric service supplier	\$ 10,094,660	2.16%
Delphi Packard Electric Systems	Automotive	8,478,460	1.81%
Alcan Aluminum	Aluminum manufacturer	7,024,010	1.50%
WCI Steel, Inc.	Steel manufacturing	4,856,390	1.04%
United Telephone Company of Ohio	Telecommunications	4,784,270	1.02%
General Electric Company (Ohio Lamp Division)	Light bulb manufacturer	3,826,440	0.82%
P&S Equities	Apartment complex	2,698,930	0.58%
Time Warner	Cable company	1,915,610	0.41%
AVI Food Systems Inc.	Food vending	1,824,600	0.39%
American Transmissions Systems	Manufacturer	<u>1,820,380</u>	<u>0.39%</u>
Totals, Top Ten Principal Real Property Taxpayers		<u>\$ 47,323,750</u>	<u>10.11%</u>
Total City Assessed Valuation		<u>\$ 467,902,378</u>	

(1) Source: Trumbull County Auditor

**CITY OF WARREN, OHIO**

MISCELLANEOUS STATISTICS  
DECEMBER 31, 2002

According to the US Census Bureau in 2000, the population in Warren, Ohio was 46,832. The age group of the population is comprised of the following:

<u>Age</u>	<u>Number</u>	<u>% of Population</u>
19 and under	13,502	29%
20-44	15,619	34%
45-59	7,860	16%
60+	9,851	21%

The City of Warren is home to a variety of businesses and services. The City of Warren had the following breakdown of businesses, according to the economic census:

<u>Industry</u>	<u>Number of Establishments</u>	<u>Number of Employees</u>	<u>Annual Payroll</u>	<u>Shipment/Sales or Receipts (\$1,000)</u>
Manufacturing	69	12,471	\$ 629,742	\$ 3,247,441
Wholesale trade	62	728	19,195	265,227
Retail trade	281	4,639	82,118	761,250
Real estate and rental & leasing	57	267	4,979	28,442
Professional, scientific & technical	127	715	21,098	50,267
Administrative & support, waste management & remediation services	56	1,787	29,605	63,231
Educational services	7	26	245	682
Health care & social assistance	211	1,996	52,964	122,049
Arts, entertainment & recreation	13	110	1,688	5,304
Accommodations and food service	137	2,415	18,360	67,946
Other services (except public administration)	104	481	7,455	30,025

The City of Warren is located midway between New York and Chicago, and the following infrastructure allows for easy transportation:

<u>Railroads</u>	<u>Four-Lane Highways</u>	<u>Ports</u>	<u>Airports</u>
Amtrack	Ohio Turnpike	Ashtabula	Cleveland Hopkins International
CSX	I-76/I-80	Conneaut	Pittsburgh International
Norfolk-Southern	I-79	Cleveland	Youngstown-Warren Regional
	State Route 82	Erie	Akron-Canton Regional
	State Route 11	East Liverpool	Erie Municipal
		Lorain	
		Pittsburgh	
		Wellsville	

**CITY OF WARREN, OHIO**

MISCELLANEOUS STATISTICS (CONTINUED)  
DECEMBER 31, 2002

The City of Warren offers an abundance of recreational, educational, and other opportunities:

<u>Feature</u>	<u>Within the Warren Metropolitan Area</u>	<u>Within a Two-Hour Drive</u>
Hospitals	Forum Health St. Joseph's	More than 100
Colleges and universities	Kent State Trumbull Branch	72 colleges and university campuses
Cultural/recreational activities	Butler Art Institute Ballet Company Packard Music Hall Trumbull Art Gallery Public Library	More than 70 museums, art galleries, zoos, symphonies, ballet and opera companies More than 25 live theater/performance centers 5 amusement parks Pro Football Hall of Fame Rock and Roll Hall of Fame
Parks	Packard Park Perkins Park 20 parks in the City of Warren	3 National parks 24 additional Ohio/Pennsylvania parks
Sports	Mahoning Valley Scrappers, Class A Baseball	Youngstown State University, NCAA AA football Cleveland Indians, Cleveland Browns, Cleveland Cavaliers, Cleveland Crunch Pittsburgh Pirates, Pittsburgh Steelers, Pittsburgh Penguins Thistledown - horse racing Northfield Park - harness racing Cleveland Grand Prix - auto racing
Golf Courses	46 public courses 8 private courses	More than 200

Source: City of Warren, Economic Development



**Auditor of State  
Betty Montgomery**

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**CITY OF WARREN**

**TRUMBULL 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  
DECEMBER 23, 2003**