



**Auditor of State
Betty Montgomery**

CITY OF WARREN
TRUMBULL COUNTY

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CITY OF WARREN
TRUMBULL COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Direct Programs:</i>			
Community Development Block Grants / Entitlement Grants			
Grant Year 1998		14.218	\$6,717
Grant Year 1999		14.218	77,757
Grant Year 2000		14.218	305,290
Grant Year 2001		14.218	254,858
Grant Year 2002		14.218	751,254
Grant Year 2003		14.218	582,251
Subtotal - Community Development Block Grants / Entitlement Grants			1,978,127
Community Development Block Grants_Section 108 Loan Guarantees		14.248	98,925
HOME Investment Partnerships Program			
Grant Year 2000		14.239	280,451
Grant Year 2001		14.239	456,802
Grant Year 2002		14.239	282,904
Grant Year 2003		14.239	142,082
Subtotal - HOME Investment Partnerships Program			1,162,239
Total U.S. Department of Housing and Urban Development			3,239,291
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Direct Programs:</i>			
Federal Equitable Sharing Agreement		16.000	28,575
Bulletproof Vest Partnership Program		16.607	1,478
Public Safety Partnership and Community Policing Grants		16.710	114,001
<i>Passed Through Ohio Attorney General's Office:</i>			
Crime Victim Assistance	2003VADSCE511 2004VAGENE511	16.575 16.575	22,832 7,036
Subtotal - Crime Victim Assistance			29,868
Total U.S. Department of Justice			173,922
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction:			
West Market Streetscape ODOT Project Phase I	23484	20.205	291,897
Closed Loop Signal System ODOT Project	22694	20.205	42,170
North Road Connector ODOT Project	21310	20.205	168,072
Tod Avenue ODOT Project	20677	20.205	194,287
Niles Road ODOT Project	20678	20.205	107,639
Subtotal - Highway Planning and Construction			804,065
<i>Passed Through Ohio Department of Public Safety, Governor's Highway Safety Office:</i>			
State and Community Highway Safety	3211.0 4057.0	20.600 20.600	30,271 5,283
Subtotal - State and Community Highway Safety			35,554
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	3205.0 4057.0	20.601 20.601	12,014 4,070
Subtotal - Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants			16,084
Total U.S. Department of Transportation			855,703
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Direct Program:</i>			
Brownfields Assessment and Cleanup Cooperative Agreements		66.818	6,174
Total Environmental Protection Agency			6,174
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
<i>Passed Through Ohio Emergency Management Agency:</i>			
FEMA Grant	155-80892-00	83.544	176,791
Total Federal Emergency Management Agency			176,791
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Ohio Department of Health:</i>			
Maternal and Child Health Services Block Grant to the States	78-2-001-1-AJ-03	93.994	25,000
<i>Passed Through Trumbull County Health Department:</i>			
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	78-1-001-2-BI-04	93.283	8,059
Total U.S. Department of Health and Human Services			33,059
Total			\$4,484,940

The accompanying notes to this schedule are an integral part of this schedule.

**CITY OF WARREN
TRUMBULL COUNTY
YEAR ENDED DECEMBER 31, 2003**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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 and 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, 2003, the gross amount of loans outstanding under this program was \$1,179,129.

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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Warren, Trumbull County, Ohio (the "City"), as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 27, 2004, wherein we noted the City adopted Government Accounting Standards Board Statement No. 34. 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 we must report under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the City's management in a separate letter dated August 27, 2004.

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 opinions 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 the City's management in a separate letter dated August 27, 2004.

This report is intended solely 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

August 27, 2004



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, Ohio, (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, 2003. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. 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, 2003. We noted a certain instance of noncompliance that did not require inclusion in this report that we have reported to the management of the City in a separate letter dated August 27, 2004.

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.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We 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 August 27, 2004.

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the City as of and for the year ended December 31, 2003, and have issued our report thereon dated August 27, 2004. Our audit was performed for the purpose of forming an opinion on the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic 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

August 27, 2004

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

**CITY OF WARREN
TRUMBULL COUNTY
DECEMBER 31, 2003**

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant / 14.218 & HOME Investment Partnership Program / 14.239
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	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
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None

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**CITY OF WARREN
TRUMBULL COUNTY
DECEMBER 31, 2003**

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

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-001	24 CFR 92.203(b) - The City funded a home owner rehabilitation assistance project through the Home Investment Partnership Program whose estimated income exceeded the income limits.	Yes	N/A

CITY OF WARREN, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003

PREPARED BY:

CITY AUDITOR'S OFFICE
DAVID GRIFFING, CITY AUDITOR

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

INTRODUCTORY SECTION

CITY OF WARREN, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003

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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
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August 27, 2004

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, 2003, 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 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, a list of principal City officials, and the 2002 Certificate of Achievement for Excellence in Financial Reporting. This section is unaudited.
2. *Financial Section* — Based on the standards prescribed by the new GASB Statement No. 34, this section includes the independent auditor's report, management's discussion and analysis, the basic financial statements and notes, the combining statements for non-major funds, and other relevant supplemental financial statements and schedules for 2003.
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, 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 transportation 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 BFS.

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 administering 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 2003, the City allocated three Enterprise Zone tax abatements to expanding corporations – Bloom Industries, Charles Manufacturing Company and Perfection Plastics. Those agreements resulted in a total investment of over seven million dollars, including

- \$1,610,000 in building improvements
- \$1,495,000 in machinery and equipment
- \$1,600,000 in new inventory

These abatements have resulted in the preservation of 58 jobs with an annual payroll of \$400,000. Additionally, these three companies have pledged to increase the collective workforce by 110 employees, increasing payroll by a further \$2,274,000 over the next three years.

In addition to the Enterprise Zone program, the City made six small business loans in 2003, resulting in over \$380,000 in direct financing assistance, the retention of 46 jobs, and the creation of 39 new positions.

Construction of the Downtown Riverwalk, Outdoor Stage and Amphitheater continued in 2003. The first phase of this project represented an expenditure of over \$1,700,000 and consisted of an amphitheater and a festival promenade. The second phase involves further work on the pedestrian-bicycle linear park, as well as the exterior restoration of the historic Kinsman House and Erie Company Land Office; \$2,000,000 in federal funding has been secured for these projects by U.S. Congressman Tim Ryan. The entire development 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 2003, in conjunction with the continuing restoration work at the former Park Hotel and the Fowler Law Office. In addition, the ground floor of the Mahoning Building downtown is now the Trumbull County office for the Ohio 17th Congressional District.

Plans for the interior restoration of the historic Robins Theater are ongoing. Upon completion, this downtown landmark 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 2003, 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 three police officers into the schools during school hours. A grant was also received to purchase bullet resistant vest for all of our new police officers. A total of \$220,392 was received in grant funds. This provided nearly 5,000 extra man hours of Law Enforcement activities and generated over 6,000 traffic citations. All of these programs have helped to reduce crime and in some cases increase revenue.

The Fire Department purchased a new inflatable rescue boat and a life ramp for water and ice rescues, a downtown business donated a light duty trailer for transporting this equipment. The City accepted the bid from All-American for the lease-purchase of a 75 foot all aluminum Quintuple fire apparatus. This will replace a 1973 American LaFrance aerial. The Quint has many functions and can operate as a ladder truck as well as an engine and pumper. The expected delivery date for the Quint is mid to late 2004. The department plans to upgrade the radio receiving consoles to improve the communications with schools, hospitals and nursing homes in 2004.

PUBLIC WORKS

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 \$1,041,588 and an additional \$989,735 was paid from Community Development Block Grant Funds. Several other reconstruction projects were also completed. These projects include the City wide sidewalk repair project in the amount of \$163,037, the Packard Park foot bridge project in the amount of \$39,401, the Streetscapes Project in the amount of \$368,322, and the Niles Road Project in the amount of \$1,183,812.

The City began a Traffic Signal Closed Loop Project for the amount of \$2,966,666, the purpose of this project is to have a completely interconnected traffic signal system that will recognize traffic flow and automatically compensate for heavy or light traffic. There are 82 traffic signals involved in this project. The outdated electro-mechanical traffic signals will be upgraded to solid-state units. The entire system will be a fully computerized closed loop. All signals will be interconnected with fiber-optic cable.

UTILITY SERVICE

The City Water Department instituted a number of changes in 2003. They have begun accepting credit card payments for utility bills and have started to prepare for direct debits; this should increase collections and reduce delinquencies. The large meter testing was completed and bids were let for a complete change out of the large meters. The contract will be awarded early in 2004 and the project should be completed within 7 to 8 months, this will increase revenue to the department with new and more accurate meters. The residential meters will be reviewed and changed out in 2005 after the large meter program is completed. The department realized an increase in revenue for the year of 12% while expenses increased only 9%.

It was a very busy year with water main breaks, the department repaired 113 breaks, 40 of which occurred in January. Improvements were made at two of the pump stations; a new water tank was placed in service and a project was completed on the southwest side of town, these should positively impact the water distribution system. Of the \$12 million worth of improvements to the plant that have been planned, \$11 million have been completed; the project should be finalized in early 2004. With these upgrades to the plant, the city will not have a problem complying with the new regulations for water treatment.

The Environmental Services Department has continued to improve service to its customers over the years; the plan for 2004 will be to retro fit the fleet of trucks that are currently semi automated side loading to a fully automated side loading vehicle. This should further improve productivity and reduce the number of routes by increasing the number of accounts each truck can collect in a daily route. Each vehicle should take 60 days to retro fit, with five being retro fitted, this should be accomplished by the end of 2004.

GENERAL GOVERNMENT

The Packard Music Hall saw many improvements in 2003. Capital expenditures through the City and the W.D. Packard Concert Band funds completed the new box office with a computerized ticketing system. Also completion of the ADA accessibility project and the complete renovation of the lobby give the hall a fresh look and ease of accessibility. The new box office assisted in ticket sales for 23 separate events. The management of the hall increased revenue in 2002 by 70% and in 2003 by an additional 35%. Additional improvements planned for 2004 include upgrading the sound system and the lighting components of the stage, expanding the ticketing to make online ticket sales available, completion of the outdoor stage, landscaping and the development of Packard Music Hall Foundation. The Foundation will assist in raising additional capital for major improvements and the funding for promoting shows. All of these improvements will continue to generate additional activity at the hall keeping it as one of the jewels of the City.

The Income Tax Department made available to taxpayers, via the internet, City of Warren tax forms, city tax ordinances, highlights of tax changes and other miscellaneous forms. It is envisioned that tax payers will be able to file their tax returns on line within the near future. The Income Tax Department began the installation of new computers and printers along with the upgrade of the software system. This upgrade is an effort to move the tax program from a DOS based program to a more user friendly windows based version. This project is expected to be completed in 2004. The City's income tax forms are also available on the State of Ohio's web site. As a result of a more aggressive effort to find tax payers and increase compliance, the number of active tax accounts increased from 19,880 to 24,083. This resulted in an increase in tax collections of \$587,683 or a 3.14% increase over 2002 collections. The department also increased the number of audits that it performs concentrating on business returns. All of the tax ordinances and the rules and regulations were reviewed and updated to keep current with the ever changing state and federal tax codes. Future plans for the department include on line payments, a tax hotline and direct deposit of refunds.

FINANCIAL INFORMATION

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 BFS 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.F. of the BFS.

FINANCIAL CONDITION

This is the first year the City has prepared financial statements following GASB Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB No. 34 creates new basic financial statements for reporting on the City's financial activities as follows:

Government-wide financial statements – These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by businesses. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

Fund financial statements – These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliations to the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statement of budgetary comparisons – These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this new reporting model, management is also responsible for preparing a Discussion and Analysis of the City. This discussion follows this letter of transmittal, providing an assessment of the City's finances for 2003 and the outlook for the future. Because that discussion focuses on major funds, the financial highlights provided in this letter focus on certain non major funds of the City.

FINANCIAL HIGHLIGHTS

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 2003, the internal service funds had operating revenues of \$7,032,591 and operating expenses of \$7,780,089. The net assets of the internal service funds were \$5,328,698 at December 31, 2003.

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, 2003, assets held in the City's five agency funds totaled \$1,481,811.

OTHER INFORMATION

INDEPENDENT AUDIT

Included in this report is an unqualified audit opinion rendered on the City's BFS as of and for the year ended December 31, 2003, by our auditor, State of Ohio, Betty Montgomery, Auditor of State. City management intends to continue to subject the BFS to an annual independent audit as part of the preparation of the Comprehensive Annual Financial Report (CAFR). The auditor's report on the BFS 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 BFS 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) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Warren for its comprehensive annual financial report for the year ended December 31, 2002. This was the first year the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements and this report will be submitted to the GFOA to determine its eligibility for another certificate.

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, CPA 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, 2003

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 st Ward	Virginia Bufano
Council Member – 2 nd Ward	Alford Novak
Council Member – 3 rd Ward	John Homlitas
Council Member – 4 th Ward	Robert Holmes III
Council Member – 5 th Ward	Brendan Keating
Council Member – 6 th Ward	James Pugh
Council Member – 7 th 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
Director of Engineering	William Totten
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	Renee Cicero
Director of Community Development	Michael Keys

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Warren,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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



President

Executive Director

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FINANCIAL SECTION



**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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Warren, Trumbull County, Ohio (the City), as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Warren, Trumbull County, Ohio, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2003, the City implemented a new financial reporting model, as required by the provisions of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2004 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and individual fund schedules and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and individual fund schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Betty Montgomery
Auditor of State

August 27, 2004

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2003 UNAUDITED

The discussion and analysis of the City of Warren's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2003. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2003 are as follows:

- The total net assets of the City increased \$4,200,940. Net assets of governmental activities increased \$4,527,733 or 14.32% over 2002 and net assets of business-type activities decreased \$326,793 or 1.28% below 2002.
- General revenues accounted for \$25,615,723 or 71.75% of total governmental activities revenue. Program specific revenues accounted for \$10,088,021 or 28.25% of total governmental activities revenue.
- The City had \$30,530,975 in expenses related to governmental activities; \$10,088,021 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$20,442,954 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$25,615,723.
- The general fund had revenues of \$29,665,401 in 2003. This represents an increase of \$555,171 from 2002 revenues. The expenditures of the general fund, which totaled \$27,496,767 in 2003, increased \$713,386 from 2002. The net increase in fund balance for the general fund was \$2,168,634 or 54.75%.
- Net assets for the business-type activities, which are made up of the Water, Sewer, Packard Music Hall, Sanitation, Downtown Parking, City Redevelopment, and Stormwater Utility enterprise funds, decreased in 2003 by \$326,793.
- In the general fund, the actual revenues and other financing sources were \$1,254,928 higher than in the final budget and actual expenditures and other financing uses were \$2,143,408 less than the amount in the final budget. These positive variances are the result of the City's conservative budgeting. Budgeted revenues increased \$1,344,813 from the original to the final budget. Budgeted expenditures and other financing uses increased \$3,231,984 from the original to the final budget.

Using this Comprehensive Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net assets and statement of activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2003 UNAUDITED

Reporting the City as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City perform financially during 2003?" The statement of net assets and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting reflects all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net *assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors—some financial, others not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net assets and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, fire and rescue, street maintenance, capital improvements, and general administration. These services are funded primarily by property taxes, income taxes, and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water, sewer, packard music hall, sanitation, downtown parking, city redevelopment, and stormwater utility are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focuses on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page F10.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2003 UNAUDITED

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's only major governmental fund is the general fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages F20 and F22 of this report.

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water, packard music hall, sanitation, downtown parking, city redevelopment, and stormwater utility. The sewer and water enterprise funds are considered major funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The basic proprietary fund financial statements can be found on pages F26 - F33 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds are the City's fiduciary fund types. The basic fiduciary fund financial statement can be found on page F34 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages F35 – F69 of this report.

Government-Wide Financial Analysis

This is the City's first year for government-wide financial statements using the full accrual basis of accounting, therefore, a comparison with prior year is not available. A comparative analysis will be presented in future years when prior year information is available.

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED

The table below provides a summary of the City's net assets for 2003:

	Net Assets		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Assets</u>			
Current and other assets	\$ 27,771,621	\$ 8,848,770	\$ 36,620,391
Capital assets	<u>32,699,326</u>	<u>55,916,117</u>	<u>88,615,443</u>
Total assets	<u>60,470,947</u>	<u>64,764,887</u>	<u>125,235,834</u>
<u>Liabilities</u>			
Current liabilities	3,560,406	2,097,154	5,657,560
Long-term liabilities	<u>20,771,284</u>	<u>37,402,215</u>	<u>58,173,499</u>
Total liabilities	<u>24,331,690</u>	<u>39,499,369</u>	<u>63,831,059</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	19,496,371	19,168,104	38,664,475
Restricted	10,161,287	-	10,161,287
Unrestricted	<u>6,481,599</u>	<u>6,097,414</u>	<u>12,579,013</u>
Total net assets	<u>\$ 36,139,257</u>	<u>\$ 25,265,518</u>	<u>\$ 61,404,775</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2003, the City's assets exceeded liabilities by \$61,404,775. At year-end, net assets were \$36,139,257 and \$25,265,518 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net assets. At year-end, capital assets represented 70.76% of total assets. Capital assets include land, construction in progress (CIP), land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2003, were \$19,496,371 and \$19,168,104 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2003, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net assets, \$10,161,287, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$6,481,599 may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED

The table below shows the changes in net assets for fiscal year 2003. Since this is the first year the City has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2002 are not available. A comparative analysis will be provided in future years when prior year information is available.

	Change in Net Assets		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenues			
Program revenues:			
Charges for services	\$ 3,799,373	\$ 21,170,452	\$ 24,969,825
Operating grants and contributions	5,141,369	-	5,141,369
Capital grants and contributions	<u>1,147,279</u>	<u>-</u>	<u>1,147,279</u>
Total program revenues	<u>10,088,021</u>	<u>21,170,452</u>	<u>31,258,473</u>
General revenues:			
Property taxes	1,517,267	-	1,517,267
Income taxes	18,788,667	-	18,788,667
Unrestricted grants and entitlements	2,896,927	-	2,896,927
Investment earnings	615,974	201,577	817,551
Miscellaneous	<u>1,796,888</u>	<u>767,730</u>	<u>2,564,618</u>
Total general revenues	<u>25,615,723</u>	<u>969,307</u>	<u>26,585,030</u>
Total revenues	<u>35,703,744</u>	<u>22,139,759</u>	<u>57,843,503</u>
Expenses:			
General government	5,503,496	-	5,503,496
Security of persons and property	15,483,951	-	15,483,951
Public health and welfare	443,174	-	443,174
Transportation	3,581,813	-	3,581,813
Community environment	2,017,399	-	2,017,399
Leisure time activity	680,886	-	680,886
Economic development	2,189,572	-	2,189,572
Interest and fiscal charges	630,684	-	630,684
Water	-	8,536,652	8,536,652
Sewer	-	10,385,641	10,385,641
Sanitation	-	2,822,181	2,822,181
Packard Music Hall	-	528,652	528,652
City Redevelopment	-	21,589	21,589
Downtown Parking	-	159,800	159,800
Stormwater Utility	<u>-</u>	<u>657,073</u>	<u>657,073</u>
Total expenses	<u>30,530,975</u>	<u>23,111,588</u>	<u>53,642,563</u>
Increase (decrease) in net assets before transfers and capital contributions	5,172,769	(971,829)	4,200,940
Transfers	<u>(645,036)</u>	<u>645,036</u>	<u>-</u>
Increase (decrease) in net assets	<u>\$ 4,527,733</u>	<u>\$ (326,793)</u>	<u>\$ 4,200,940</u>

CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

Governmental Activities

Governmental activities net assets increased \$4,527,733 in 2003. This increase is a result of slightly decreasing revenues and a control of capital outlay expenses versus amounts reported in the prior year.

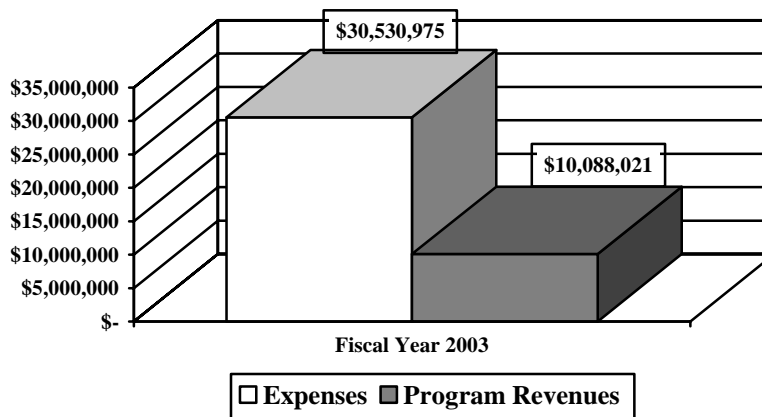
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$15,483,951 of the total expenses of the City. These expenses were partially funded by \$1,567,813 in direct charges to users of the services. Transportation expenses totaled \$3,581,813. Transportation expenses were partially funded by \$1,684,860 in operating grants and contributions and \$44,058 in charges to users of services.

The state and federal government contributed to the City a total of \$5,141,369 in operating grants and contributions and \$1,147,279 in capital grants and contributions. These revenues are restricted to a particular program or purpose. All of the total capital grants and contributions subsidized general government programs.

General revenues totaled \$25,615,723, and amounted to 71.75% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$20,305,934. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$2,896,927. In August 2001, the State of Ohio froze the local government and local government revenue assistance to be distributed to local governments in 2002 and 2003.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. As can be seen in the graph below, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

Governmental Activities – Program Revenues vs. Total Expenses



The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. Comparisons to 2002 have not been presented since they are not available.

CITY OF WARREN, OHIO

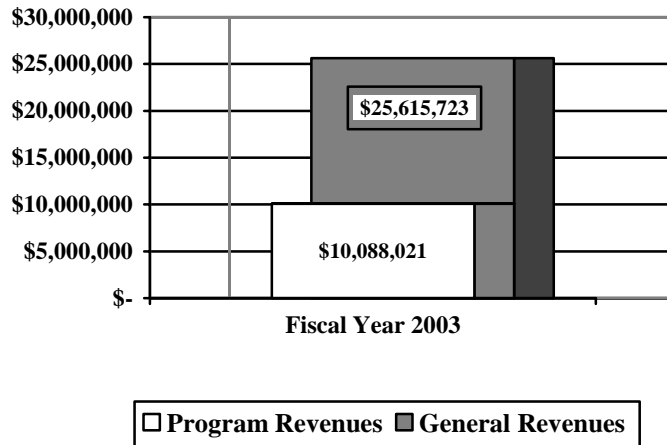
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED

Governmental Activities

	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2003</u>
Program expenses:		
General government	\$ 5,503,496	\$ 2,885,801
Security of persons and property	15,483,951	13,672,174
Public health and welfare	443,174	322,515
Transportation	3,581,813	1,852,895
Community environment	2,017,399	1,400,064
Leisure time activity	680,886	653,430
Economic development	2,189,572	(974,609)
Interest and fiscal charges	<u>630,684</u>	<u>630,684</u>
 Total expenses	 <u>\$ 30,530,975</u>	 <u>\$ 20,442,954</u>

The dependence upon general revenues for governmental activities is apparent, with 66.96% of expenses supported through taxes and other general revenues.

Governmental Activities – General and Program Revenues

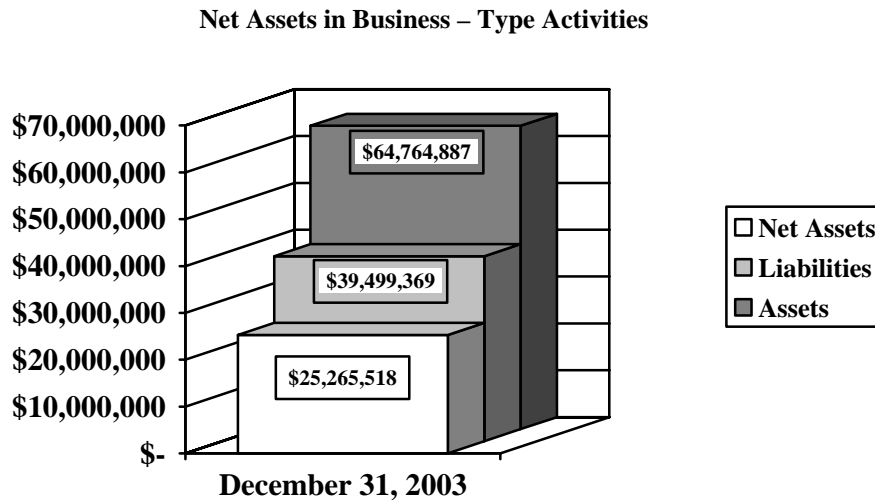


CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

Business-type Activities

Business-type activities include the sewer, water, packard music hall, sanitation, downtown parking, city redevelopment, and stormwater utility enterprise funds. These programs had program revenues of \$21,170,452, general revenues of \$969,307, and expenses of \$23,111,588 for 2003. The graph below shows the business-type activities assets, liabilities and net assets at year-end.



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The City's governmental funds (as presented on the balance sheet on page F20) reported a combined fund balance of \$15,504,007 which is \$3,221,803 above last year's total of \$12,282,204 (as restated). The December 31, 2002 fund balances have been restated as described in Note 3 to the basic financial statements. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2003 for all major and nonmajor governmental funds.

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED

	<u>Fund Balances</u> <u>12/31/03</u>	<u>Fund Balances</u> <u>12/31/02</u>	<u>Increase</u> <u>(Decrease)</u>
Major funds:			
General	\$ 6,129,403	\$ 3,960,769	\$ 2,168,634
Other nonmajor governmental funds	<u>9,374,604</u>	<u>8,321,435</u>	<u>1,053,169</u>
 Total	 <u>\$ 15,504,007</u>	 <u>\$ 12,282,204</u>	 <u>\$ 3,221,803</u>

General Fund

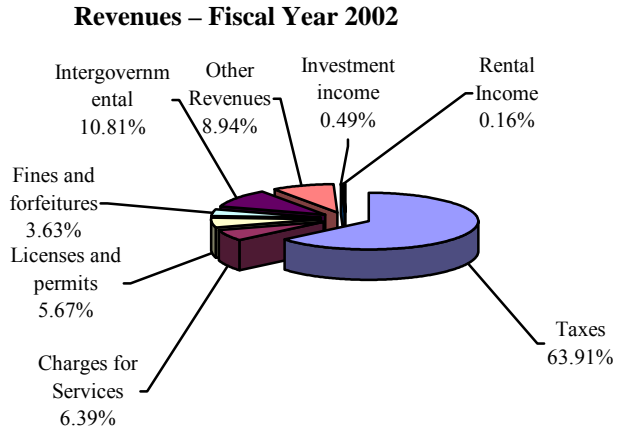
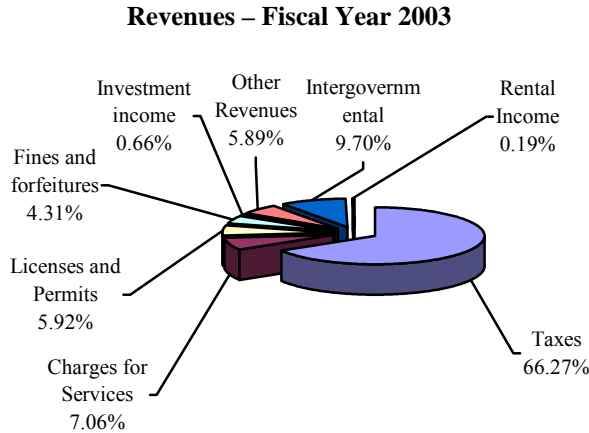
The City's general fund balance increased \$2,168,634, primarily due a tight control of expenses and proceeds from the sale of bonds, an other financing source. The table that follows assists in illustrating the revenues of the general fund.

	<u>2003</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 18,825,568	\$ 18,423,033	2.18 %
Charges for services	2,004,483	1,841,592	8.85 %
Licenses and permits	1,682,841	1,633,246	3.04 %
Fines and forfeitures	1,222,861	1,045,950	16.91 %
Intergovernmental	2,754,776	3,116,634	(11.61) %
Investment income	186,818	141,874	31.68 %
Rental income	53,048	47,115	12.59 %
Other	<u>1,672,865</u>	<u>2,577,629</u>	(35.10) %
 Total	 <u>\$ 28,403,260</u>	 <u>\$ 28,827,073</u>	 (1.47) %

Tax revenue represents 66.28% of all general fund revenue. The increase in investment income is due to the new Treasurer and a more aggressive approach to investing. The increase in fines and forfeiture income is due to an increase in activity at the municipal court. The increase in taxes revenue is due to an increase in the collections of municipal income taxes instituted by the new Treasurer the directive to enforce compliance with the city tax codes. The decrease in other income is due to the revenues received in 2002 as a result of the demutualization of Anthem stock and the City's subsequent sale of the stock. All other revenue remained comparable to 2002.

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED



The table that follows assists in illustrating the expenditures of the general fund.

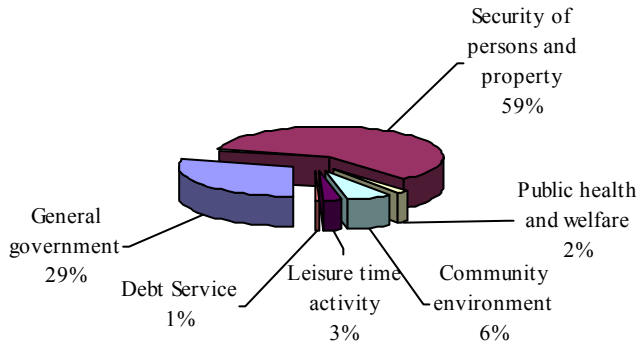
	<u>2003</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 7,198,106	\$ 6,945,511	3.64%
Security of persons and property	14,860,071	14,651,302	1.42%
Public health and welfare	417,382	432,401	(3.47)%
Community environment	1,611,897	1,776,919	(9.29)%
Leisure time activity	626,762	563,994	11.13%
Debt service	<u>167,431</u>	<u>226,483</u>	(26.07)%
Total	<u>\$ 24,881,649</u>	<u>\$ 24,596,610</u>	1.16%

The most significant decrease was in the area of debt service. This decrease is primarily due to the refunding of bonds in 2003 and the elimination of short term debt in 2002. All other expenditures remained comparable to 2002. The largest expenditure line item, security of persons and property, increased slightly, which is primarily attributed to wage and benefit increases.

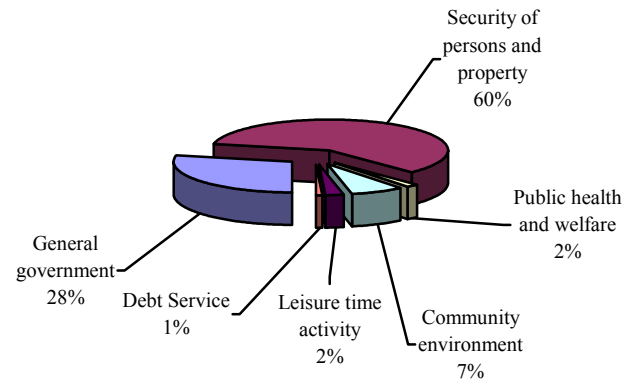
CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

Expenditures - Fiscal Year 2003



Expenditures - Fiscal Year 2002



Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund. In the general fund, one of the most significant changes was between the original and final budgeted amounts in the area of expenditures and other financing uses, which increased \$3,231,984 from \$27,256,750 to \$30,488,734. Actual revenues and other financing sources of \$29,856,491 exceeded final budgeted revenues of \$28,601,563. The other change was between the final budgeted expenditures and actual expenditures. Actual expenditures came in \$2,143,408 lower than the final budgeted amounts.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities. The only interfund activity reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances and transfers) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements.

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED

Capital Assets and Debt Administration

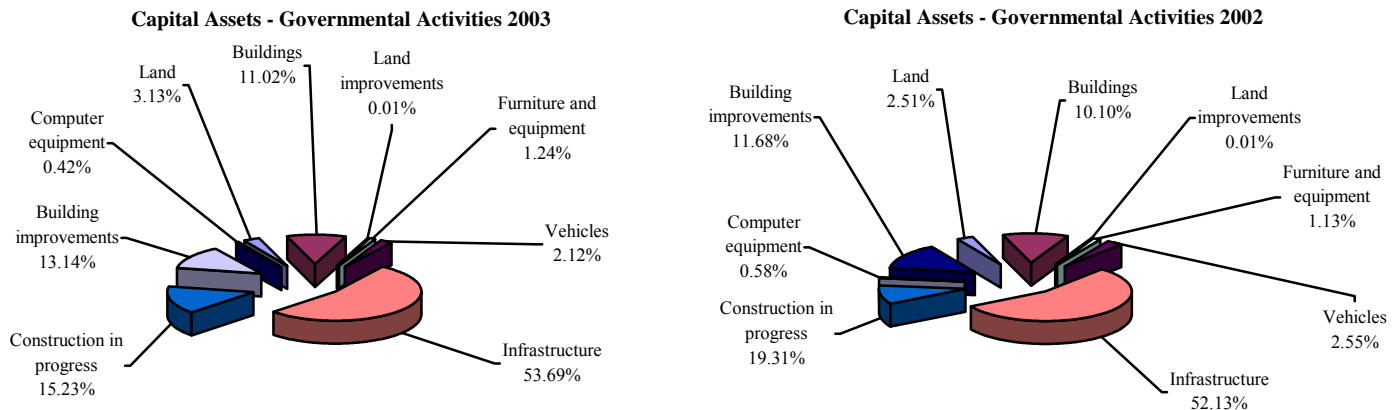
Capital Assets

At the end of fiscal 2003, the City had \$88,615,443 (net of accumulated depreciation) invested in land, construction in progress (CIP), land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Of this total, \$32,699,326 was reported in governmental activities and \$55,916,117 was reported in business-type activities. See Note 10 to the basic financial statements for detail. The following table shows fiscal 2003 balances compared to 2002:

**Capital Assets at December 31
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$ 1,024,184	\$ 949,184	\$ 384,399	\$ 384,399	\$ 1,408,583	\$ 1,333,583
Construction in progress	4,978,666	3,191,000	13,960,060	7,123,957	18,938,726	10,314,957
Land improvements	1,133	1,587	-	-	1,133	1,587
Buildings	3,603,802	3,813,602	13,395,602	15,414,246	16,999,404	19,227,848
Buildings improvements	4,297,117	4,407,834	193,235	153,554	4,490,352	4,561,388
Computer equipment	137,729	218,635	5,811	16,275	143,540	234,910
Furniture and equipment	404,085	426,391	757,146	732,487	1,161,231	1,158,878
Vehicles	694,727	964,309	254,099	395,965	948,826	1,360,274
Infrastructure	17,557,883	17,409,043	26,965,765	27,588,840	44,523,648	44,997,883
Totals	\$ 32,699,326	\$ 31,381,585	\$ 55,916,117	\$ 51,809,723	\$ 88,615,443	\$ 83,191,308

The following graphs show the breakdown of governmental capital assets by category for 2003 and 2002.



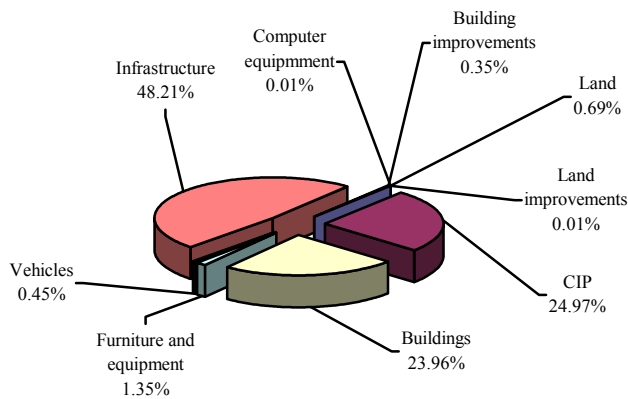
The City's largest capital asset category is infrastructure which includes roads, sidewalks, and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents 53.69% of the City's total governmental capital assets.

CITY OF WARREN, OHIO

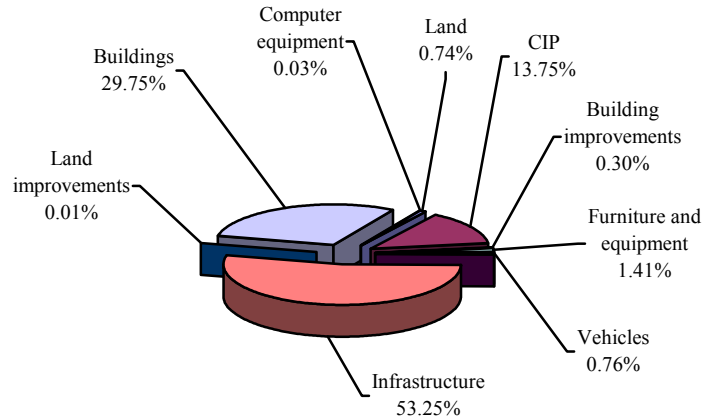
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED

The following graphs show the breakdown of business-type capital assets by category for 2003 and 2002.

Capital Assets - Business-Type Activities 2003



Capital Assets - Business-Type Activities 2002



The City's largest business-type capital asset category is infrastructure that primarily includes water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 48.21% of the City's total business-type capital assets.

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2003 and 2002 (See Note 13 to the basic financial statements for detail):

	Governmental Activities	
	2003	2002
General obligation bonds	\$ 11,987,400	\$11,965,320
Reinvestment partnership corporation loan	905,000	945,000
OWDA loans	941,040	1,066,689
Police and fire pension liability	2,942,748	2,986,754
Capital lease obligation	10,105	7,447
Compensated absences	3,984,991	3,911,769
Total long-term obligations	\$ 20,771,284	\$20,882,979
	Business-type Activities	
	2003	2002
General obligation bonds	\$ 4,732,884	\$ 5,880,000
Revenue bonds	10,610,000	10,945,000
OWDA loan	20,878,602	15,668,286
Capital lease obligation	11,290	14,163
Compensated absences	1,169,439	1,190,462
Total long-term obligations	\$ 37,402,215	\$33,697,911

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2003 UNAUDITED

Economic Conditions and Next Year's General Fund Budget Outlook

The City's Administration considers the impact of various economic factors when establishing the fiscal year 2004 budget. The continued challenges resulting from regional loss of employment, stagnant economic development, and the general national recession, have yielded significant influence on the objectives established in the 2004 budget. The primary objectives include continued improvement to constituent service delivery as well as long-term fiscal stability.

Despite the uncertainty surrounding the economy, the City continues to carefully monitor two primary sources of revenue—local income taxes and shared intergovernmental (state) revenue. In order to stabilize the impact of the fluctuations in these revenue sources, City Council continues to pursue economic development and job creation; maintain the community's reputation for high public safety standards; and adoption of a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2004 budget, the City emphasized various efforts to continue to contain costs while pursuing new sources of revenue.

Budgeted revenues and other financing sources in the general fund for fiscal year 2004 decreased by \$2,022,022 from final 2003 budgeted revenues and other financing sources or 6.8% due in large part to a reduction in income tax receipts. This reduction is expected based on the increase in tax collections in 2003 due to the efforts of the tax department to enforce compliance and the subsequent collection of prior year taxes that will not be realized in 2004. The 2004 general fund budget is \$31,303,055.

In order to meet these challenges, further cost containment and/or revenue enhancement actions will be essential. With the continuation of conservative budgeting practices, the City's financial position is anticipated to remain stable in future years.

Contacting the City's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact David N. Griffing, Auditor, City of Warren, 391 Mahoning Avenue NW, Warren Ohio 44483-4634.

CITY OF WARREN, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2003

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 15,923,344	\$ 4,865,359	\$ 20,788,703
Receivables (net of allowances for uncollectibles):			
Income taxes	3,000,203	-	3,000,203
Real and other taxes	1,998,748	-	1,998,748
Accounts	592,921	3,140,803	3,733,724
Loans	3,569,885	-	3,569,885
Accrued interest	2,720	-	2,720
Special assessments	346,288	5,433	351,721
Internal balances	238,296	(238,296)	-
Due from other governments	1,876,666	-	1,876,666
Materials and supplies inventory.	78,016	20,424	98,440
Deferred charges	144,534	89,811	234,345
Restricted assets:			
Investments	-	965,236	965,236
Capital assets:			
Land and construction in progress.	6,002,850	14,344,459	20,347,309
Depreciable capital assets, net	26,696,476	41,571,658	68,268,134
Total capital assets.	<u>32,699,326</u>	<u>55,916,117</u>	<u>88,615,443</u>
Total assets.	<u>60,470,947</u>	<u>64,764,887</u>	<u>125,235,834</u>
Liabilities:			
Accounts payable.	467,108	577,506	1,044,614
Contracts payable.	126,219	721,002	847,221
Accrued wages and benefits	545,083	200,300	745,383
Due to other governments	444,498	57,786	502,284
Deferred revenue.	1,644,300	-	1,644,300
Accrued interest payable.	90,659	540,560	631,219
Claims payable.	242,539	-	242,539
Long-term liabilities:			
Due within one year	3,037,938	2,918,729	5,956,667
Due in more than one year	17,733,346	34,483,486	52,216,832
Total liabilities	<u>24,331,690</u>	<u>39,499,369</u>	<u>63,831,059</u>
Net assets:			
Invested in capital assets, net of related debt	19,496,371	19,168,104	38,664,475
Restricted for:			
Capital projects.	357,350	-	357,350
Debt service	326,037	-	326,037
Other purposes	9,477,900	-	9,477,900
Unrestricted.	<u>6,481,599</u>	<u>6,097,414</u>	<u>12,579,013</u>
Total net assets	<u>\$ 36,139,257</u>	<u>\$ 25,265,518</u>	<u>\$ 61,404,775</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WARREN, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 5,503,496	\$ 1,279,189	\$ 191,227	\$ 1,147,279
Security of persons and property	15,483,951	1,567,813	243,964	-
Public health and welfare	443,174	120,659	-	-
Transportation	3,581,813	44,058	1,684,860	-
Community environment	2,017,399	617,335	-	-
Leisure time activity	680,886	27,456	-	-
Economic development	2,189,572	142,863	3,021,318	-
Interest and fiscal charges	630,684	-	-	-
Total governmental activities	30,530,975	3,799,373	5,141,369	1,147,279
Business-type Activities:				
Sewer	8,536,652	6,800,830	-	-
Water	10,385,641	10,287,987	-	-
Other enterprise funds:				
Sanitation	2,822,181	3,018,624	-	-
Packard Music Hall	528,652	198,349	-	-
City Redevelopment	21,589	44,978	-	-
Downtown Parking	159,800	86,804	-	-
Stormwater Utility	657,073	732,880	-	-
Total business-type activities	23,111,588	21,170,452	-	-
Total primary government	\$ 53,642,563	\$ 24,969,825	\$ 5,141,369	\$ 1,147,279

General Revenues:

Property taxes levied for:	
Debt service	
Fire pension	
Police pension	
Income taxes levied for:	
General purposes	
Grants and entitlements not restricted to specific programs	
Investment earnings	
Miscellaneous	
Total general revenues	
Transfers	
Change in net assets	
Net assets at beginning of year (restated)	
Net assets at end of year	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (2,885,801)	\$ -	\$ (2,885,801)
(13,672,174)	-	(13,672,174)
(322,515)	-	(322,515)
(1,852,895)	-	(1,852,895)
(1,400,064)	-	(1,400,064)
(653,430)	-	(653,430)
974,609	-	974,609
(630,684)	-	(630,684)
<u>(20,442,954)</u>	<u>-</u>	<u>(20,442,954)</u>
-	(1,735,822)	(1,735,822)
-	(97,654)	(97,654)
-	196,443	196,443
-	(330,303)	(330,303)
-	23,389	23,389
-	(72,996)	(72,996)
-	75,807	75,807
<u>-</u>	<u>(1,941,136)</u>	<u>(1,941,136)</u>
<u>(20,442,954)</u>	<u>(1,941,136)</u>	<u>(22,384,090)</u>
1,256,977	-	1,256,977
130,145	-	130,145
130,145	-	130,145
18,788,667	-	18,788,667
2,896,927	-	2,896,927
615,974	201,577	817,551
1,796,888	767,730	2,564,618
25,615,723	969,307	26,585,030
<u>(645,036)</u>	<u>645,036</u>	<u>-</u>
4,527,733	(326,793)	4,200,940
<u>31,611,524</u>	<u>25,592,311</u>	<u>57,203,835</u>
<u>\$ 36,139,257</u>	<u>\$ 25,265,518</u>	<u>\$ 61,404,775</u>

CITY OF WARREN, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 4,319,294	\$ 5,840,897	\$ 10,160,191
Receivables (net of allowance for uncollectibles):			
Income taxes	3,000,203	-	3,000,203
Real and other taxes	-	1,998,748	1,998,748
Accounts	555,459	33,460	588,919
Loans	-	3,569,885	3,569,885
Accrued interest	2,720	-	2,720
Special assessments	47,659	298,629	346,288
Due from other governments	1,135,603	741,063	1,876,666
Materials and supplies inventory	10,858	67,158	78,016
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 9,071,796</u>	<u>\$ 12,549,840</u>	<u>\$ 21,621,636</u>
Liabilities:			
Accounts payable	\$ 270,539	\$ 185,112	\$ 455,651
Contracts payable	7,739	118,480	126,219
Accrued wages and benefits	492,633	47,388	540,021
Compensated absences payable	39,139	23,173	62,312
Due to other governments	99,537	7,108	106,645
General obligation bond payable	134,460	-	134,460
Deferred revenue	1,898,346	2,793,975	4,692,321
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,942,393</u>	<u>3,175,236</u>	<u>6,117,629</u>
Fund Balances:			
Reserved for encumbrances	592,020	2,754,876	3,346,896
Reserved for materials and supplies inventory	10,858	67,158	78,016
Reserved for loans	-	3,569,885	3,569,885
Reserved for tax advance	-	51,465	51,465
Unreserved, undesignated, reported in:			
General fund	5,526,525	-	5,526,525
Special revenue funds	-	4,289,027	4,289,027
Debt service fund	-	4,803	4,803
Capital projects funds	-	(1,362,610)	(1,362,610)
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>6,129,403</u>	<u>9,374,604</u>	<u>15,504,007</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 9,071,796</u>	<u>\$ 12,549,840</u>	<u>\$ 21,621,636</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WARREN, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2003

Total governmental fund balances		\$ 15,504,007
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		32,589,033
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes	\$ 302,983	
Income taxes	926,146	
Accounts	461,018	
Special assessments	346,288	
Intergovernmental revenues	<u>1,011,586</u>	
Total		3,048,021
Internal service funds are used by management to charge the costs of life and hospitalization insurance, workers compensation, data processing and risk management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of assets. The net assets of the internal service funds, including internal balances of \$238,296, are:		5,566,994
Unamortized bond issuance costs are not recognized in the funds.		144,534
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities (excluding amounts reported in the internal service funds) are as follows:		
Accrued interest payable	(90,659)	
General obligation bonds payable	(11,987,400)	
Loans payable	(1,846,040)	
Fire and pension liability	(2,942,748)	
Compensated absences	(3,836,380)	
Capital lease payable	<u>(10,105)</u>	
		<u>(20,713,332)</u>
Net assets of governmental activities		<u>\$ 36,139,257</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WARREN, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Income taxes	\$ 18,825,568	\$ -	\$ 18,825,568
Property and other taxes	-	1,493,148	1,493,148
Charges for services	2,004,483	116,457	2,120,940
Licenses and permits	1,682,841	44,130	1,726,971
Fines and forfeitures	1,222,861	510,165	1,733,026
Intergovernmental	2,754,776	6,468,229	9,223,005
Special assessments	-	100,189	100,189
Investment income	186,818	241,818	428,636
Rental income	53,048	-	53,048
Other	1,672,865	124,024	1,796,889
Total revenues	<u>28,403,260</u>	<u>9,098,160</u>	<u>37,501,420</u>
Expenditures:			
Current:			
General government	7,198,106	102,074	7,300,180
Security of persons and property	14,860,071	168,124	15,028,195
Public health and welfare	417,382	-	417,382
Transportation	-	2,365,061	2,365,061
Community environment	1,611,897	-	1,611,897
Leisure time activity	626,762	-	626,762
Economic development	-	2,198,894	2,198,894
Capital outlay	-	3,411,525	3,411,525
Debt service:			
Principal retirement	44,006	925,403	969,409
Interest and fiscal charges	89,835	563,800	653,635
Bond issuance costs	33,590	112,774	146,364
Total expenditures	<u>24,881,649</u>	<u>9,847,655</u>	<u>34,729,304</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,521,611</u>	<u>(749,495)</u>	<u>2,772,116</u>
Other financing sources (uses):			
Proceeds from sale of refunding bonds	-	6,045,000	6,045,000
Proceeds from sale of bonds	976,000	255,000	1,231,000
Premium on sale of bonds	4,975	40,843	45,818
Payment to refunding bond escrow agent	-	(6,548,575)	(6,548,575)
Proceeds from capital lease	-	7,902	7,902
Transfers in	281,166	3,361,623	3,642,789
Transfers out	(2,615,118)	(1,359,129)	(3,974,247)
Total other financing sources (uses)	<u>(1,352,977)</u>	<u>1,802,664</u>	<u>449,687</u>
Net change in fund balances	2,168,634	1,053,169	3,221,803
Fund balances at beginning of year (restated).	<u>3,960,769</u>	<u>8,321,435</u>	<u>12,282,204</u>
Fund balances at end of year	<u>\$ 6,129,403</u>	<u>\$ 9,374,604</u>	<u>\$ 15,504,007</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WARREN, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

Net change in fund balances - total governmental funds	\$ 3,221,803
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$3,241,838) exceeded depreciation expense (\$1,837,291) in the current period.	1,404,547
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(39,882)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	568
Proceeds of bonds and capital leases are recorded as revenue in the funds, however, on the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets.	(7,283,902)
Premiums on bonds issued are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.	(45,245)
Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.	144,534
Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The City's bonded debt was reduced in two ways - principal payments were made to bond holders (\$754,510) and resources (\$6,548,575) were sent to the refunding bond escrow agent for the current refunding of outstanding bonds (\$6,235,000). The difference between the two amounts was \$313,575 and will be amortized as an adjustment of interest expense in the statement of activities over the remaining life of the refunded debt (ten years).	7,517,984
In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds, an interest expenditure is reported when due. In addition, the deferred charges arising from the current refunding (\$3,920 per year) is being amortized (added to interest expense).	24,208
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(6,844)
Internal service funds are used by management to charge the costs of life and hospitalization insurance, workers compensation, data processing and risk management to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds, including internal balances of \$238,296 is allocated among the governmental activities.	(410,038)
Change in net assets of governmental activities	\$ 4,527,733

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WARREN, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Income taxes	\$ 17,916,331	\$ 18,800,300	\$ 18,761,365	\$ (38,935)
Charges for services	2,118,954	2,223,500	2,004,483	(219,017)
Licenses and permits	1,514,478	1,589,200	1,698,238	109,038
Fines and forfeitures	980,189	1,028,550	1,223,471	194,921
Intergovernmental	2,958,992	3,104,985	3,017,905	(87,080)
Investment income	177,254	186,000	184,098	(1,902)
Rental income	119,123	125,000	53,048	(71,952)
Other	284,015	298,028	1,651,742	1,353,714
Total revenues	<u>26,069,336</u>	<u>27,355,563</u>	<u>28,594,350</u>	<u>1,238,787</u>
Expenditures:				
Current:				
General government	10,171,515	8,613,629	7,553,669	1,059,960
Security of persons and property	14,663,333	15,849,494	15,129,290	720,204
Public health and welfare	1,073,900	659,215	611,045	48,170
Community environment	1,275,691	1,933,156	1,698,776	234,380
Leisure time activity	-	784,339	703,838	80,501
Debt service:				
Bond issuance costs	-	33,590	33,590	-
Total expenditures	<u>27,184,439</u>	<u>27,873,423</u>	<u>25,730,208</u>	<u>2,143,215</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,115,103)</u>	<u>(517,860)</u>	<u>2,864,142</u>	<u>3,382,002</u>
Other financing sources (uses):				
Proceeds from sale of bonds	901,520	946,000	976,000	30,000
Premium on sale of bonds	-	-	4,975	4,975
Transfers in	285,894	300,000	281,166	(18,834)
Transfers out	<u>(72,311)</u>	<u>(2,615,311)</u>	<u>(2,615,118)</u>	<u>193</u>
Total other financing sources (uses)	<u>1,115,103</u>	<u>(1,369,311)</u>	<u>(1,352,977)</u>	<u>16,334</u>
Net change in fund balance	-	(1,887,171)	1,511,165	3,398,336
Fund balance at beginning of year	1,503,004	1,503,004	1,503,004	-
Prior year encumbrances appropriated	<u>434,827</u>	<u>434,827</u>	<u>434,827</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,937,831</u>	<u>\$ 50,660</u>	<u>\$ 3,448,996</u>	<u>\$ 3,398,336</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF WARREN, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2003

	Business-type Activities -Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 539,423	\$ 3,491,357	\$ 834,579	\$ 4,865,359
Receivables (net of allowance for uncollectibles):				
Accounts	1,170,566	1,320,962	649,275	3,140,803
Special assessments.	529	4,204	700	5,433
Bonds	-	-	-	-
Materials and supplies inventory	6,059	14,075	290	20,424
Deferred charges	89,811	-	-	89,811
Total current assets	<u>1,806,388</u>	<u>4,830,598</u>	<u>1,484,844</u>	<u>8,121,830</u>
Noncurrent assets:				
Restricted assets:				
Investments	-	965,236	-	965,236
Capital assets:				
Land and construction in progress	1,020,220	13,005,868	318,371	14,344,459
Depreciable capital assets, net	18,900,012	20,565,664	2,105,982	41,571,658
Total capital assets	<u>19,920,232</u>	<u>33,571,532</u>	<u>2,424,353</u>	<u>55,916,117</u>
Total noncurrent assets	<u>19,920,232</u>	<u>34,536,768</u>	<u>2,424,353</u>	<u>56,881,353</u>
Total assets	<u>21,726,620</u>	<u>39,367,366</u>	<u>3,909,197</u>	<u>65,003,183</u>
Liabilities:				
Current liabilities:				
Accounts payable.	324,088	149,251	104,167	577,506
Contracts payable.	-	721,002	-	721,002
Accrued wages and benefits	51,542	112,325	36,433	200,300
Due to other governments	33,882	16,849	7,055	57,786
Claims payable.	-	-	-	-
Current portion of general obligation bonds	454,000	-	340,000	794,000
Current portion of revenue bonds.	-	350,000	-	350,000
Current portion of OWDA loans	908,934	366,858	-	1,275,792
Current portion of capital lease obligations.	-	3,111	-	3,111
Current portion of compensated absences	243,179	167,838	84,809	495,826
Accrued interest payable	322,572	216,745	1,243	540,560
Total current liabilities	<u>2,338,197</u>	<u>2,103,979</u>	<u>573,707</u>	<u>5,015,883</u>
Long-term liabilities:				
General obligation bonds.	4,372,284	-	33,325	4,405,609
Revenue bonds.	-	9,793,275	-	9,793,275
OWDA loans	12,623,002	6,979,808	-	19,602,810
Capital lease obligations.	-	8,179	-	8,179
Compensated absences	148,204	457,719	67,690	673,613
Total long-term liabilities	<u>17,143,490</u>	<u>17,238,981</u>	<u>101,015</u>	<u>34,483,486</u>
Total liabilities	<u>19,481,687</u>	<u>19,342,960</u>	<u>674,722</u>	<u>39,499,369</u>
Net assets:				
Invested in capital assets, net of related debt.	1,344,296	15,603,576	2,220,232	19,168,104
Unrestricted	900,637	4,420,830	1,014,243	6,335,710
Total net assets	<u>\$ 2,244,933</u>	<u>\$ 20,024,406</u>	<u>\$ 3,234,475</u>	<u>25,503,814</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				(238,296)
Net assets of business-type activities				<u>\$ 25,265,518</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Governmental
Activities -
Internal
Service Funds**

\$ 5,763,153

4,002

-

134,460

-

-

5,901,615

-

-

110,293

110,293

110,293

6,011,908

11,457

-

5,062

337,853

242,539

-

-

-

-

-

-

-

596,911

-

-

-

-

86,299

86,299

683,210

110,293

5,218,405

\$ 5,328,698

CITY OF WARREN, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Business-type Activities - Enterprise Funds			
	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 6,796,705	\$ 10,283,783	\$ 4,081,364	\$ 21,161,852
Other	<u>275,820</u>	<u>381,973</u>	<u>109,937</u>	<u>767,730</u>
Total operating revenues	<u>7,072,525</u>	<u>10,665,756</u>	<u>4,191,301</u>	<u>21,929,582</u>
Operating expenses:				
Personal services	2,578,052	5,083,145	1,668,818	9,330,015
Contract services	1,269,541	912,755	1,727,190	3,909,486
Materials and supplies	285,480	1,109,656	265,268	1,660,404
Administrative costs	517,386	835,956	252,307	1,605,649
Utilities	689,409	642,432	88,422	1,420,263
Claims	-	-	-	-
Other	3,354	47,160	3,368	53,882
Depreciation	<u>2,281,727</u>	<u>822,529</u>	<u>104,943</u>	<u>3,209,199</u>
Total operating expenses	<u>7,624,949</u>	<u>9,453,633</u>	<u>4,110,316</u>	<u>21,188,898</u>
Operating income (loss)	<u>(552,424)</u>	<u>1,212,123</u>	<u>80,985</u>	<u>740,684</u>
Nonoperating revenues (expenses):				
Interest revenue	33,006	145,403	23,168	201,577
Special assessments	4,125	4,204	271	8,600
Interest expense and fiscal charges	<u>(840,042)</u>	<u>(805,011)</u>	<u>(39,341)</u>	<u>(1,684,394)</u>
Total nonoperating revenues (expenses)	<u>(802,911)</u>	<u>(655,404)</u>	<u>(15,902)</u>	<u>(1,474,217)</u>
Income (loss) before contributions and transfers	(1,355,335)	556,719	65,083	(733,533)
Capital contributions	225,404	-	-	225,404
Transfers in	-	-	432,705	432,705
Transfers out	<u>-</u>	<u>(3,427)</u>	<u>(9,646)</u>	<u>(13,073)</u>
Changes in net assets	(1,129,931)	553,292	488,142	(88,497)
Net assets at beginning of year	<u>3,374,864</u>	<u>19,471,114</u>	<u>2,746,333</u>	
Net assets at end of year	<u>\$ 2,244,933</u>	<u>\$ 20,024,406</u>	<u>\$ 3,234,475</u>	
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				<u>(238,296)</u>
Changes in net assets of business-type activities				<u>\$ (326,793)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Governmental
Activities -
Internal
Service Funds**

\$ 7,000,500
32,091

7,032,591

234,150

399,696

83,600

367,083

27,593

5,378,501

1,234,764

54,702

7,780,089

(747,498)

187,338

-

-

187,338

(560,160)

-

-

(88,174)

(648,334)

5,977,032

\$ 5,328,698

CITY OF WARREN, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Cash flows from operating activities:				
Cash received from customers	\$ 6,974,422	\$ 10,168,920	\$ 4,086,105	\$ 21,229,447
Cash received from other operations	271,861	387,932	109,937	769,730
Cash payments for personal services	(2,565,081)	(5,063,340)	(1,689,151)	(9,317,572)
Cash payments for contract services	(1,034,528)	(899,919)	(1,782,682)	(3,717,129)
Cash payments for materials and supplies	(274,188)	(1,109,202)	(237,793)	(1,621,183)
Cash payments for utilities	(689,409)	(642,432)	(88,422)	(1,420,263)
Cash payments for claims	-	-	-	-
Cash payments for administrative costs	(517,386)	(835,956)	(252,307)	(1,605,649)
Cash payments for other expenses	(3,354)	(49,692)	(5,351)	(58,397)
Net cash provided by (used in) operating activities	<u>2,162,337</u>	<u>1,956,311</u>	<u>140,336</u>	<u>4,258,984</u>
Cash flows from noncapital financing activities:				
Special assessments	4,092	-	-	4,092
Transfers in from other funds	-	908,044	432,705	1,340,749
Transfers out from other funds	-	(911,471)	(375,979)	(1,287,450)
Net cash provided by (used in) noncapital financing activities	<u>4,092</u>	<u>(3,427)</u>	<u>56,726</u>	<u>57,391</u>
Cash flows from capital and related financing activities:				
Capital contributions	225,404	-	-	225,404
Acquisition of capital assets	(225,404)	(6,969,819)	(118,313)	(7,313,536)
Principal retirement	(857,936)	(335,000)	-	(1,192,936)
Payment to refunding bond escrow agent	(5,467,468)	-	-	(5,467,468)
Proceeds of loans	-	6,068,252	-	6,068,252
Proceeds of bonds	-	-	51,000	51,000
Proceeds of refunding bonds	5,043,000	-	-	5,043,000
Premium on sale of bonds	33,009	-	219	33,228
Bond issuance costs	(90,948)	-	(1,552)	(92,500)
Interest and fiscal charges	(950,588)	(547,670)	-	(1,498,258)
Net cash used in capital and related financing activities	<u>(2,290,931)</u>	<u>(1,784,237)</u>	<u>(68,646)</u>	<u>(4,143,814)</u>
Cash flows from investing activities:				
Interest received	33,006	150,518	23,168	206,692
Principal payments received on internal notes	-	-	-	-
Net cash provided by investing activities	<u>33,006</u>	<u>150,518</u>	<u>23,168</u>	<u>206,692</u>
Net increase (decrease) in cash and cash equivalents	(91,496)	319,165	151,584	379,253
Cash and cash equivalents at beginning of year	630,919	3,172,192	682,995	4,486,106
Cash and cash equivalents at end of year	<u>\$ 539,423</u>	<u>\$ 3,491,357</u>	<u>\$ 834,579</u>	<u>\$ 4,865,359</u>

**Governmental
Activities -
Internal
Service Funds**

\$ 6,996,498
32,091
(229,203)
(420,390)
(86,172)
(27,593)
(5,541,927)
(192,943)
(1,233,689)

(703,328)

-

-

(88,174)

(88,174)

-

(7,778)

-

-

-

-

-

-

-

-

-

(7,778)

187,338

120,000

307,338

(491,942)

6,255,095

\$ 5,763,153

-- continued

CITY OF WARREN, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Business-type Activities - Enterprise Funds			
	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (552,424)	\$ 1,212,123	\$ 80,985	\$ 740,684
Adjustments:				
Depreciation	2,281,727	822,529	104,943	3,209,199
Changes in assets and liabilities:				
Decrease in materials and supplies inventory	8,068	14,085	738	22,891
(Increase) decrease in accounts receivable	(111,779)	(114,863)	4,741	(221,901)
Decrease in notes receivable	285,537	-		285,537
Increase (decrease) in accounts payable	239,008	8,788	10,544	258,340
Decrease in contracts payable.	-	(6,156)	(42,872)	(49,028)
Increase in accrued wages and benefits.	6,309	13,094	9,698	29,101
Increase in due to other governments.	176	1,964	3,044	5,184
Increase (decrease) in compensated absences payable.	5,715	4,747	(31,485)	(21,023)
Decrease in claims payable	-	-	-	-
Net cash provided by (used in) operating activities.	<u>\$ 2,162,337</u>	<u>\$ 1,956,311</u>	<u>\$ 140,336</u>	<u>\$ 4,258,984</u>

Non-cash transactions:

The Sewer enterprise fund received capital contributions of \$225,404 from other funds during fiscal year 2003.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Governmental
Activities -
Internal
Service Funds**

\$ (747,498)

54,702

-
(4,002)

(22,191)

766
174,255

4,066

(163,426)

\$ (703,328)

CITY OF WARREN, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2003

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 1,233,553
Cash with fiscal and escrow agents	245,043
Receivables:	
Accounts	<u>3,215</u>
Total assets.	<u>1,481,811</u>
Liabilities:	
Accounts payable	111,908
Due to other governments.	812,328
Deposits held and due to others.	<u>557,575</u>
Total liabilities	<u>\$ 1,481,811</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

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

A. Reporting Entity

For financial reporting purposes, the City's BFS 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 BFS 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 BFS.

B. Basis of Presentation - Fund Accounting

The City's (BFS) consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service funds are eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City’s governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operation. The principal operating revenues of the City’s proprietary funds are charges for services. Operating expenses for the enterprise funds include personnel and other expenses related to sewer, water, sanitation, the Packard Music Hall, City redevelopment, downtown parking, and stormwater operations and operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The agency funds do not report a measurement focus as they do not report operations.

C. Fund Accounting

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

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

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund.

Other governmental funds of the City are used to account for (a) the accumulation of resources for, and payment of, long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds; and (c) for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds - Proprietary fund reporting focuses on changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Sewer Fund - This fund accounts for the operations of providing sewage services to customers and to maintain the local sewer system of the City.

Water Fund - This fund accounts for the operations of providing water services to its customers and to maintain the local water system of the City.

Internal Service Funds - The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds report on the operations of life insurance and hospitalization, workers compensation, data processing and risk management.

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's fiduciary funds are agency funds.

D. Measurement Focus and Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets.

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

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

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

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

E. Basis of Accounting

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2003, but which were levied to finance year 2004 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

F. Budgetary Data

The City follows these procedures in establishing the budgetary data reported in the financial statements:

Tax Budget – A tax budget of estimated revenue and expenditures for all funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except agency funds, are legally required to be budgeted; however, only governmental funds are legally required to be reported.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The 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, the Certificate is amended to include any unencumbered fund balances at December 31. Further amendments may be made during the year if money from a new revenue source is received or if actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2003.

Appropriations - A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The appropriations for a fund may only be modified during the year by an ordinance of Council. The amounts on the budgetary statement reflect the final appropriation amounts, including all amendments and modifications legally enacted by Council.

Budgeted Level of Expenditures – Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority of Council. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For all funds, Council appropriations are made by major expenditure object. This is known as the legal level of budgetary control. Any changes in appropriations outside of the legal level of budgetary control require the approval of Council by an appropriation amendment ordinance.

Lapsing of Appropriations - 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. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

CITY OF WARREN, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

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

G. 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 financial statements.

During fiscal year 2003, investments were limited to U.S. government money market mutual funds, repurchase agreements, federal agency securities and STAR Ohio.

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 are reported at cost.

The City has invested funds in STAR Ohio during fiscal 2003. 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, 2003.

Following Ohio statutes, the Council has, by resolution, specified the funds to receive an allocation of interest earnings. During fiscal year 2003, interest revenue in the general fund amounted to \$186,818 which includes \$105,515 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 financial statements as "Cash with Fiscal and Escrow Agents" since they are not required to be deposited into the City treasury.

For purposes of the statement of cash flows and for presentation on the statement of net assets, 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.

H. Inventories of Materials and Supplies

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of traffic signals, sidewalks, storm sewers, streets, and water, and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Autos and trucks	4	5
Machinery, equipment, furniture and fixtures	5 - 20	10
Building improvements	15	15
Sewer and water treatment plants and buildings	20 - 40	20
Other buildings	40	40
Infrastructure	15 - 30	20 - 70

J. 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.

In conformity with GASB Statement No. 16, "Accounting for Compensated Absences", vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits 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.

CITY OF WARREN, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

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

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.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Prepayments

Payments made to vendors for services that will benefit beyond December 31, 2003, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditures/expense in the year in which it was consumed.

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

M. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." On fund financial statements, long-term interfund loans are classified as "advances to/from other funds" on the balance sheet and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

N. Interfund Activity

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

CITY OF WARREN, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

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

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

O. 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 a reservation of fund balance for amounts representing encumbrances outstanding, prepaids, materials and supplies inventory, tax advance unavailable for appropriation, and loans receivable in the governmental fund financial statements.

The City reports amounts representing assets being held by a trustee to service principal and interest debt service in a bond reserve as a reservation of fund balance in the enterprise funds. These amounts are required to be maintained by the trustee in accordance with the bond indenture.

P. Estimates

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

Q. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements.

R. Net Assets

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

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

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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

S. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for sewer, water, Packard Music Hall, sanitation, downtown parking, city redevelopment, and stormwater utility programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Changes in Accounting Principles and Restatement of Fund Balance

For fiscal year 2003, the City has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedule - Perspective Differences", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements". At December 31, 2002, there was no effect on fund balance as a result of implementing GASB Statements Nos. 37, 38 and 41.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38, modifies, establishes and rescinds certain financial statement note disclosures.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the City not being able to present budgetary comparisons for the general and each major special revenue fund.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

GASB No. 34 creates new basic financial statements for reporting on the City's financial activities. The basic financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

GASB 34 creates new basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the City's programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2002, the elimination of the internal service funds and the conversion to the accrual basis of accounting.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

In addition to implementing GASB Statement No. 34, the City switched from the purchase method to the consumption method of accounting for inventory of materials and supplies. This change in accounting principle had no effect on fund balance at December 31, 2002.

Governmental Activities - Restatement of Fund Balance - It was determined that GASB Interpretation No. 6 had an effect on fund balances as previously reported at December 31, 2002. In addition the fund balance of the nonmajor special revenue funds will be restated to properly record loans receivable and transfers out in 2002. The implementation of GASB Interpretation No. 6 and adjustment for transfers had the following effect on the City's governmental fund balances as previously reported:

	General	Nonmajor	Total
Fund balance			
December 31, 2002	\$ 3,860,098	\$ 7,985,835	\$ 11,845,933
Adjustment for loans	-	340,100	340,100
Adjustment for transfers	-	(10,589)	(10,589)
GASB Interpretation No. 6 adjustments	100,671	6,089	106,760
Restated fund balance			
January 1, 2003	\$ 3,960,769	\$ 8,321,435	\$ 12,282,204

The transition from governmental fund balance to net assets of the governmental activities is also presented.

Restated fund balance	
December 31, 2002	\$ 12,282,204
GASB Statement No. 34 adjustments:	
Capital assets	31,224,368
Internal service funds	5,977,032
Long-term liabilities	(20,800,746)
Long-term (deferred assets)	3,047,453
Accrued interest payable	(118,787)
Governmental activities net assets, December 31, 2002	\$ 31,611,524

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The City maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the financial statements 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;
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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

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.

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".

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 \$12,189,942 and the bank balance, including nonnegotiable certificates of deposit and cash with fiscal and escrow agents, was \$12,164,515. Of the bank balance:

1. \$315,000 was covered by federal deposit insurance; and
2. \$11,849,515 was uninsured and uncollateralized as defined by GASB even though it was covered by collateral held by a third party trustee, pursuant to Ohio Revised Code Section 135.181, in collateralized pools securing all public funds on deposits 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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

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		
Federal agency securities	\$ -	\$ -	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000
Repurchase agreements	-	-	4,336,605	4,336,605	4,336,605
Total	\$ -	\$ -	\$ 9,836,605		
U.S. Government money market mutual funds				1,180,182	1,180,182
Investment in STAR Ohio				25,806	25,806
Total investments				\$ 11,042,593	\$ 11,042,593

The classification of cash and cash equivalents on the financial statements 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 financial statements and the classifications of deposits and investments presented in this footnote is as follows:

A summary of deposits and investments as of December 31, 2003:

Deposits	\$ 12,189,942
Investments	11,042,593
Total	\$ 23,232,535

The above amounts are classified in the financial statements as follows:

Equity in pooled cash and cash equivalents	\$ 22,022,256
Cash with fiscal and escrow agents	245,043
Investments (restricted)	965,236
Total	\$ 23,232,535

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2003, consisted of the following, as reported in the fund financial statements:

Transfers from:

<u>Transfers to</u>	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Water</u>	<u>Nonmajor Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
General	\$ -	\$ 281,166	\$ -	\$ -	\$ -	\$ 281,166
Nonmajor Governmental	2,220,118	1,040,258	3,427	9,646	88,174	3,361,623
Nonmajor Enterprise	<u>395,000</u>	<u>37,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>432,705</u>
	<u>\$2,615,118</u>	<u>\$1,359,129</u>	<u>\$ 3,427</u>	<u>\$ 9,646</u>	<u>\$ 88,174</u>	<u>\$ 4,075,494</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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 2003. 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 1st 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.

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 2002 levy (collected in 2003) was based was \$484,904,328. 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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 2003. 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 2004 operations. Accordingly, the receivable is offset by a credit to "Deferred Revenue."

NOTE 7 - LOCAL INCOME TAX

The 2 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, 2003. Income tax revenue for 2003 was \$18,825,568. Income tax revenue is reported in the general fund.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2003, consisted of taxes, 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 BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2003, as well as intended to finance fiscal 2003 operations.

A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental Activities:

Income taxes	\$ 3,000,203
Real and other taxes	1,998,748
Accounts	592,921
Special assessments	346,288
Due from other governments	1,876,666

Business-type Activities:

Accounts	3,140,803
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Receivables have been disaggregated on the face of the BFS. The only receivable not expected to be collected within the subsequent year are the special assessments which are collected over the life of the assessment.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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.

NOTE 10 - CAPITAL ASSETS

A. The capital asset balances of the governmental activities have been restated due to the reporting of infrastructure in accordance with GASB Statement No. 34 and the inclusion of the capital assets of the internal service funds.

<u>Governmental Activities:</u>	<u>Balance</u> <u>12/31/02</u>	<u>Adjustments</u>	<u>Restated</u> <u>Balance</u> <u>12/31/02</u>
Land	\$ 949,184	\$ -	\$ 949,184
Land improvements	477,217	-	477,217
Construction in progress	-	3,191,000	3,191,000
Buildings	8,464,934	156,896	8,621,830
Building and improvements	4,409,014	-	4,409,014
Computer equipment	313,600	307,674	621,274
Furniture and equipment	1,275,651	25,880	1,301,531
Vehicles	4,410,285	-	4,410,285
Infrastructure	-	27,214,802	27,214,802
Less: accumulated depreciation	<u>-</u>	<u>(19,814,552)</u>	<u>(19,814,552)</u>
Total	<u>\$ 20,299,885</u>	<u>\$11,081,700</u>	<u>\$ 31,381,585</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 10 - CAPITAL ASSETS - (Continued)

B. Capital asset activity for the year ended December 31, 2003, was as follows:

<u>Governmental Activities:</u>	Restated Balance 01/01/03	<u>Additions</u>	<u>Disposals</u>	Balance 12/31/03
<i>Capital assets, not being depreciated:</i>				
Land	\$ 949,184	\$ 75,000	\$ -	\$ 1,024,184
Construction in progress	<u>3,191,000</u>	<u>1,787,666</u>	<u>-</u>	<u>4,978,666</u>
Total capital assets, not being depreciated	<u>4,140,184</u>	<u>1,862,666</u>	<u>-</u>	<u>6,002,850</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	477,217	-	-	477,217
Buildings	8,621,830	-	-	8,621,830
Buildings and improvements	4,409,014	-	-	4,409,014
Computer equipment	621,274	26,799	(19,290)	628,783
Furniture and equipment	1,301,531	80,677	(76,534)	1,305,674
Vehicles	4,410,285	16,788	(466,507)	3,960,566
Infrastructure	<u>27,214,802</u>	<u>1,262,686</u>	<u>-</u>	<u>28,477,488</u>
Total capital assets, being depreciated	<u>47,055,953</u>	<u>1,386,950</u>	<u>(562,331)</u>	<u>47,880,572</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(475,630)	(454)	-	(476,084)
Buildings	(4,808,228)	(209,800)	-	(5,018,028)
Buildings and improvements	(1,180)	(110,717)	-	(111,897)
Computer equipment	(402,639)	(100,958)	12,543	(491,054)
Furniture and equipment	(875,140)	(80,360)	53,911	(901,589)
Vehicles	(3,445,976)	(275,858)	455,995	(3,265,839)
Infrastructure	<u>(9,805,759)</u>	<u>(1,113,846)</u>	<u>-</u>	<u>(10,919,605)</u>
Total accumulated depreciation	<u>(19,814,552)</u>	<u>(1,891,993)</u>	<u>522,449</u>	<u>(21,184,096)</u>
Total capital assets, being depreciated, net	<u>27,241,401</u>	<u>(505,043)</u>	<u>(39,882)</u>	<u>26,696,476</u>
Governmental activities capital assets, net	<u>\$ 31,381,585</u>	<u>\$ 1,357,623</u>	<u>\$ (39,882)</u>	<u>\$ 32,699,326</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 10 - CAPITAL ASSETS - (Continued)

<u>Business-type Activities:</u>	<u>Balance</u> <u>01/01/03</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/03</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 384,399	\$ -	\$ -	\$ 384,399
Construction in progress	<u>7,123,957</u>	<u>6,836,103</u>	<u>-</u>	<u>13,960,060</u>
Total capital assets, not being depreciated	<u>7,508,356</u>	<u>6,836,103</u>	<u>-</u>	<u>14,344,459</u>
<i>Capital assets, being depreciated:</i>				
Buildings	51,578,932	-	-	51,578,932
Building improvements	183,180	51,667	-	234,847
Water and sewer lines	43,819,614	-	-	43,819,614
Computer equipment	175,718	29,707	(13,956)	191,469
Furniture and equipment	1,425,012	160,827	(28,000)	1,557,839
Vehicles	<u>2,635,704</u>	<u>237,289</u>	<u>(131,191)</u>	<u>2,741,802</u>
Total capital assets, being depreciated	<u>99,818,160</u>	<u>479,490</u>	<u>(173,147)</u>	<u>100,124,503</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(36,164,686)	(2,018,644)	-	(38,183,330)
Building improvements	(29,626)	(11,986)	-	(41,612)
Water and sewer lines	(16,230,774)	(623,075)	-	(16,853,849)
Computer equipment	(159,443)	(40,171)	13,956	(185,658)
Furniture and equipment	(692,525)	(172,599)	64,431	(800,693)
Vehicles	<u>(2,239,739)</u>	<u>(342,724)</u>	<u>94,760</u>	<u>(2,487,703)</u>
Total accumulated depreciation	<u>(55,516,793)</u>	<u>(3,209,199)</u>	<u>173,147</u>	<u>(58,552,845)</u>
Total capital assets, being depreciated, net	<u>44,301,367</u>	<u>(2,729,709)</u>	<u>-</u>	<u>41,571,658</u>
Business-type activities capital assets, net	<u>\$ 51,809,723</u>	<u>\$ 4,106,394</u>	<u>\$ -</u>	<u>\$ 55,916,117</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 10 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

General government	\$ 278,641
Security of persons and property	235,317
Public health and welfare	4,723
Transportation	1,197,626
Leisure time activity	44,721
Community environment	12,831
Economic development	63,432
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>54,702</u>
Total depreciation expense - governmental activities	<u>\$ 1,891,993</u>

NOTE 11 - VACATION AND SICK LEAVE LIABILITY

Vacation and sick leave accumulated by governmental fund type employees has been recorded in the statement of net assets to the extent the liability was due at year-end. 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, 2003, vested benefits for vacation leave for governmental fund type employees, totaled \$2,666,964 and vested benefits for sick leave, totaled \$1,318,027. For proprietary fund types, vested benefits for vacation leave totaled \$704,780 and vested benefits for sick leave totaled \$464,659 at December 31, 2003. 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 - LEASES

A. Governmental Capital Leases - Lessee Disclosure

During 2003, the City has entered into a capitalized lease for equipment. In prior years, the City entered into capitalized lease agreements 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 BFS for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General capital assets consisting of equipment have been capitalized in the statement of net assets in the amount of \$10,105. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the statement of net assets. Principal payments in fiscal year 2003 totaled \$5,244 paid by the Street Maintenance special revenue fund.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 12 - LEASES - (Continued)

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, 2003:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2004	\$ 4,590
2005	3,071
2006	3,071
2007	<u>579</u>
Total	11,311
Less: amount representing interest	<u>(1,206)</u>
Present value of net minimum lease payments	<u>\$ 10,105</u>

B. Proprietary Capital Leases - Lessee Disclosure

During 2003, capital 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 \$11,290 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 2003 totaled \$2,873.

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, 2003:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2004	\$ 3,902
2005	3,902
2006	3,902
2007	<u>1,177</u>
Total	12,883
Less: amount representing interest	<u>(1,593)</u>
Present value of net minimum lease payments	<u>\$ 11,290</u>

C. Operating Lease - Lessor Disclosure

On November 15, 1993, the City entered into a lease agreement with Avalon South Management, Inc. for the lease of the City owned golf course. The lease is for a 15 year term and calls for an annual fee for the management, operation and maintenance of the golf course based upon a percentage of gross receipts as defined by the agreement. The City would have recognized \$41,086 in payments related to this lease in 2003, however, due to pending litigation, this amount was paid into an escrow account.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 13 - LONG-TERM OBLIGATIONS

A. The balance of the City's governmental activities long-term obligations at December 31, 2002 has been restated. The compensated absences liability increased from \$3,722,776 to \$3,911,769 due to the implementation of GASB Interpretation No. 6 described in Note 3 and the elimination of the internal service funds. The effect on the total governmental activities long-term obligations at January 1, 2003 was an increase of \$14,533 from \$20,868,446 to \$20,882,979. During the fiscal year 2003, the following changes occurred in governmental activities long-term obligations:

Governmental Activities:	Interest Rate	Restated	Additions	Reductions	Balance at	Amounts
		Balance at 12/31/2002			12/31/2003	Due in One Year
<u>General Obligation Bonds</u>						
Correctional facility	4.50-5.85%	\$ 797,140	\$ -	\$ (109,140)	\$ 688,000	\$ 114,490
Various purpose refunding, series 1993	4.50-5.85%	6,235,000	-	(6,235,000)	-	-
Various purpose refunding, series 2003	2.00-4.00%	-	6,045,000	-	6,045,000	524,000
Various purpose, series 2003	2.00-2.40%	-	1,231,000	-	1,231,000	172,000
Multi purpose refunding, series 1996	3.80-6.25%	2,780,000	-	(290,000)	2,490,000	315,000
Fire issues	5.96%	130,000	-	(130,000)	-	-
Street improvement issues	5.52%	55,000	-	(55,000)	-	-
Land acquisition	3.85-4.75%	595,000	-	(40,000)	555,000	45,000
Communication system	3.85-4.75%	1,200,000	-	(75,000)	1,125,000	95,000
Energy conservation	4.20%	<u>173,180</u>	<u>-</u>	<u>(55,370)</u>	<u>117,810</u>	<u>57,690</u>
Total general obligations bonds		<u>11,965,320</u>	<u>7,276,000</u>	<u>(6,989,510)</u>	<u>12,251,810</u>	<u>1,323,180</u>
<u>Other Long-Term Obligations</u>						
Reinvestment partnership corporation loan	6.09%	945,000	-	(40,000)	905,000	45,000
OWDA loan	3.75%	1,066,689	-	(125,649)	941,040	130,405
Police and fire pension liability		2,986,754	-	(44,006)	2,942,748	45,896
Capital lease obligation		7,447	7,902	(5,244)	10,105	3,960
Compensated absences		<u>3,911,769</u>	<u>1,110,942</u>	<u>(1,037,720)</u>	<u>3,984,991</u>	<u>1,489,497</u>
Total other long-term obligations		<u>8,917,659</u>	<u>1,118,844</u>	<u>(1,252,619)</u>	<u>8,783,884</u>	<u>1,714,758</u>
Total governmental activities long-term obligations		<u>\$ 20,882,979</u>	<u>\$ 8,394,844</u>	<u>\$ (8,242,129)</u>	21,035,694	<u>\$ 3,037,938</u>
Add: Unamortized premium on bond issue					45,245	
Less: Unamortized deferred charges on refundings					<u>(309,655)</u>	
Total reported on the Statement of Net Assets					<u>\$ 20,771,284</u>	

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.

Compensated Absences - Compensated absences will be paid from the fund which the employees' salaries are paid.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Police and Fire Pension Liability - 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.

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>
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	54,303	116,176	170,479
2009 - 2013	308,575	543,827	852,402
2014 - 2018	380,784	471,614	852,398
2019 - 2023	469,895	382,506	852,401
2024 - 2028	579,858	272,542	852,400
2029 - 2033	715,554	136,846	852,400
2034 - 2035	<u>238,025</u>	<u>10,026</u>	<u>248,051</u>
Total	<u>\$ 2,942,748</u>	<u>\$ 2,419,704</u>	<u>\$ 5,362,452</u>

General Obligation Bonds:

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, 2003 was \$688,000. These bonds are scheduled to mature December 1, 2010.

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 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 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.

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 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 were not included in the City's outstanding debt since the City has satisfied its obligations through the advance refunding.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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

On November 13, 2003, the City issued \$6,045,000 in general obligation various purpose refunding bonds to currently refund the callable portion of the 1993 general obligation various purpose refunding bonds (principal \$6,235,000; interest rate 5.10%). The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets. The principal balance of the general obligation various purpose refunding bonds at December 31, 2003 was \$6,045,000.

The 2003 general obligation various purpose refunding issue is comprised of current interest bonds, par value \$6,045,000, with an annual interest rate ranging from 2.00% - 4.00%. The reacquisition price exceeded the net carrying amount of the old debt by \$313,575. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This current refunding was undertaken to reduce total debt service payments over the next 10 years by 7.38% and resulted in an economic gain of \$445,327.

During 2003, the City also issued \$1,231,000 in various purpose general obligation bonds to provide fire, police, health, engineering and operations improvements. The issue is comprised of current interest bonds with an annual interest rate ranging from 2.00% - 2.40%.

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
2004	\$ 1,323,180	\$ 476,538	\$ 1,799,718
2005	1,722,635	413,535	2,136,170
2006	1,725,435	351,368	2,076,803
2007	1,694,890	288,263	1,983,153
2008	1,117,074	223,216	1,340,290
2009-2013	<u>4,668,596</u>	<u>526,550</u>	<u>5,195,146</u>
Total	<u>\$ 12,251,810</u>	<u>\$ 2,279,470</u>	<u>\$ 14,531,280</u>

Reinvestment Partnership Corporation Loan - 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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 13 - 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>
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	55,000	43,954	98,954
2009-2013	355,000	166,291	521,291
2014-2016	<u>290,000</u>	<u>38,191</u>	<u>328,191</u>
Total	<u>\$ 905,000</u>	<u>\$ 454,637</u>	<u>\$ 1,359,637</u>

OWDA Loan - 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, 2003, the City had outstanding borrowings of \$941,040. 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>
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	151,298	13,184	164,482
2009-2011	<u>237,753</u>	<u>8,971</u>	<u>246,724</u>
Total	<u>\$ 941,040</u>	<u>\$ 128,094</u>	<u>\$ 1,069,134</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

B. Enterprise Fund Obligations

The City had the following long-term obligations outstanding at year-end related to enterprise fund operations:

	Interest Rate	Balance at 12/31/2002	Additions	Reductions	Balance at 12/31/2003	Amounts Due in One Year
<u>General Obligation Bonds</u>						
Sewer improvements	2.90-5.20%	\$ 5,215,000	\$ -	\$ (5,215,000)	\$ -	\$ -
Refunding sewer improvements	2.00-4.00%	-	5,043,000	-	5,043,000	454,000
Packard Hall various improvements	2.00-2.40%	-	51,000	-	51,000	10,000
Sanitation	3.85-4.60	665,000	-	(335,000)	330,000	330,000
Total general obligations bonds		<u>5,880,000</u>	<u>5,094,000</u>	<u>(5,550,000)</u>	<u>5,424,000</u>	<u>794,000</u>
<u>Revenue Bonds</u>						
Water system	3.80-5.00%	10,945,000	-	(335,000)	10,610,000	350,000
Total revenue bonds		<u>10,945,000</u>	<u>-</u>	<u>(335,000)</u>	<u>10,610,000</u>	<u>350,000</u>
Total enterprise bonds						
<u>OWDA Loans</u>						
Sewer system	10.16%	4,867,614	-	(328,711)	4,538,903	362,108
Buckeye	3/54%	972,287	-	(66,315)	905,972	68,684
Warren commerce park - phase I	4.80%	142,148	-	(10,080)	132,068	10,570
Wastewater treatment plant and pump station improvements	3.04%	819,302	-	(45,729)	773,573	47,129
Biosolids facility	3.04%	5,688,779	-	(322,003)	5,366,776	331,862
Griswold street sanitary sewer	4.12%	1,201,650	-	(54,348)	1,147,302	56,609
Warren commerce park - phase II	3.04%	534,125	-	(23,439)	510,686	24,381
Warren commerce park - phase II	3.79%	163,967	-	(7,311)	156,656	7,591
Water system improvements	3.95%	1,278,414	6,068,252	-	7,346,666	366,858
Total OWDA loans		<u>15,668,286</u>	<u>6,068,252</u>	<u>(857,936)</u>	<u>20,878,602</u>	<u>1,275,792</u>
Total bonds and loans		<u>32,493,286</u>	<u>11,162,252</u>	<u>(6,742,936)</u>	<u>36,912,602</u>	<u>2,419,792</u>
<u>Other Long-Term Obligations</u>						
Capital lease obligation	4.50-5.85%	14,163	-	(2,873)	11,290	3,111
Compensated absences	4.20%	1,190,462	652,718	(673,741)	1,169,439	495,826
Total other long-term obligations		<u>1,204,625</u>	<u>652,718</u>	<u>(676,614)</u>	<u>1,180,729</u>	<u>498,937</u>
Total business-type activities		<u>\$ 33,697,911</u>	<u>\$ 11,814,970</u>	<u>\$ (7,419,550)</u>	38,093,331	<u>\$ 2,918,729</u>
Add: Unamortized premium on bond issue					32,596	
Less: Unamortized deferred charges on refundings					<u>(723,712)</u>	
Total reported on the Statement of Net Assets					<u>\$ 37,402,215</u>	

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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.

General Obligation Bonds:

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.

On November 13, 2003, the City issued \$5,043,000 in sewer system improvements refunding bonds to currently refund the callable portion of the 1993 sewer system improvement refunding bonds (principal \$5,215,000; interest rate 4.50%). The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets. The principal balance of the sewer system improvements refunding bonds at December 31, 2003 was \$5,043,000.

The 2003 sewer system improvements refunding issue is comprised of current interest bonds, par value \$5,043,000, with an annual interest rate ranging from 2.00% - 4.00%. The reacquisition price exceeded the net carrying amount of the old debt by \$252,468. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to interest expense through the year 2013 using the straight-line method. This current refunding was undertaken to reduce total debt service payments over the next 10 years by 7.38% and resulted in an economic gain of \$372,538.

Revenue Bonds:

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, 2003 was \$10,610,000.

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 BFS.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

OWDA Loans:

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, 2003, the City has outstanding borrowings of \$20,878,602. 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, 2003. Future annual debt service principal and interest requirements for these loans, which have balances at December 31, 2003 of \$5,366,766 and \$7,346,666, are not available.

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
2004	\$ 1,144,000	\$ 706,268	\$ 1,850,268	\$ 577,072	\$ 594,639	\$ 1,171,711
2005	840,000	654,255	1,494,255	621,899	549,810	1,171,709
2006	863,500	628,330	1,491,830	670,769	500,942	1,171,711
2007	891,000	601,373	1,492,373	724,073	447,636	1,171,709
2008	914,000	2,505,221	3,419,221	782,244	389,466	1,171,710
2009-2013	5,101,500	2,303,886	7,405,386	3,713,377	910,183	4,623,560
2014-2018	3,150,000	1,278,850	4,428,850	1,047,336	104,956	1,152,292
2019-2022	3,130,000	400,750	3,530,750	28,389	571	28,960
Total	<u>\$ 16,034,000</u>	<u>\$9,078,933</u>	<u>\$ 25,112,933</u>	<u>\$ 8,165,159</u>	<u>\$3,498,203</u>	<u>\$11,663,362</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 14 - INTERNAL NOTE AND BOND PAYABLE

The City had the following internal note and bond activity for fiscal year 2003:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 12/31/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/03</u>
<u>General Fund</u>						
<i>General Obligation Bonds</i>						
Police Car Acquisition - 5.00%	09/15/99	12/01/04	\$ 196,930	\$ -	\$ (62,470)	\$ 134,460
<u>Special Revenue Funds</u>						
<i>General Obligation Notes</i>						
Court Computer Acquisition - 3.825%	9/28/02	9/28/03	\$ 180,000	\$ -	\$ (180,000)	\$ -

The note and bonds payable at December 31, 2003 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 "bonds receivable" on the fund financial statements for the principal amounts outstanding at December 31, 2003. On the statement of net assets, the "bonds payable" and "bonds receivable" have been eliminated.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 15 - SEGMENT INFORMATION FOR NONMAJOR 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. The Water and Sewer funds are reported as major funds. Segment information for the nonmajor enterprise funds year ended December 31, 2003 was as follows:

	<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	\$ 3,094,176	\$ 215,964	\$ 44,978	\$ 86,804	\$ 749,379	\$ 4,191,301
Operating expenses before depreciation	2,725,912	513,102	6,799	111,742	647,818	4,005,373
Depreciation expense	34,062	7,387	14,790	48,058	646	104,943
Operating income/(loss)	334,202	(304,525)	23,389	(72,996)	100,915	80,985
Change in net assets	307,282	100,512	21,104	(47,996)	107,240	488,142
Additions to property, plant and equipment	-	111,856	-	-	6,457	118,313
Net working capital	592,692	242,552	75,150	12,486	413,066	1,335,946
Total assets	843,181	403,828	588,003	1,631,004	443,181	3,909,197
Bonds and other long term liabilities payable from operating revenues	409,155	89,688	-	-	26,981	525,824
Total net assets	336,658	289,640	588,003	1,628,278	391,896	3,234,475

NOTE 16 - 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 BFS. 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 \$242,539 reported in the internal service fund at December 31, 2003, 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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 16 - RISK MANAGEMENT

The City maintains a Risk Management fund which has also been classified as an internal service fund in the accompanying BFS. 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 BFS. 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 2003 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	\$ 405,965	\$ 5,217,036	\$ (5,380,462)	\$ 242,539
Risk management	-	303,153	(303,153)	-
Workers' compensation	163,598	337,094	(163,598)	337,094

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.

NOTE 17 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 17 - DEFINED BENEFIT PENSION PLANS - (Continued)

For the year ended December 31, 2003, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5% of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1% of their annual covered salary; members in public safety contributed 9%. The City's contribution rate for pension benefits for 2003 was 8.55%, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 11.7% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002, and 2001 were \$1,713,293, \$1,698,387, and \$1,622,607, respectively; 100% has been contributed for 2003, 2002 and 2001. The City and plan members did not make any contributions to the member-directed plan for 2003.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10.0% of their annual covered salary to fund pension obligations while the City is required to contribute 19.5% for police officers and 24.0% for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters for the years ended December 31, 2003, 2002, and 2001 were \$1,660,776, \$1,650,328, and \$1,476,728, respectively. The full amount has been contributed for 2002 and 2001. 75.06% for police has been contributed for 2003 with the remainder being reported as a liability in the respective funds.

NOTE 18 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit 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 the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2003 local government employer contribution rate was 13.55% of covered payroll (16.70% for public safety and law enforcement); 5.00% of covered payroll was the portion that was used to fund health care.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 18 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPER's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.00%, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase 4.00% annually.

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

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were \$632,211. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002 (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader 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.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other 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 the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.75% of covered payroll was applied to the postemployment health care program during 2003. 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. Beginning in 2001, all retirees and survivors have monthly health care contributions.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 18 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The City's actual contributions for 2003 that were used to fund postemployment benefits was \$307,665 for police and \$286,113 for firefighters. The OP&F's total health care expense for the year ended December 31, 2002 (the latest information available) was \$141,028,006, which was net of member contributions of \$12,623,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2002 (the latest information available), was 13,527 for police and 10,396 for firefighters.

NOTE 19 - BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund and major special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented.

Net Change in Fund Balance

	<u>General</u>
Budget basis	\$1,511,165
Net adjustment for revenue accruals	(191,090)
Net adjustment for expenditure accruals	(21,739)
Adjustment for encumbrances	<u>870,298</u>
GAAP basis	<u><u>\$2,168,634</u></u>

CITY OF WARREN, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 20 - 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, 2003.

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 BFS.

On October 20, 2002, the Avalon South Management, Inc. filed a lawsuit against the City for breach of contract. The outcome of this lawsuit is not presently determinable and it is the opinion of the City's counsel that the range of any potential loss cannot be reasonably estimated. In accordance with FASB Statement No. 5, "Accounting for Contingencies", no liability has been reported in the financial statements

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 STATEMENTS

CITY OF WARREN, OHIO

COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor 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.

CITY OF WARREN, OHIO

COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds - (Continued)

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.

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 through the Home Investment Partnership Program.

FEMA Fund

To account for the federal portion of grant monies received from the Federal Emergency Management Agency through the State of Ohio Emergency Management Agency Public Assistance Disaster Recovery Grant Program. The program and funding resulted from President George W. Bush's Presidential Declaration of Trumbull County as a federal disaster area resulting from the heavy rainfall flooding on July 27, 2003.

CITY OF WARREN, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents.	\$ 5,371,633	\$ 4,803	\$ 464,461	\$ 5,840,897
Receivables (net of allowances of uncollectibles):				
Real and other taxes	342,924	1,655,824	-	1,998,748
Accounts	33,460	-	-	33,460
Loans receivable.	3,569,885	-	-	3,569,885
Special assessments.	261,836	36,793	-	298,629
Due from other governments	659,599	81,464	-	741,063
Materials and supplies inventory	67,158	-	-	67,158
Total assets.	<u>\$ 10,306,495</u>	<u>\$ 1,778,884</u>	<u>\$ 464,461</u>	<u>\$ 12,549,840</u>
Liabilities:				
Accounts payable	\$ 159,467	\$ -	\$ 25,645	\$ 185,112
Contracts payable	37,014	-	81,466	118,480
Accrued wages and benefits.	47,388	-	-	47,388
Compensated absences payable	23,173	-	-	23,173
Due to other governments	7,108	-	-	7,108
Deferred revenue.	1,062,529	1,731,446	-	2,793,975
Total liabilities	<u>1,336,679</u>	<u>1,731,446</u>	<u>107,111</u>	<u>3,175,236</u>
Fund balances:				
Reserved for encumbrances.	1,034,916	-	1,719,960	2,754,876
Reserved for materials and supplies inventory	67,158	-	-	67,158
Reserved for loans	3,569,885	-	-	3,569,885
Reserved for tax advance	8,830	42,635	-	51,465
Unreserved, undesignated, reported in:				
Special revenue funds	4,289,027	-	-	4,289,027
Debt service funds	-	4,803	-	4,803
Capital projects funds	-	-	(1,362,610)	(1,362,610)
Total fund balances	<u>8,969,816</u>	<u>47,438</u>	<u>357,350</u>	<u>9,374,604</u>
Total liabilities and fund equity	<u>\$ 10,306,495</u>	<u>\$ 1,778,884</u>	<u>\$ 464,461</u>	<u>\$ 12,549,840</u>

CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
Revenues:				
Property and other local taxes	\$ 256,164	\$ 1,236,984	\$ -	\$ 1,493,148
Charges for services	116,457	-	-	116,457
Licenses and permits	44,130	-	-	44,130
Fines and forfeitures	510,165	-	-	510,165
Intergovernmental	5,158,022	162,928	1,147,279	6,468,229
Special assessments	14,976	85,213	-	100,189
Investment income	180,519	26,912	34,387	241,818
Other	124,024	-	-	124,024
Total revenues	<u>6,404,457</u>	<u>1,512,037</u>	<u>1,181,666</u>	<u>9,098,160</u>
Expenditures:				
Current:				
General government	79,615	22,459	-	102,074
Security of persons and property	168,124	-	-	168,124
Transportation	2,365,061	-	-	2,365,061
Economic development	2,198,894	-	-	2,198,894
Capital outlay	406,297	-	3,005,228	3,411,525
Debt service:				
Principal retirement	45,244	880,159	-	925,403
Interest and fiscal charges	62,635	501,165	-	563,800
Bond issue costs	1,582	111,192	-	112,774
Total expenditures	<u>5,327,452</u>	<u>1,514,975</u>	<u>3,005,228</u>	<u>9,847,655</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,077,005</u>	<u>(2,938)</u>	<u>(1,823,562)</u>	<u>(749,495)</u>
Other financing sources (uses):				
Proceeds from sale of refunding bonds	-	6,045,000	-	6,045,000
Proceeds from sale of bonds	255,000	-	-	255,000
Premium on sale of bonds	1,597	39,246	-	40,843
Payment to refunding bond escrow agent	-	(6,548,575)	-	(6,548,575)
Proceeds from capital lease	7,902	-	-	7,902
Transfers in	1,250,000	476,109	1,635,514	3,361,623
Transfers out	(1,359,129)	-	-	(1,359,129)
Total other financing sources (uses)	<u>155,370</u>	<u>11,780</u>	<u>1,635,514</u>	<u>1,802,664</u>
Net change in fund balance	1,232,375	8,842	(188,048)	1,053,169
Fund balances at beginning of year (restated).	<u>7,737,441</u>	<u>38,596</u>	<u>545,398</u>	<u>8,321,435</u>
Fund balances at end of year	<u>\$ 8,969,816</u>	<u>\$ 47,438</u>	<u>\$ 357,350</u>	<u>\$ 9,374,604</u>

CITY OF WARREN, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31 2003

	<u>Court Computerization</u>	<u>Street Maintenance</u>	<u>Drivers Alcohol Treatment</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 39,439	\$ 549,375	\$ 151,320
Receivables (net of allowances for uncollectibles):			
Real and other taxes.	-	-	-
Accounts	10,422	-	770
Loans	-	-	-
Special assessments.	-	-	-
Due from other governments	-	570,592	-
Materials and supplies inventory	-	3,169	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 49,861</u>	<u>\$ 1,123,136</u>	<u>\$ 152,090</u>
Liabilities:			
Accounts payable	\$ -	\$ 34,170	\$ 13,160
Contracts payable	-	-	-
Accrued wages and benefits	-	39,334	-
Compensated absences payable	-	23,173	-
Due to other governments	-	5,900	-
Deferred revenue.	-	416,001	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>518,578</u>	<u>13,160</u>
Fund Equity:			
Reserved for encumbrances	163,686	263,242	-
Reserved for materials and supplies inventory	-	3,169	-
Reserved for loans.	-	-	-
Reserved for tax advance	-	-	-
Unreserved:			
Undesignated.	(113,825)	338,147	138,930
	<hr/>	<hr/>	<hr/>
Total fund equity	<u>49,861</u>	<u>604,558</u>	<u>138,930</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity.	<u>\$ 49,861</u>	<u>\$ 1,123,136</u>	<u>\$ 152,090</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>
\$ 48,493	\$ 98,730	\$ 5,967	\$ 329,074	\$ 140,675	\$ 273,125
-	-	-	-	-	-
-	-	308	-	5,005	13,822
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 48,493</u>	<u>\$ 98,730</u>	<u>\$ 6,275</u>	<u>\$ 329,074</u>	<u>\$ 145,680</u>	<u>\$ 286,947</u>
\$ -	\$ -	\$ -	\$ 139	\$ 2,160	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>139</u>	<u>2,160</u>	<u>-</u>
-	-	-	69,202	-	146,333
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>48,493</u>	<u>98,730</u>	<u>6,275</u>	<u>259,733</u>	<u>143,520</u>	<u>140,614</u>
<u>48,493</u>	<u>98,730</u>	<u>6,275</u>	<u>328,935</u>	<u>143,520</u>	<u>286,947</u>
<u>\$ 48,493</u>	<u>\$ 98,730</u>	<u>\$ 6,275</u>	<u>\$ 329,074</u>	<u>\$ 145,680</u>	<u>\$ 286,947</u>

Continued

CITY OF WARREN, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
 DECEMBER 31 2003

	<u>Legal Research - Courts</u>	<u>Police Pension</u>	<u>Fire Pension</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 110,254	\$ 1,193	\$ 1,193
Receivables (net of allowances for uncollectibles):			
Real and other taxes.	-	171,462	171,462
Accounts	3,133	-	-
Loans	-	-	-
Special assessments.	-	-	-
Due from other governments	-	8,433	8,433
Materials and supplies inventory	-	-	-
Total assets	<u>\$ 113,387</u>	<u>\$ 181,088</u>	<u>\$ 181,088</u>
Liabilities:			
Accounts payable	\$ 3,300	\$ -	\$ -
Contracts payable	-	-	-
Accrued wages and benefits	-	-	-
Compensated absences payable	-	-	-
Due to other governments	-	-	-
Deferred revenue.	-	175,480	175,480
Total liabilities	<u>3,300</u>	<u>175,480</u>	<u>175,480</u>
Fund Equity:			
Reserved for encumbrances	435	-	-
Reserved for materials and supplies inventory	-	-	-
Reserved for loans.	-	-	-
Reserved for tax advance	-	4,415	4,415
Unreserved:			
Undesignated.	<u>109,652</u>	<u>1,193</u>	<u>1,193</u>
Total fund equity	<u>110,087</u>	<u>5,608</u>	<u>5,608</u>
Total liabilities and fund equity.	<u>\$ 113,387</u>	<u>\$ 181,088</u>	<u>\$ 181,088</u>

<u>CDBG</u>	<u>Guarantee Loan</u>	<u>Highway Construction</u>	<u>Motor Vehicle Levy</u>	<u>Home Investment</u>	<u>FEMA</u>
\$ 1,482,676	\$ 304,946	\$ 29,911	\$ 25,853	\$ 1,588,182	\$ 191,227
-	-	-	-	-	-
-	-	-	-	-	-
1,179,129	528,350	-	-	1,862,406	-
261,836	-	-	-	-	-
-	-	46,265	25,876	-	-
-	-	6,273	57,716	-	-
<u>\$ 2,923,641</u>	<u>\$ 833,296</u>	<u>\$ 82,449</u>	<u>\$ 109,445</u>	<u>\$ 3,450,588</u>	<u>\$ 191,227</u>
\$ 78,777	\$ -	\$ 12,734	\$ 15,027	\$ -	\$ -
10,440	-	-	-	26,574	-
8,054	-	-	-	-	-
-	-	-	-	-	-
1,208	-	-	-	-	-
261,836	-	33,732	-	-	-
<u>360,315</u>	<u>-</u>	<u>46,466</u>	<u>15,027</u>	<u>26,574</u>	<u>-</u>
19,665	-	1,929	302	370,122	-
-	-	6,273	57,716	-	-
1,179,129	528,350	-	-	1,862,406	-
-	-	-	-	-	-
<u>1,364,532</u>	<u>304,946</u>	<u>27,781</u>	<u>36,400</u>	<u>1,191,486</u>	<u>191,227</u>
<u>2,563,326</u>	<u>833,296</u>	<u>35,983</u>	<u>94,418</u>	<u>3,424,014</u>	<u>191,227</u>
<u>\$ 2,923,641</u>	<u>\$ 833,296</u>	<u>\$ 82,449</u>	<u>\$ 109,445</u>	<u>\$ 3,450,588</u>	<u>\$ 191,227</u>

Continued

CITY OF WARREN, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
 DECEMBER 31 2003

	<u>Total</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 5,371,633
Receivables (net of allowances for uncollectibles):	
Real and other taxes	342,924
Accounts	33,460
Loans	3,569,885
Special assessments	261,836
Due from other governments	659,599
Materials and supplies inventory	<u>67,158</u>
 Total assets	 <u>\$ 10,306,495</u>
 Liabilities:	
Accounts payable	\$ 159,467
Contracts payable	37,014
Accrued wages and benefits	47,388
Compensated absences payable	23,173
Due to other governments	7,108
Deferred revenue	<u>1,062,529</u>
 Total liabilities	 <u>1,336,679</u>
 Fund Equity:	
Reserved for encumbrances	1,034,916
Reserved for materials and supplies inventory	67,158
Reserved for loans	3,569,885
Reserved for tax advance	8,830
Unreserved:	
Undesignated	<u>4,289,027</u>
 Total fund equity	 <u>8,969,816</u>
 Total liabilities and fund equity	 <u>\$ 10,306,495</u>

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CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31 2003

	<u>Court Computerization</u>	<u>Street Maintenance</u>	<u>Drivers Alcohol Treatment</u>
Revenues:			
Property and other taxes	\$ -	\$ -	\$ -
Charges for services.	-	208	-
Licenses permits and fees	-	43,850	-
Fines and forfeitures.	155,223	-	21,722
Special assessment	-	-	-
Intergovernmental.	-	1,169,563	-
Investment income	905	8,040	6,204
Other	2,582	92,959	-
	<hr/>	<hr/>	<hr/>
Total revenues.	158,710	1,314,620	27,926
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current operations:			
General government	79,615	-	-
Security of persons and property	-	-	49,599
Transportation.	-	2,365,061	-
Economic development	-	-	-
Capital outlay.	-	7,902	-
Debt service:			
Principal retirement	-	5,244	-
Interest and fiscal charges	3,900	893	-
Bond issuance costs	-	1,582	-
	<hr/>	<hr/>	<hr/>
Total expenditures	83,515	2,380,682	49,599
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	75,195	(1,066,062)	(21,673)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Proceeds from sale of bonds	-	255,000	-
Premium on sale of bonds	-	7,902	-
Proceeds from capital lease.	-	1,597	-
Transfers in.	50,000	1,125,000	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	50,000	1,389,499	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance.	125,195	323,437	(21,673)
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year (restated)	(75,334)	281,121	160,603
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	\$ 49,861	\$ 604,558	\$ 138,930
	<hr/>	<hr/>	<hr/>

Drug Law Enforcement	Law Enforcement Trust	Enforcement and Education	Federal Forfeitures	Probation Municipal Court	Special Projects - Courts
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	280	-	-	-	-
32,066	4,434	2,846	-	76,373	170,442
-	-	-	-	-	-
-	22,315	-	243,964	-	-
665	3,803	197	6,578	3,950	6,107
2,595	-	-	-	-	-
<u>35,326</u>	<u>30,832</u>	<u>3,043</u>	<u>250,542</u>	<u>80,323</u>	<u>176,549</u>
-	-	-	-	-	-
5,000	31,119	266	28,714	36,195	4,457
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,000</u>	<u>31,119</u>	<u>266</u>	<u>28,714</u>	<u>36,195</u>	<u>4,457</u>
<u>30,326</u>	<u>(287)</u>	<u>2,777</u>	<u>221,828</u>	<u>44,128</u>	<u>172,092</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(50,000)
-	-	-	-	-	(50,000)
<u>30,326</u>	<u>(287)</u>	<u>2,777</u>	<u>221,828</u>	<u>44,128</u>	<u>122,092</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>\$ 48,493</u>	<u>\$ 98,730</u>	<u>\$ 6,275</u>	<u>\$ 328,935</u>	<u>\$ 143,520</u>	<u>\$ 286,947</u>

Continued

CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31 2003

	Legal Research - Courts	Police Pension	Fire Pension
	<hr/>	<hr/>	<hr/>
Revenues:			
Property and other taxes	\$ -	\$ 128,082	\$ 128,082
Charges for services.	-	-	-
Licenses permits and fees	-	-	-
Fines and forfeitures.	47,059	-	-
Special assessment	-	-	-
Intergovernmental.	-	16,866	16,866
Investment income	2,585	-	-
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues.	49,644	144,948	144,948
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current operations:			
General government	-	-	-
Security of persons and property	8,226	2,274	2,274
Transportation.	-	-	-
Economic development	-	-	-
Capital outlay.	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Bond issuance costs	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	8,226	2,274	2,274
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	41,418	142,674	142,674
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Proceeds from sale of bonds	-	-	-
Premium on sale of bonds	-	-	-
Proceeds from capital lease.	-	-	-
Transfers in.	-	-	-
Transfers out	-	(140,583)	(140,583)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	(140,583)	(140,583)
	<hr/>	<hr/>	<hr/>
Net change in fund balance.	41,418	2,091	2,091
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year (restated)	68,669	3,517	3,517
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	\$ 110,087	\$ 5,608	\$ 5,608
	<hr/>	<hr/>	<hr/>

CDBG	Guarantee Loan	Highway Construction	Motor Vehicle Levy	Home Investment	FEMA
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
105,741	-	-	-	10,508	-
-	-	-	-	-	-
-	-	-	-	-	-
14,976	-	-	-	-	-
1,910,657	-	94,828	381,075	1,110,661	191,227
51,546	3,089	1,587	1,705	83,558	-
20,457	-	-	-	5,431	-
<u>2,103,377</u>	<u>3,089</u>	<u>96,415</u>	<u>382,780</u>	<u>1,210,158</u>	<u>191,227</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
977,495	3,649	-	-	1,217,750	-
-	-	135,540	262,855	-	-
-	40,000	-	-	-	-
-	57,842	-	-	-	-
-	-	-	-	-	-
<u>977,495</u>	<u>101,491</u>	<u>135,540</u>	<u>262,855</u>	<u>1,217,750</u>	
1,125,882	(98,402)	(39,125)	119,925	(7,592)	191,227
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	75,000	-	-
(873,213)	-	-	(154,750)	-	-
<u>(873,213)</u>	<u>-</u>	<u>-</u>	<u>(79,750)</u>	<u>-</u>	<u>-</u>
252,669	(98,402)	(39,125)	40,175	(7,592)	191,227
<u>2,310,657</u>	<u>931,698</u>	<u>75,108</u>	<u>54,243</u>	<u>3,431,606</u>	<u>-</u>
<u>\$ 2,563,326</u>	<u>\$ 833,296</u>	<u>\$ 35,983</u>	<u>\$ 94,418</u>	<u>\$ 3,424,014</u>	<u>\$ 191,227</u>

Continued

CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31 2003

	<u>Total</u>
Revenues:	
Property and other taxes	\$ 256,164
Charges for services.	116,457
Licenses permits and fees	44,130
Fines and forfeitures.	510,165
Special assessment	14,976
Intergovernmental.	5,158,022
Investment income	180,519
Other	<u>124,024</u>
 Total revenues.	 <u>6,404,457</u>
 Expenditures:	
Current operations:	
General government	79,615
Security of persons and property	168,124
Transportation.	2,365,061
Economic development	2,198,894
Capital outlay.	406,297
Debt service:	
Principal retirement	45,244
Interest and fiscal charges.	62,635
Bond issuance costs	<u>1,582</u>
 Total expenditures	 <u>5,327,452</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>1,077,005</u>
 Other financing sources (uses):	
Proceeds from sale of bonds	255,000
Premium on sale of bonds	7,902
Proceeds from capital lease.	1,597
Transfers in.	1,250,000
Transfers out	<u>(1,359,129)</u>
 Total other financing sources (uses)	 <u>155,370</u>
 Net change in fund balance.	 1,232,375
 Fund balances at beginning of year (restated)	 <u>7,737,441</u>
 Fund balances at end of year	 <u>\$ 8,969,816</u>

CITY OF WARREN, OHIO

COMBINING STATEMENTS - NONMAJOR ENTERPRISE FUNDS

Nonmajor 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:

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 STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
 DECEMBER 31 2003

	<u>Sanitation</u>	<u>Packard Music Hall</u>	<u>City Redevelopment</u>
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 130,467	\$ 266,762	\$ 75,150
Receivables (net of allowances for uncollectibles):			
Accounts	558,946	-	-
Special assessments	647	-	-
Materials and supplies inventory	-	290	-
Total current assets	<u>690,060</u>	<u>267,052</u>	<u>75,150</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress	35,091	-	133,280
Depreciable capital assets, net	118,030	136,776	379,573
Total capital assets	<u>153,121</u>	<u>136,776</u>	<u>512,853</u>
Total noncurrent assets	<u>153,121</u>	<u>136,776</u>	<u>512,853</u>
Total assets	<u>\$ 843,181</u>	<u>\$ 403,828</u>	<u>\$ 588,003</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 69,373	\$ 17,466	\$ -
Accrued wages and benefits	23,375	6,004	-
Due to other governments	3,506	901	-
Current portion of general obligation bonds payable	322,325	17,675	-
Current portion of compensated absences payable	43,046	26,232	-
Accrued interest payable	1,114	129	-
Total current liabilities	<u>462,739</u>	<u>68,407</u>	<u>-</u>
Long-term liabilities:			
General obligation bonds payable	-	33,325	-
Compensated absences payable	43,784	12,456	-
Total long-term liabilities	<u>43,784</u>	<u>45,781</u>	<u>-</u>
Total liabilities	<u>506,523</u>	<u>114,188</u>	<u>-</u>
Net Assets:			
Investment in capital assets, net of related debt	-	85,776	512,853
Unrestricted	336,658	203,864	75,150
Total net assets	<u>\$ 336,658</u>	<u>\$ 289,640</u>	<u>\$ 588,003</u>

Downtown Parking	Stormwater Utility	Totals
\$ 15,212	\$ 346,988	\$ 834,579
-	90,329	649,275
-	53	700
-	-	290
<u>15,212</u>	<u>437,370</u>	<u>1,484,844</u>
150,000	-	318,371
<u>1,465,792</u>	<u>5,811</u>	<u>2,105,982</u>
<u>1,615,792</u>	<u>5,811</u>	<u>2,424,353</u>
<u>1,615,792</u>	<u>5,811</u>	<u>2,424,353</u>
<u>\$ 1,631,004</u>	<u>\$ 443,181</u>	<u>\$ 3,909,197</u>
\$ 2,726	\$ 14,602	\$ 104,167
-	7,054	36,433
-	2,648	7,055
-	-	340,000
-	15,531	84,809
-	-	1,243
<u>2,726</u>	<u>39,835</u>	<u>573,707</u>
-	-	33,325
-	<u>11,450</u>	<u>67,690</u>
-	<u>11,450</u>	<u>101,015</u>
<u>2,726</u>	<u>51,285</u>	<u>674,722</u>
1,615,792	5,811	2,220,232
<u>12,486</u>	<u>386,085</u>	<u>1,014,243</u>
<u>\$ 1,628,278</u>	<u>\$ 391,896</u>	<u>\$ 3,234,475</u>

CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31 2003

	<u>Sanitation</u>	<u>Packard Music Hall</u>	<u>City Redevelopment</u>
Operating revenues:			
Charges for services	\$ 3,018,356	\$ 198,349	\$ 44,978
Other operating revenues	75,820	17,615	-
Total operating revenues	<u>3,094,176</u>	<u>215,964</u>	<u>44,978</u>
Operating expenses:			
Personal services	950,545	302,976	-
Contractual services	1,448,279	68,918	3,735
Materials and supplies	162,287	45,042	-
Administrative costs	148,507	34,274	-
Utilities	15,728	59,275	3,064
Other	566	2,617	-
Depreciation	34,062	7,387	14,790
Total operating expenses	<u>2,759,974</u>	<u>520,489</u>	<u>21,589</u>
Operating income (loss)	<u>334,202</u>	<u>(304,525)</u>	<u>23,389</u>
Nonoperating revenues (expenses):			
Investment earnings	10,691	6,155	-
Special assessments	268	-	-
Interest and fiscal charges	(37,879)	(1,462)	-
Total nonoperating revenues (expenses)	<u>(26,920)</u>	<u>4,693</u>	<u>-</u>
Net income (loss) before transfers	307,282	(299,832)	23,389
Transfers in	-	407,705	-
Transfers out	-	(7,361)	(2,285)
Changes in net assets	307,282	100,512	21,104
Net assets at beginning of year	<u>29,376</u>	<u>189,128</u>	<u>566,899</u>
Net assets at end of year	<u>\$ 336,658</u>	<u>\$ 289,640</u>	<u>\$ 588,003</u>

Downtown Parking	Stormwater Utility	Totals
\$ 86,804	\$ 732,877	\$ 4,081,364
-	16,502	109,937
<u>86,804</u>	<u>749,379</u>	<u>4,191,301</u>
-	415,297	1,668,818
97,239	109,019	1,727,190
4,148	53,791	265,268
-	69,526	252,307
10,355	-	88,422
-	185	3,368
<u>48,058</u>	<u>646</u>	<u>104,943</u>
<u>159,800</u>	<u>648,464</u>	<u>4,110,316</u>
<u>(72,996)</u>	<u>100,915</u>	<u>80,985</u>
-	6,322	23,168
-	3	271
-	-	(39,341)
<u>-</u>	<u>6,325</u>	<u>(15,902)</u>
(72,996)	107,240	65,083
25,000	-	432,705
<u>-</u>	<u>-</u>	<u>(9,646)</u>
(47,996)	107,240	488,142
<u>1,676,274</u>	<u>284,656</u>	<u>2,746,333</u>
<u>\$ 1,628,278</u>	<u>\$ 391,896</u>	<u>\$ 3,234,475</u>

CITY OF WARREN, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31 2003

	<u>Sanitation</u>	<u>Packard Music Hall</u>	<u>City Redevelopment</u>
Cash flows from operating activities:			
Cash received from customers	\$ 3,019,988	\$ 198,349	\$ 44,978
Cash received from other operations	75,820	17,615	-
Cash payments for personal services	(987,912)	(292,802)	-
Cash payments for contractual services.	(1,467,320)	(111,751)	(3,735)
Cash payments for materials and supplies	(147,768)	(44,622)	-
Cash payments for utilities	(15,728)	(59,275)	(3,064)
Cash payments for administrative costs.	(148,507)	(34,274)	-
Cash payments for other expenses	<u>(1,495)</u>	<u>(3,671)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>327,078</u>	<u>(330,431)</u>	<u>38,179</u>
Cash flows from noncapital financing activities:			
Transfers in from other funds	-	407,705	-
Transfers out to other funds	<u>(366,333)</u>	<u>(7,361)</u>	<u>(2,285)</u>
Net cash provided by (used in) noncapital financing activities	<u>(366,333)</u>	<u>400,344</u>	<u>(2,285)</u>
Cash flows from capital and related financing activities:			
Aquisition of capital assets	-	(111,856)	-
Proceeds of bonds	-	51,000	-
Premium on sale of bonds	-	219	-
Bond issuance costs.	<u>-</u>	<u>(1,552)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>-</u>	<u>(62,189)</u>	<u>-</u>
Cash flows from investing activities:			
Interest received.	<u>10,691</u>	<u>6,155</u>	<u>-</u>
Net cash provided by investing activities	<u>10,691</u>	<u>6,155</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(28,564)	13,879	35,894
Cash and cash equivalents at beginning of year.	<u>159,031</u>	<u>252,883</u>	<u>39,256</u>
Cash and cash equivalents at end of year	<u><u>130,467</u></u>	<u><u>266,762</u></u>	<u><u>75,150</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss).	334,202	(304,525)	23,389
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	34,062	7,387	14,790
Changes in assets and liabilities:			
(Increase) decrease in materials and supplies inventory.	1,028	(290)	-
(Increase) decrease in accounts receivable.	1,632	-	-
Increase (decrease) in accounts payable	(6,479)	(305)	-
Decrease in contracts payable	-	(42,872)	-
Increase in accrued wages and benefits	5,206	1,080	-
Increase in due to other governments	780	162	-
Increase (decrease) in compensated absences payable	<u>(43,353)</u>	<u>8,932</u>	<u>-</u>
Net cash provided by (used in) operating activities.	<u>\$ 327,078</u>	<u>\$ (330,431)</u>	<u>\$ 38,179</u>

Downtown Parking	Stormwater Utility	Totals
\$ 93,020	\$ 729,770	\$ 4,086,105
-	16,502	109,937
-	(408,437)	(1,689,151)
(94,513)	(105,363)	(1,782,682)
(4,148)	(41,255)	(237,793)
(10,355)	-	(88,422)
-	(69,526)	(252,307)
-	(185)	(5,351)
<u>(15,996)</u>	<u>121,506</u>	<u>140,336</u>
25,000	-	432,705
-	-	(375,979)
<u>25,000</u>	<u>-</u>	<u>56,726</u>
-	(6,457)	(118,313)
-	-	51,000
-	-	219
-	-	(1,552)
<u>-</u>	<u>(6,457)</u>	<u>(68,646)</u>
-	6,322	23,168
-	6,322	23,168
9,004	121,371	151,584
6,208	225,617	682,995
<u>15,212</u>	<u>346,988</u>	<u>834,579</u>
(72,996)	100,915	80,985
48,058	646	104,943
-	-	738
6,216	(3,107)	4,741
2,726	14,602	10,544
-	-	(42,872)
-	3,412	9,698
-	2,102	3,044
-	2,936	(31,485)
<u>\$ (15,996)</u>	<u>\$ 121,506</u>	<u>\$ 140,336</u>

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CITY OF WARREN, OHIO

COMBINING STATEMENTS - NONMAJOR INTERNAL SERVICE FUNDS

Nonmajor Internal Service 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 STATEMENT OF NET ASSETS
NONMAJOR INTERNAL SERVICE FUNDS
 DECEMBER 31 2003

	<u>Life Insurance and Hospitalization</u>	<u>Workers Compensation</u>	<u>Data Processing</u>
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 867,173	\$ 4,116,948	\$ 303,748
Receivables (net of allowances for uncollectibles):			
Accounts	4,002	-	-
Bonds	-	134,460	-
Total current assets	<u>871,175</u>	<u>4,251,408</u>	<u>303,748</u>
Noncurrent assets:			
Capital assets:			
Depreciable capital assets, net	-	-	110,293
Total capital assets	<u>-</u>	<u>-</u>	<u>110,293</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>110,293</u>
Total assets	<u>\$ 871,175</u>	<u>\$ 4,251,408</u>	<u>\$ 414,041</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ -	\$ 1,075	\$ 10,382
Accrued wages and benefits	-	-	5,062
Due to other governments	-	337,094	759
Claims payable	242,539	-	-
Total current liabilities	<u>242,539</u>	<u>338,169</u>	<u>16,203</u>
Long-term liabilities:			
Compensated absences payable	-	-	86,299
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>86,299</u>
Total liabilities	<u>242,539</u>	<u>338,169</u>	<u>102,502</u>
Net Assets:			
Investment in capital assets, net of related debt	-	-	110,293
Unrestricted	628,636	3,913,239	201,246
Total net assets	<u>\$ 628,636</u>	<u>\$ 3,913,239</u>	<u>\$ 311,539</u>

<u>Risk Management</u>	<u>Totals</u>
\$ 475,284	\$ 5,763,153
-	4,002
-	134,460
<u>475,284</u>	<u>5,901,615</u>
-	110,293
-	110,293
-	110,293
<u>\$ 475,284</u>	<u>\$ 6,011,908</u>
\$ -	\$ 11,457
-	5,062
-	337,853
-	242,539
-	596,911
-	86,299
-	86,299
-	683,210
-	110,293
<u>475,284</u>	<u>5,218,405</u>
<u>\$ 475,284</u>	<u>\$ 5,328,698</u>

CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
NONMAJOR INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31 2003

	Life Insurance and Hospitalization	Workers Compensation	Data Processing
Operating revenues:			
Charges for services	\$ 4,996,280	\$ 1,245,188	\$ 561,911
Other operating revenues.	-	541	28,174
	<hr/>	<hr/>	<hr/>
Total operating revenues.	4,996,280	1,245,729	590,085
	<hr/>	<hr/>	<hr/>
Operating expenses:			
Personal services	-	-	234,150
Contractual services	-	4,858	109,015
Materials and supplies	-	-	83,600
Administrative costs	-	337,094	29,989
Utilities	-	-	27,593
Claims.	5,217,036	161,465	-
Other	-	1,234,764	-
Depreciation	-	-	54,702
	<hr/>	<hr/>	<hr/>
Total operating expenses.	5,217,036	1,738,181	539,049
	<hr/>	<hr/>	<hr/>
Operating income (loss)	(220,756)	(492,452)	51,036
	<hr/>	<hr/>	<hr/>
Nonoperating revenues (expenses):			
Investment earnings.	-	153,048	11,683
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues (expenses).	-	153,048	11,683
	<hr/>	<hr/>	<hr/>
Net income (loss) before transfers	(220,756)	(339,404)	62,719
	<hr/>	<hr/>	<hr/>
Transfers out.	-	-	(88,174)
	<hr/>	<hr/>	<hr/>
Changes in net assets	(220,756)	(339,404)	(25,455)
	<hr/>	<hr/>	<hr/>
Net assets at beginning of year.	849,392	4,252,643	336,994
	<hr/>	<hr/>	<hr/>
Net assets at end of year	\$ 628,636	\$ 3,913,239	\$ 311,539
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Risk Management	Totals
\$ 197,121	\$ 7,000,500
3,376	32,091
<hr/>	<hr/>
200,497	7,032,591
<hr/>	<hr/>
-	234,150
285,823	399,696
-	83,600
-	367,083
-	27,593
-	5,378,501
-	1,234,764
-	54,702
<hr/>	<hr/>
285,823	7,780,089
<hr/>	<hr/>
(85,326)	(747,498)
<hr/>	<hr/>
22,607	187,338
<hr/>	<hr/>
22,607	187,338
<hr/>	<hr/>
(62,719)	(560,160)
<hr/>	<hr/>
-	(88,174)
<hr/>	<hr/>
(62,719)	(648,334)
<hr/>	<hr/>
538,003	5,977,032
<hr/>	<hr/>
\$ 475,284	\$ 5,328,698
<hr/> <hr/>	<hr/> <hr/>

CITY OF WARREN, OHIO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31 2003

	Life Insurance and Hospitalization	Workers Compensation	Data Processing
Cash flows from operating activities:			
Cash received from customers	\$ 4,992,278	\$ 1,245,188	\$ 561,911
Cash received from other operations	-	541	28,174
Cash payments for personal services	-	-	(229,203)
Cash payments for contractual services.	-	(10,298)	(106,939)
Cash payments for materials and supplies	-	-	(86,172)
Cash payments for utilities	-	-	(27,593)
Cash payments for claims expense	(5,380,462)	(161,465)	-
Cash payments for administrative costs.	-	(162,954)	(29,989)
Cash payments for other expenses	-	(1,233,689)	-
Net cash provided by (used in) operating activities	<u>(388,184)</u>	<u>(322,677)</u>	<u>110,189</u>
Cash flows from noncapital financing activities:			
Transfers out to other funds	-	-	(88,174)
Net cash used in noncapital financing activities.	<u>-</u>	<u>-</u>	<u>(88,174)</u>
Cash flows from capital and related financing activities:			
Aquisition of capital assets	-	-	(7,778)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>(7,778)</u>
Cash flows from investing activities:			
Interest received.	-	153,048	11,683
Principal payment received on internal notes	-	120,000	-
Net cash provided by investing activities	<u>-</u>	<u>273,048</u>	<u>11,683</u>
Net increase (decrease) in cash and cash equivalents.	(388,184)	(49,629)	25,920
Cash and cash equivalents, January 1	<u>1,255,357</u>	<u>4,166,577</u>	<u>277,828</u>
Cash and cash equivalents, December 31.	<u><u>867,173</u></u>	<u><u>4,116,948</u></u>	<u><u>303,748</u></u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	(220,756)	(492,452)	51,036
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	54,702
Changes in assets and liabilities:			
Increase in accounts receivable	(4,002)	-	-
Decrease in accounts payable	-	(4,365)	(496)
Increase in accrued wages and benefits	-	-	766
Increase in due to other governments	-	174,140	115
Increase in compensated absences payable.	-	-	4,066
Decrease in claims payable.	(163,426)	-	-
Net cash provided by (used in) operating activities	<u><u>\$ (388,184)</u></u>	<u><u>\$ (322,677)</u></u>	<u><u>\$ 110,189</u></u>

Risk Management	Totals
\$ 197,121	\$ 6,996,498
3,376	32,091
-	(229,203)
(303,153)	(420,390)
-	(86,172)
-	(27,593)
-	(5,541,927)
-	(192,943)
-	(1,233,689)
<u>(102,656)</u>	<u>(703,328)</u>
-	(88,174)
-	(88,174)
-	(7,778)
-	(7,778)
22,607	187,338
-	120,000
<u>22,607</u>	<u>307,338</u>
(80,049)	(491,942)
555,333	6,255,095
<u>475,284</u>	<u>5,763,153</u>
(85,326)	(747,498)
-	54,702
-	(4,002)
(17,330)	(22,191)
-	766
-	174,255
-	4,066
-	(163,426)
<u>\$ (102,656)</u>	<u>\$ (703,328)</u>

CITY OF WARREN, OHIO

COMBINING STATEMENTS - NONMAJOR 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 2003

	<u>Balance</u> <u>1/1/2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2003</u>
Highway Patrol Fines				
Assets:				
Equity in pooled cash and cash equivalents	\$ -	\$ 45,070	\$ 45,070	\$ -
Accounts receivable	-	3,215	-	3,215
Due from other funds.	2,571	-	2,571	-
Total assets.	<u>2,571</u>	<u>48,285</u>	<u>47,641</u>	<u>3,215</u>
Liabilities:				
Deposits held and due to others	2,571	48,285	47,641	3,215
Total liabilities	<u>2,571</u>	<u>48,285</u>	<u>47,641</u>	<u>3,215</u>
Auditors Escrow				
Assets:				
Equity in pooled cash and cash equivalents	361,754	475,609	283,003	554,360
Total assets.	<u>361,754</u>	<u>475,609</u>	<u>283,003</u>	<u>554,360</u>
Liabilities:				
Deposits held and due to others	361,754	475,609	283,003	554,360
Total liabilities	<u>361,754</u>	<u>475,609</u>	<u>283,003</u>	<u>554,360</u>
Payroll				
Assets:				
Equity in pooled cash and cash equivalents	1,144,799	-	465,606	679,193
Total assets.	<u>1,144,799</u>	<u>-</u>	<u>465,606</u>	<u>679,193</u>
Liabilities:				
Due to other governments	1,144,799	-	465,606	679,193
Total liabilities	<u>1,144,799</u>	<u>-</u>	<u>465,606</u>	<u>679,193</u>
Municipal Court				
Assets:				
Cash with fiscal and escrow agents.	244,201	3,432,264	3,431,422	245,043
Total assets.	<u>244,201</u>	<u>3,432,264</u>	<u>3,431,422</u>	<u>245,043</u>
Liabilities:				
Accounts payable	-	111,908	-	111,908
Due to other funds	106,144	-	106,144	-
Due to other governments	138,057	3,320,356	3,325,278	133,135
Total liabilities	<u>\$ 244,201</u>	<u>\$ 3,432,264</u>	<u>\$ 3,431,422</u>	<u>\$ 245,043</u>

Continued

CITY OF WARREN, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31 2003

	<u>Balance</u> <u>1/1/2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2003</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,506,553	\$ 520,679	\$ 793,679	\$ 1,233,553
Cash with fiscal and escrow agents.	244,201	3,432,264	3,431,422	245,043
Accounts receivable	-	3,215	-	3,215
Due from other funds	2,571	-	2,571	-
Total assets.	<u>1,753,325</u>	<u>3,956,158</u>	<u>4,227,672</u>	<u>1,481,811</u>
Liabilities:				
Accounts payable	-	111,908	-	111,908
Due to other funds	106,144	-	106,144	-
Due to other governments	1,282,856	3,320,356	3,790,884	812,328
Deposits held and due to others	364,325	523,894	330,644	557,575
Total liabilities	<u>\$ 1,753,325</u>	<u>\$ 3,956,158</u>	<u>\$ 4,227,672</u>	<u>\$ 1,481,811</u>

INDIVIDUAL FUND SCHEDULES OF
REVENUES, EXPENDITURES/EXPENSES AND
CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP
BUDGETARY BASIS)

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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Income taxes	\$ 17,916,331	\$ 18,800,300	\$ 18,761,365	\$ (38,935)
Charges for services	2,118,954	2,223,500	2,004,483	(219,017)
Licenses, permits and fees	1,514,478	1,589,200	1,698,238	109,038
Fines and forfeitures	980,189	1,028,550	1,223,471	194,921
Intergovernmental	2,783,992	2,929,985	3,017,905	87,920
Investment income	177,254	186,000	184,098	(1,902)
Rental income	119,123	125,000	53,048	(71,952)
Other	459,015	473,028	1,651,742	1,178,714
Total revenues	<u>26,069,336</u>	<u>27,355,563</u>	<u>28,594,350</u>	<u>1,238,787</u>
Expenditures:				
Current:				
General government				
City council				
Personal services	282,133	282,133	264,340	17,793
Contractual services	30,700	42,876	34,798	8,078
Materials and supplies	4,700	10,605	9,978	627
Total city council	<u>317,533</u>	<u>335,614</u>	<u>309,116</u>	<u>26,498</u>
Municipal court				
Personal services	1,666,285	1,630,072	1,496,656	133,416
Contractual services	117,100	120,314	99,588	20,726
Materials and supplies	25,860	29,660	20,313	9,347
Total municipal court	<u>1,809,245</u>	<u>1,780,046</u>	<u>1,616,557</u>	<u>163,489</u>
Victims of crimes				
Personal services	-	36,213	32,053	4,160
Contractual services	-	500	-	500
Materials and supplies	-	2,000	898	1,102
Total victims of crimes	<u>-</u>	<u>38,713</u>	<u>32,951</u>	<u>5,762</u>
Operations - general				
Personal services	111,111	107,399	104,673	2,726
Contractual services	26,692	25,800	25,005	795
Materials and supplies	517	500	238	262
Total operations - general	<u>138,320</u>	<u>133,699</u>	<u>129,916</u>	<u>3,783</u>
Operations - maintenance				
Personal services	932,613	901,454	827,825	73,629
Contractual services	569,853	550,815	490,490	60,325
Materials and supplies	109,902	106,230	94,862	11,368
Capital outlay	282,240	272,811	41,289	231,522
Total operations - maintenance	<u>1,894,608</u>	<u>1,831,310</u>	<u>1,454,466</u>	<u>376,844</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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Mayor				
Personal services	\$ 429,470	\$ 429,470	\$ 404,242	\$ 25,228
Contractual services	26,700	26,939	23,169	3,770
Materials and supplies.	5,800	6,062	3,765	2,297
Capital outlay	-	5,000	2,097	2,903
Total mayor.	<u>461,970</u>	<u>467,471</u>	<u>433,273</u>	<u>34,198</u>
Purchasing				
Personal services	159,933	184,933	166,870	18,063
Contractual services	18,700	23,700	18,579	5,121
Materials and supplies.	2,250	2,376	1,873	503
Total purchasing	<u>180,883</u>	<u>211,009</u>	<u>187,322</u>	<u>23,687</u>
Finance				
Personal services	495,147	495,147	412,059	83,088
Contractual services	75,270	66,889	40,980	25,909
Materials and supplies.	-	9,871	7,547	2,324
Total finance	<u>570,417</u>	<u>571,907</u>	<u>460,586</u>	<u>111,321</u>
Human resources				
Personal services	261,163	261,163	245,929	15,234
Contractual services	56,650	57,455	57,401	54
Materials and supplies.	1,750	1,957	1,393	564
Capital outlay	-	5,000	4,465	535
Total human resources	<u>319,563</u>	<u>325,575</u>	<u>309,188</u>	<u>16,387</u>
Law department				
Personal services	749,950	754,950	722,996	31,954
Contractual services	49,176	49,224	41,208	8,016
Materials and supplies.	6,990	6,990	5,787	1,203
Total law department.	<u>806,116</u>	<u>811,164</u>	<u>769,991</u>	<u>41,173</u>
Civil service				
Personal services	9,574	9,774	9,147	627
Contractual services	33,340	40,440	12,379	28,061
Materials and supplies.	1,000	1,080	244	836
Total civil service.	<u>43,914</u>	<u>51,294</u>	<u>21,770</u>	<u>29,524</u>
Administrative support				
Contractual services	1,078,500	1,313,077	1,184,941	128,136
Materials and supplies.	4,500	8,265	6,974	1,291
Capital outlay	-	19,405	16,430	2,975
Other	1,931,500	45,400	43,641	1,759
Total administrative support	<u>3,014,500</u>	<u>1,386,147</u>	<u>1,251,986</u>	<u>134,161</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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Income tax				
Personal services	\$ 518,896	\$ 518,896	\$ 438,269	\$ 80,627
Contractual services	75,800	91,263	88,153	3,110
Materials and supplies	19,750	30,547	29,425	1,122
Capital outlay	-	28,974	20,700	8,274
Total income tax	<u>614,446</u>	<u>669,680</u>	<u>576,547</u>	<u>93,133</u>
 Total general government	 <u>10,171,515</u>	 <u>8,613,629</u>	 <u>7,553,669</u>	 <u>1,059,960</u>
Security of persons and property				
Police				
Personal services	7,192,931	7,544,931	7,430,254	114,677
Contractual services	1,040,973	1,172,594	1,067,670	104,924
Materials and supplies	111,000	140,874	134,019	6,855
Capital outlay	-	338,863	109,901	228,962
Total police	<u>8,344,904</u>	<u>9,197,262</u>	<u>8,741,844</u>	<u>455,418</u>
Fire				
Personal services	6,043,039	6,183,039	6,078,929	104,110
Contractual services	175,790	215,144	166,242	48,902
Materials and supplies	99,600	118,573	106,944	11,629
Capital outlay	-	112,241	23,447	88,794
Total fire	<u>6,318,429</u>	<u>6,628,997</u>	<u>6,375,562</u>	<u>253,435</u>
Bio-Terrorism				
Personal services	-	11,046	7,340	3,706
Contractual services	-	3,525	831	2,694
Materials and supplies	-	3,664	1,777	1,887
Capital outlay	-	5,000	1,936	3,064
Total fire	<u>-</u>	<u>23,235</u>	<u>11,884</u>	<u>11,351</u>
Total security of persons and property	<u>14,663,333</u>	<u>15,849,494</u>	<u>15,129,290</u>	<u>720,204</u>
Public health and welfare				
Health				
Personal services	871,531	340,447	318,555	21,892
Contractual services	92,689	53,882	46,431	7,451
Materials and supplies	41,680	23,536	23,107	429
Capital outlay	-	108,000	108,000	-
Other	68,000	96,630	87,740	8,890
Total health	<u>1,073,900</u>	<u>622,495</u>	<u>583,833</u>	<u>38,662</u>
Dental				
Contractual services	-	32,984	23,518	9,466
Materials and supplies	-	3,736	3,694	42
Total dental	<u>-</u>	<u>36,720</u>	<u>27,212</u>	<u>9,508</u>
Total public health and welfare	<u>1,073,900</u>	<u>659,215</u>	<u>611,045</u>	<u>48,170</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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community environment				
Environmental health				
Personal services	\$ -	\$ 515,309	\$ 459,465	\$ 55,844
Contractual services	-	19,924	15,253	4,671
Materials and supplies.	-	9,497	7,816	1,681
Capital outlay	-	3,229	3,229	-
Other.	-	13,694	11,754	1,940
Total environmental health	-	561,653	497,517	64,136
Weed control				
Personal services	-	15,775	8,532	7,243
Contractual services	-	2,040	1,653	387
Materials and supplies.	-	2,497	2,189	308
Total weed control	-	20,312	12,374	7,938
Mosquito control				
Contractual services	-	1,500	460	1,040
Materials and supplies.	-	4,655	4,650	5
Total mosquito control	-	6,155	5,110	1,045
Engineering building and plant department				
Personal services	1,023,894	1,023,894	881,696	142,198
Contractual services	220,797	237,523	230,926	6,597
Materials and supplies.	26,000	27,119	16,878	10,241
Capital outlay	-	50,000	48,072	1,928
Other	5,000	6,500	6,203	297
Total engineering building and plant department.	1,275,691	1,345,036	1,183,775	161,261
Total community environment.	1,275,691	1,933,156	1,698,776	234,380
Leisure time activity				
Operations - parks				
Personal services	-	425,386	372,641	52,745
Contractual services	-	162,500	150,862	11,638
Materials and supplies.	-	70,856	58,069	12,787
Capital outlay	-	120,497	119,666	831
Other.	-	5,100	2,600	2,500
Total operations - parks.	-	784,339	703,838	80,501
Total leisure time activity.	-	784,339	703,838	80,501
Debt service:				
Bond issuance costs	-	33,590	33,590	-
Total debt service	-	33,590	33,590	-
Total expenditures.	27,184,439	27,873,423	25,730,208	2,143,215

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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over (under) expenditures.	\$ (1,115,103)	\$ (517,860)	\$ 2,864,142	\$ 3,382,002
Other financing sources (uses):				
Proceeds from sale of bonds	901,520	946,000	976,000	30,000
Premium on sale of bonds.	-	-	4,975	4,975
Transfers in	285,894	300,000	281,166	(18,834)
Transfers out	(72,311)	(2,615,311)	(2,615,118)	193
Total other financing sources (uses). . .	<u>1,115,103</u>	<u>(1,369,311)</u>	<u>(1,352,977)</u>	<u>16,334</u>
Net change in fund balance	-	(1,887,171)	1,511,165	3,398,336
Fund balance at beginning of year	1,503,004	1,503,004	1,503,004	-
Prior year encumbrances appropriated .	<u>434,827</u>	<u>434,827</u>	<u>434,827</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,937,831</u>	<u>\$ 50,660</u>	<u>\$ 3,448,996</u>	<u>\$ 3,398,336</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 120,000	\$ 125,000	\$ 154,581	\$ 29,581
Investment income	-	-	905	905
Other	-	-	2,582	2,582
Total revenues	<u>120,000</u>	<u>125,000</u>	<u>158,068</u>	<u>33,068</u>
Expenditures:				
Current:				
General government				
Personal services	7,887	7,887	7,884	3
Contractual services.	51,000	51,380	33,882	17,498
Materials and supplies.	21,113	22,048	9,259	12,789
Capital outlay	-	28,590	28,590	-
Total general government	<u>80,000</u>	<u>109,905</u>	<u>79,615</u>	<u>30,290</u>
Debt service:				
Principal retirement.	120,000	120,000	120,000	-
Interest and fiscal charges	-	5,000	3,900	1,100
Total debt service	<u>120,000</u>	<u>125,000</u>	<u>123,900</u>	<u>1,100</u>
Total expenditures	<u>200,000</u>	<u>234,905</u>	<u>203,515</u>	<u>31,390</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(80,000)</u>	<u>(109,905)</u>	<u>(45,447)</u>	<u>64,458</u>
Other financing sources (uses):				
Proceeds of notes	60,000	60,000	-	(60,000)
Transfers in	20,000	20,000	50,000	30,000
Total other financing sources (uses)	<u>80,000</u>	<u>80,000</u>	<u>50,000</u>	<u>(30,000)</u>
Net change in fund balance.	-	(29,905)	4,553	34,458
Fund balance at beginning of year	4,981	4,981	4,981	-
Prior year encumbrances appropriated	29,905	29,905	29,905	-
Fund balance at end of year	<u>\$ 34,886</u>	<u>\$ 4,981</u>	<u>\$ 39,439</u>	<u>\$ 34,458</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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ -	\$ -	\$ 208	\$ 208
Licenses, permits and fees	39,395	49,000	43,850	(5,150)
Intergovernmental	907,695	1,129,000	1,174,553	45,553
Investment income	8,040	10,000	8,040	(1,960)
Other	53,063	66,000	92,959	26,959
Total revenues	<u>1,008,193</u>	<u>1,254,000</u>	<u>1,319,610</u>	<u>65,610</u>
Expenditures:				
Current:				
Transportation				
Personal services	1,719,473	1,795,873	1,707,633	88,240
Contractual services.	323,927	566,656	522,670	43,986
Materials and supplies.	56,600	213,481	183,005	30,476
Capital outlay	-	255,080	255,026	54
Total transportation	<u>2,100,000</u>	<u>2,831,090</u>	<u>2,668,334</u>	<u>162,756</u>
Debt service:				
Bond issuance costs	-	1,582	1,582	-
Total debt service.	<u>-</u>	<u>1,582</u>	<u>1,582</u>	<u>-</u>
Total expenditures	<u>2,100,000</u>	<u>2,832,672</u>	<u>2,669,916</u>	<u>162,756</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(1,091,807)</u>	<u>(1,578,672)</u>	<u>(1,350,306)</u>	<u>228,366</u>
Other financing sources (uses):				
Proceeds from sale of bonds	205,015	255,000	255,000	-
Premium on sale of bonds	-	-	1,597	1,597
Transfers in.	886,792	1,103,000	1,125,000	22,000
Total other financing sources (uses).	<u>1,091,807</u>	<u>1,358,000</u>	<u>1,381,597</u>	<u>23,597</u>
Net change in fund balance	-	(220,672)	31,291	251,963
Fund balance at beginning of year	155,630	155,630	155,630	-
Prior year encumbrances appropriated	65,042	65,042	65,042	-
Fund balance at end of year	<u>\$ 220,672</u>	<u>\$ -</u>	<u>\$ 251,963</u>	<u>\$ 251,963</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 20,000	\$ 20,000	\$ 21,337	\$ 1,337
Investment income	5,000	5,000	6,204	1,204
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>27,541</u>	<u>2,541</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services	25,000	50,000	36,439	13,561
Total security of persons and property.	<u>25,000</u>	<u>50,000</u>	<u>36,439</u>	<u>13,561</u>
Total expenditures	<u>25,000</u>	<u>50,000</u>	<u>36,439</u>	<u>13,561</u>
Net change in fund balance	-	(25,000)	(8,898)	16,102
Fund balance at beginning of year	160,218	160,218	160,218	-
Prior year encumbrances appropriated .	-	-	-	-
Fund balance at end of year	<u>\$ 160,218</u>	<u>\$ 135,218</u>	<u>\$ 151,320</u>	<u>\$ 16,102</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 32,066	\$ 27,066
Investment income	-	-	665	665
Other	-	-	2,595	2,595
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>35,326</u>	<u>30,326</u>
Expenditures:				
Current:				
Security of persons and property				
Materials and supplies.	5,000	5,000	5,000	-
Total security of persons and property.	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balance	-	-	30,326	30,326
Fund balance at beginning of year	18,167	18,167	18,167	-
Prior year encumbrances appropriated .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 18,167</u>	<u>\$ 18,167</u>	<u>\$ 48,493</u>	<u>\$ 30,326</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses, permits and fees	\$ -	\$ -	\$ 280	\$ 280
Fines and forfeitures	-	-	4,434	4,434
Intergovernmental	50,000	50,000	22,315	(27,685)
Investment income	-	-	3,803	3,803
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>30,832</u>	<u>(19,168)</u>
Expenditures:				
Current:				
Security of persons and property				
Personal services	-	16,335	-	16,335
Contractual services.	-	5,711	-	5,711
Materials and supplies.	25,000	29,500	5,423	24,077
Capital outlay	25,000	100,384	48,274	52,110
Total security of persons and property.	<u>50,000</u>	<u>151,930</u>	<u>53,697</u>	<u>98,233</u>
Total expenditures	<u>50,000</u>	<u>151,930</u>	<u>53,697</u>	<u>98,233</u>
Net change in fund balance	-	(101,930)	(22,865)	79,065
Fund balance at beginning of year	99,017	99,017	99,017	-
Prior year encumbrances appropriated .	<u>2,913</u>	<u>2,913</u>	<u>2,913</u>	<u>-</u>
Fund balance at end of year	<u>\$ 101,930</u>	<u>\$ -</u>	<u>\$ 79,065</u>	<u>\$ 79,065</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 2,000	\$ 2,000	\$ 2,805	\$ 805
Investment income	-	-	197	197
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>3,002</u>	<u>1,002</u>
Expenditures:				
Current:				
Security of persons and property				
Materials and supplies	2,000	2,000	266	1,734
Total security of persons and property.	<u>2,000</u>	<u>2,000</u>	<u>266</u>	<u>1,734</u>
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>266</u>	<u>1,734</u>
Net change in fund balance	-	-	2,736	2,736
Fund balance at beginning of year	3,231	3,231	3,231	-
Prior year encumbrances appropriated .	-	-	-	-
Fund balance at end of year	<u>\$ 3,231</u>	<u>\$ 3,231</u>	<u>\$ 5,967</u>	<u>\$ 2,736</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 25,000	\$ 25,000	\$ 243,964	\$ 218,964
Investment income	-	-	6,578	6,578
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>250,542</u>	<u>225,542</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	2,500	22,500	2,444	20,056
Materials and supplies.	8,000	23,000	18,131	4,869
Capital outlay	14,500	86,607	77,341	9,266
Total security of persons and property.	<u>25,000</u>	<u>132,107</u>	<u>97,916</u>	<u>34,191</u>
Total expenditures	<u>25,000</u>	<u>132,107</u>	<u>97,916</u>	<u>34,191</u>
Net change in fund balance	-	(107,107)	152,626	259,733
Fund balance at beginning of year	107,107	107,107	107,107	-
Prior year encumbrances appropriated .	-	-	-	-
Fund balance at end of year	<u>\$ 107,107</u>	<u>\$ -</u>	<u>\$ 259,733</u>	<u>\$ 259,733</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 40,000	\$ 47,000	\$ 77,567	\$ 30,567
Investment income	-	-	3,950	3,950
Total revenues	<u>40,000</u>	<u>47,000</u>	<u>81,517</u>	<u>34,517</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services	31,000	31,000	29,920	1,080
Capital outlay	9,000	7,000	6,275	725
Total security of persons and property.	<u>40,000</u>	<u>38,000</u>	<u>36,195</u>	<u>1,805</u>
Total expenditures	<u>40,000</u>	<u>38,000</u>	<u>36,195</u>	<u>1,805</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>9,000</u>	<u>45,322</u>	<u>36,322</u>
Other financing sources (uses):				
Transfers out	-	(9,000)	-	9,000
Total other financing sources (uses)	<u>-</u>	<u>(9,000)</u>	<u>-</u>	<u>9,000</u>
Net change in fund balance	-	-	45,322	45,322
Fund balance at beginning of year	93,193	93,193	93,193	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ 93,193</u>	<u>\$ 93,193</u>	<u>\$ 138,515</u>	<u>\$ 45,322</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 100,000	\$ 100,000	\$ 166,004	\$ 66,004
Investment income	-	-	6,107	6,107
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>172,111</u>	<u>72,111</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	1,500	1,885	-	1,885
Materials and supplies.	23,300	23,300	4,457	18,843
Capital outlay	15,000	170,085	146,333	23,752
Total security of persons and property.	<u>39,800</u>	<u>195,270</u>	<u>150,790</u>	<u>44,480</u>
Total expenditures	<u>39,800</u>	<u>195,270</u>	<u>150,790</u>	<u>44,480</u>
Excess (deficiency) of revenues over (under) expenditures	<u>60,200</u>	<u>(95,270)</u>	<u>21,321</u>	<u>116,591</u>
Other financing sources (uses):				
Transfers out	(60,200)	(60,200)	(50,000)	10,200
Total other financing sources (uses).	<u>(60,200)</u>	<u>(60,200)</u>	<u>(50,000)</u>	<u>10,200</u>
Net change in fund balance	-	(155,470)	(28,679)	126,791
Fund balance at beginning of year	151,130	151,130	151,130	-
Prior year encumbrances appropriated	4,341	4,341	4,341	-
Fund balance at end of year	<u>\$ 155,471</u>	<u>\$ 1</u>	<u>\$ 126,792</u>	<u>\$ 126,791</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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 30,000	\$ 30,000	\$ 46,897	\$ 16,897
Investment income	-	-	2,585	2,585
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>49,482</u>	<u>19,482</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	11,900	12,004	8,661	3,343
Materials and supplies.	1,000	1,000	-	1,000
Total security of persons and property.	<u>12,900</u>	<u>13,004</u>	<u>8,661</u>	<u>4,343</u>
Total expenditures	<u>12,900</u>	<u>13,004</u>	<u>8,661</u>	<u>4,343</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,100</u>	<u>16,996</u>	<u>40,821</u>	<u>23,825</u>
Other financing sources (uses):				
Transfers out	(17,100)	(17,100)	-	17,100
Total other financing sources (uses).	<u>(17,100)</u>	<u>(17,100)</u>	<u>-</u>	<u>17,100</u>
Net change in fund balance	-	(104)	40,821	40,925
Fund balance at beginning of year	65,594	65,594	65,594	-
Prior year encumbrances appropriated	104	104	104	-
Fund balance at end of year	<u>\$ 65,698</u>	<u>\$ 65,594</u>	<u>\$ 106,519</u>	<u>\$ 40,925</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes	\$ 128,439	\$ 128,439	\$ 127,184	\$ (1,255)
Intergovernmental	17,032	17,032	16,866	(166)
Total revenues	<u>145,471</u>	<u>145,471</u>	<u>144,050</u>	<u>(1,421)</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	2,400	2,400	2,274	126
Total general government	<u>2,400</u>	<u>2,400</u>	<u>2,274</u>	<u>126</u>
Total expenditures	<u>2,400</u>	<u>2,400</u>	<u>2,274</u>	<u>126</u>
Excess (deficiency) of revenues over (under) expenditures	<u>143,071</u>	<u>143,071</u>	<u>141,776</u>	<u>(1,295)</u>
Other financing sources (uses):				
Transfers out	(140,619)	(140,619)	(140,583)	36
Total other financing sources (uses)	<u>(140,619)</u>	<u>(140,619)</u>	<u>(140,583)</u>	<u>36</u>
Net change in fund balance	2,452	2,452	1,193	(1,259)
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ 2,452</u>	<u>\$ 2,452</u>	<u>\$ 1,193</u>	<u>\$ (1,259)</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes	\$ 128,439	\$ 128,439	\$ 127,184	\$ (1,255)
Intergovernmental	17,032	17,032	16,866	(166)
Total revenues	<u>145,471</u>	<u>145,471</u>	<u>144,050</u>	<u>(1,421)</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	2,400	2,400	2,274	126
Total general government	<u>2,400</u>	<u>2,400</u>	<u>2,274</u>	<u>126</u>
Total expenditures	<u>2,400</u>	<u>2,400</u>	<u>2,274</u>	<u>126</u>
Excess (deficiency) of revenues over (under) expenditures	143,071	143,071	141,776	(1,295)
Other financing sources (uses):				
Transfers out	(140,619)	(140,619)	(140,583)	36
Total other financing sources (uses)	<u>(140,619)</u>	<u>(140,619)</u>	<u>(140,583)</u>	<u>36</u>
Net change in fund balance	2,452	2,452	1,193	(1,259)
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ 2,452</u>	<u>\$ 2,452</u>	<u>\$ 1,193</u>	<u>\$ (1,259)</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 185,000	\$ 185,000	\$ 393,536	\$ 208,536
Intergovernmental	1,715,000	1,715,000	1,970,309	255,309
Special assessments	10,000	10,000	14,976	4,976
Investment income	80,000	80,000	29,458	(50,542)
Other	10,000	10,000	20,457	10,457
Total revenues	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,428,736</u>	<u>428,736</u>
Expenditures:				
Current:				
Economic development and assistance				
Personal services	417,280	417,280	359,819	57,461
Contractual services.	182,710	196,346	140,108	56,238
Materials and supplies.	9,600	10,197	5,438	4,759
Capital outlay	163,810	238,810	197,279	41,531
Other	1,226,600	1,052,264	754,098	298,166
Total economic development and assistance.	<u>2,000,000</u>	<u>1,914,897</u>	<u>1,456,742</u>	<u>458,155</u>
Total expenditures	<u>2,000,000</u>	<u>1,914,897</u>	<u>1,456,742</u>	<u>458,155</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>85,103</u>	<u>971,994</u>	<u>886,891</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>(1,054,600)</u>	<u>(873,213)</u>	<u>181,387</u>
Total other financing sources (uses).	<u>-</u>	<u>(1,054,600)</u>	<u>(873,213)</u>	<u>181,387</u>
Net change in fund balance	-	(969,497)	98,781	1,068,278
Fund balance at beginning of year	999,219	999,219	999,219	-
Prior year encumbrances appropriated	<u>131,773</u>	<u>131,773</u>	<u>131,773</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,130,992</u>	<u>\$ 161,495</u>	<u>\$ 1,229,773</u>	<u>\$ 1,068,278</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ -	\$ -	\$ 4,591	\$ 4,591
Other		100,000	90,000	(10,000)
Total revenues	<u>-</u>	<u>100,000</u>	<u>94,591</u>	<u>(5,409)</u>
Expenditures:				
Current:				
Economic development and assistance				
Contractual services.	-	10,000	3,649	6,351
Other	-	240,000	120,000	120,000
Total economic development and assistance.	<u>-</u>	<u>250,000</u>	<u>123,649</u>	<u>126,351</u>
Debt service:				
Principal retirement.	-	60,000	40,000	20,000
Interest and fiscal charges	-	117,850	57,842	60,008
Total debt service	<u>-</u>	<u>177,850</u>	<u>97,842</u>	<u>80,008</u>
Total expenditures	<u>-</u>	<u>427,850</u>	<u>221,491</u>	<u>206,359</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(327,850)</u>	<u>(126,900)</u>	<u>200,950</u>
Other financing sources (uses):				
Transfers in	-	60,000	57,842	(2,158)
Transfers out	-	(100,000)	(57,842)	42,158
Total other financing sources (uses).	<u>-</u>	<u>(40,000)</u>	<u>-</u>	<u>40,000</u>
Net change in fund balance	-	(367,850)	(126,900)	240,950
Fund balance at beginning of year	431,846	431,846	431,846	-
Prior year encumbrances appropriated . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 431,846</u>	<u>\$ 63,996</u>	<u>\$ 304,946</u>	<u>\$ 240,950</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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 90,000	\$ 90,000	\$ 95,234	\$ 5,234
Investment income	-	-	1,587	1,587
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>96,821</u>	<u>6,821</u>
Expenditures:				
Capital outlay				
Materials and supplies	90,000	144,477	136,050	8,427
Total capital outlay	<u>90,000</u>	<u>144,477</u>	<u>136,050</u>	<u>8,427</u>
Total expenditures	<u>90,000</u>	<u>144,477</u>	<u>136,050</u>	<u>8,427</u>
Net change in fund balance	-	(54,477)	(39,229)	15,248
Fund balance at beginning of year	52,387	52,387	52,387	-
Prior year encumbrances appropriated .	<u>2,090</u>	<u>2,090</u>	<u>2,090</u>	<u>-</u>
Fund balance at end of year	<u>\$ 54,477</u>	<u>\$ -</u>	<u>\$ 15,248</u>	<u>\$ 15,248</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 335,484	\$ 390,000	\$ 386,878	(3,122)
Investment income	4,301	5,000	1,705	(3,295)
Total revenues	<u>339,785</u>	<u>395,000</u>	<u>388,583</u>	<u>(6,417)</u>
Expenditures:				
Capital outlay				
Contractual services	117,925	127,927	118,468	9,459
Materials and supplies	130,075	195,514	194,693	821
Capital outlay	-	4,695	4,695	-
Total capital outlay	<u>248,000</u>	<u>328,136</u>	<u>317,856</u>	<u>10,280</u>
Total expenditures	<u>248,000</u>	<u>328,136</u>	<u>317,856</u>	<u>10,280</u>
Excess (deficiency) of revenues over (under) expenditures	<u>91,785</u>	<u>66,864</u>	<u>70,727</u>	<u>3,863</u>
Other financing sources (uses):				
Transfers in	60,215	70,000	75,000	5,000
Transfers out	(141,411)	(156,411)	(154,750)	1,661
Total other financing sources (uses)	<u>(81,196)</u>	<u>(86,411)</u>	<u>(79,750)</u>	<u>6,661</u>
Net change in fund balance	10,589	(19,547)	(9,023)	10,524
Fund balance at beginning of year	<u>(7,536)</u>	<u>(7,536)</u>	<u>(7,536)</u>	<u>-</u>
Prior year encumbrances appropriated	<u>27,083</u>	<u>27,083</u>	<u>27,083</u>	<u>-</u>
Fund balance at end of year	<u>\$ 30,136</u>	<u>\$ -</u>	<u>\$ 10,524</u>	<u>\$ 10,524</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 96,100	\$ 96,100	\$ 39,911	\$ (56,189)
Intergovernmental	858,900	858,900	1,110,661	251,761
Investment income	45,000	45,000	54,155	9,155
Other	-	-	5,431	5,431
Total revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,210,158</u>	<u>210,158</u>
Expenditures:				
Current:				
Economic development and assistance				
Personal services	70,000	90,000	75,723	14,277
Contractual services.	31,100	31,100	5,506	25,594
Materials and supplies.	5,000	5,000	770	4,230
Capital outlay	10,000	10,000	-	10,000
Other	883,900	2,314,537	1,569,394	745,143
Total capital outlay	<u>1,000,000</u>	<u>2,450,637</u>	<u>1,651,393</u>	<u>799,244</u>
Total expenditures	<u>1,000,000</u>	<u>2,450,637</u>	<u>1,651,393</u>	<u>799,244</u>
Net change in fund balance	-	(1,450,637)	(441,235)	1,009,402
Fund balance at beginning of year	1,067,073	1,067,073	1,067,073	-
Prior year encumbrances appropriated	<u>565,648</u>	<u>565,648</u>	<u>565,648</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,632,721</u>	<u>\$ 182,084</u>	<u>\$ 1,191,486</u>	<u>\$ 1,009,402</u>

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FEMA FUND
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 191,227	\$ 191,227
Total revenues	<u>-</u>	<u>-</u>	<u>191,227</u>	<u>191,227</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>191,227</u>	<u>191,227</u>
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prior year encumbrances appropriated .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,227</u>	<u>\$ 191,227</u>

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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other taxes	\$ 1,287,705	\$ 1,309,548	\$ 1,228,303	\$ (81,245)
Intergovernmental	170,801	173,705	162,928	(10,777)
Investment income	28,212	28,692	26,912	(1,780)
Special assessments	89,330	90,849	85,213	(5,636)
Total revenues	<u>1,576,048</u>	<u>1,602,794</u>	<u>1,503,356</u>	<u>(99,438)</u>
Expenditures:				
Current:				
General government				
Contractual services	24,498	24,498	22,459	2,039
Total general government	<u>24,498</u>	<u>24,498</u>	<u>22,459</u>	<u>2,039</u>
Debt service:				
Principal retirement	2,042,718	1,215,159	1,215,159	-
Interest and fiscal charges	367,876	1,064,114	532,498	531,616
Bond issuance costs	-	111,192	111,192	-
Total debt service	<u>2,410,594</u>	<u>2,390,465</u>	<u>1,858,849</u>	<u>531,616</u>
Total expenditures	<u>2,435,092</u>	<u>2,414,963</u>	<u>1,881,308</u>	<u>533,655</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(859,044)</u>	<u>(812,169)</u>	<u>(377,952)</u>	<u>434,217</u>
Other financing sources (uses):				
Proceeds from sale of refunding bonds	-	6,444,841	6,045,000	(399,841)
Premium on sale of bonds	-	41,843	39,246	(2,597)
Payment to refunding bond escrow agent	-	(6,548,575)	(6,548,575)	-
Transfers in	883,148	898,164	842,442	(55,722)
Total other financing sources (uses)	<u>883,148</u>	<u>836,273</u>	<u>378,113</u>	<u>(458,160)</u>
Net change in fund balance	24,104	24,104	161	(23,943)
Fund balance at beginning of year	4,642	4,642	4,642	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ 28,746</u>	<u>\$ 28,746</u>	<u>\$ 4,803</u>	<u>\$ (23,943)</u>

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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,300,000	\$ 2,300,000	\$ 1,147,279	\$ (1,152,721)
Investment income	25,000	25,000	34,387	9,387
Total revenues	2,325,000	2,325,000	1,181,666	(1,143,334)
Expenditures:				
Capital outlay				
Contractual services.	50,000	50,091	19,490	30,601
Capital outlay	2,450,000	5,406,175	5,084,858	321,317
Total capital outlay	2,500,000	5,456,266	5,104,348	351,918
Total expenditures	2,500,000	5,456,266	5,104,348	351,918
Excess (deficiency) of revenues over (under) expenditures	(175,000)	(3,131,266)	(3,922,682)	(791,416)
Other financing sources (uses):				
Transfers in.	175,000	175,000	1,635,514	1,460,514
Total other financing sources (uses)	175,000	175,000	1,635,514	1,460,514
Net change in fund balance	-	(2,956,266)	(2,287,168)	669,098
Fund balance at beginning of year	(2,031,708)	(2,031,708)	(2,031,708)	-
Prior year encumbrances appropriated	2,956,266	2,956,266	2,956,266	-
Fund balance at end of year	\$ 924,558	\$ (2,031,708)	\$ (1,362,610)	\$ 669,098

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 6,983,354	\$ 6,992,222	\$ 6,974,422	\$ (17,800)
Other operating revenues	6,332	6,340	271,861	265,521
Total operating revenues	<u>6,989,686</u>	<u>6,998,562</u>	<u>7,246,283</u>	<u>247,721</u>
Operating expenses:				
Personal services	2,762,643	2,590,643	2,565,081	25,562
Contractual services	860,583	1,142,237	1,106,073	36,164
Materials and supplies	253,114	330,957	311,002	19,955
Administrative costs	364,685	522,581	517,386	5,195
Utilities	519,952	745,073	706,809	38,264
Other operating expenses	2,932	6,226	3,354	2,872
Total operating expenses	<u>4,763,909</u>	<u>5,337,717</u>	<u>5,209,705</u>	<u>128,012</u>
Operating income	<u>2,225,777</u>	<u>1,660,845</u>	<u>2,036,578</u>	<u>375,733</u>
Nonoperating revenues (expenses):				
Investment earnings	5,320	5,327	33,006	27,679
Special assessments	4,994	5,000	4,092	(908)
Proceeds of bonds	-	5,559,181	5,043,000	(516,181)
Premium on sale of bonds	-	-	33,009	33,009
Debt service:				
Principal retirement	(1,644,030)	(857,936)	(857,936)	-
Interest and fiscal charges	(592,061)	(1,444,919)	(950,588)	494,331
Bond issuance costs	-	(90,949)	(90,948)	1
Payment to refunding bond escrow agent	-	(5,467,468)	(5,467,468)	-
Total nonoperating revenues (expenses)	<u>(2,225,777)</u>	<u>(2,291,764)</u>	<u>(2,253,833)</u>	<u>37,931</u>
Net change in fund balance	-	(630,919)	(217,255)	413,664
Fund balance at beginning of year	535,733	535,733	535,733	-
Prior year encumbrances appropriated	<u>95,186</u>	<u>95,186</u>	<u>95,186</u>	<u>-</u>
Fund balance at end of year	<u>\$ 630,919</u>	<u>\$ -</u>	<u>\$ 413,664</u>	<u>\$ 413,664</u>

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 9,023,120	\$ 10,118,768	\$ 10,168,920	\$ 50,152
Other operating revenues	89,172	100,000	387,932	287,932
Total operating revenues	<u>9,112,292</u>	<u>10,218,768</u>	<u>10,556,852</u>	<u>338,084</u>
Operating expenses:				
Personal services	5,357,731	5,491,599	5,063,340	428,259
Contractual services	799,460	1,190,794	956,943	233,851
Materials and supplies	1,126,835	1,635,395	1,149,874	485,521
Capital outlay	100,000	9,501,445	8,166,934	1,334,511
Administrative costs	667,132	993,691	835,956	157,735
Utilities	560,972	835,566	687,805	147,761
Other operating expenses	90,000	52,100	49,692	2,408
Total operating expenses	<u>8,702,130</u>	<u>19,700,590</u>	<u>16,910,544</u>	<u>2,790,046</u>
Operating income (loss)	<u>410,162</u>	<u>(9,481,822)</u>	<u>(6,353,692)</u>	<u>3,128,130</u>
Nonoperating revenues (expenses):				
Investment earnings	142,675	86,181	145,403	59,222
Proceeds of loans	-	1,573,819	6,068,252	4,494,433
Debt service:				
Principal retirement	(120,000)	(120,000)	(335,000)	(215,000)
Interest and fiscal charges	(430,000)	(430,000)	(547,670)	(117,670)
Total nonoperating revenues (expenses)	<u>(407,325)</u>	<u>1,110,000</u>	<u>5,330,985</u>	<u>4,220,985</u>
Net income (loss) before transfers	2,837	(8,371,822)	(1,022,707)	7,349,115
Transfers in	535,033	600,000	908,044	308,044
Transfers out	(537,870)	(975,970)	(911,471)	64,499
Net change in fund balance	-	(8,747,792)	(1,026,134)	7,721,658
Fund balance at beginning of year	(3,570,908)	(3,570,908)	(3,570,908)	-
Prior year encumbrances appropriated	7,713,451	7,713,451	7,713,451	-
Fund balance at end of year	\$ 4,142,543	\$ (4,605,249)	\$ 3,116,409	\$ 7,721,658

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SANITATION
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 2,838,244	\$ 3,090,750	\$ 3,019,988	\$ (70,762)
Other operating revenues	47,981	52,250	75,820	23,570
Total operating revenues	<u>2,886,225</u>	<u>3,143,000</u>	<u>3,095,808</u>	<u>(47,192)</u>
Operating expenses:				
Personal services.	1,011,968	1,042,468	987,912	54,556
Contractual services	1,226,676	1,550,825	1,504,496	46,329
Materials and supplies.	150,750	173,620	155,622	17,998
Administrative costs.	129,364	163,548	148,507	15,041
Utilities	14,487	18,315	16,279	2,036
Other operating expenses	400	1,900	1,495	405
Total operating expenses	<u>2,533,645</u>	<u>2,950,676</u>	<u>2,814,311</u>	<u>136,365</u>
Operating income.	<u>352,580</u>	<u>192,324</u>	<u>281,497</u>	<u>89,173</u>
Nonoperating revenues (expenses):				
Investment earnings	13,775	15,000	10,691	(4,309)
Total nonoperating revenues (expenses)	<u>13,775</u>	<u>15,000</u>	<u>10,691</u>	<u>(4,309)</u>
Net income before transfers.	366,355	207,324	292,188	84,864
Transfers out	<u>(366,355)</u>	<u>(366,355)</u>	<u>(366,333)</u>	<u>22</u>
Net change in fund balance.	-	(159,031)	(74,145)	84,886
Fund balance at beginning of year	108,331	108,331	108,331	-
Prior year encumbrances appropriated	<u>50,700</u>	<u>50,700</u>	<u>50,700</u>	<u>-</u>
Fund balance at end of year	<u>\$ 159,031</u>	<u>\$ -</u>	<u>\$ 84,886</u>	<u>\$ 84,886</u>

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PACKARD MUSIC HALL
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Operating revenues:				
Charges for services	\$ 212,066	\$ 236,100	\$ 198,349	\$ (37,751)
Other operating revenues	-	-	17,615	17,615
Total operating revenues	<u>212,066</u>	<u>236,100</u>	<u>215,964</u>	<u>(20,136)</u>
Operating expenses:				
Personal services.	318,034	321,034	292,802	28,232
Contractual services	57,274	161,589	134,859	26,730
Materials and supplies.	29,700	51,753	47,483	4,270
Capital outlay	-	141,557	100,510	41,047
Administrative costs.	15,903	45,300	34,274	11,026
Utilities	22,309	63,547	59,275	4,272
Other operating expenses	6,780	8,103	3,671	4,432
Total operating expenses	<u>450,000</u>	<u>792,883</u>	<u>672,874</u>	<u>120,009</u>
Operating loss	<u>(237,934)</u>	<u>(556,783)</u>	<u>(456,910)</u>	<u>99,873</u>
Nonoperating revenues (expenses):				
Investment earnings.	-	-	6,155	6,155
Proceeds of bonds	-	50,552	51,000	448
Premium on sale of bonds	-	-	219	219
Debt service:				
Bond issuance costs	-	(1,552)	(1,552)	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>49,000</u>	<u>55,822</u>	<u>6,822</u>
Net loss before transfers.	(237,934)	(507,783)	(401,088)	106,695
Transfers in	237,934	264,900	407,705	142,805
Transfers out	-	(10,000)	(7,361)	2,639
Net change in fund balance.	-	(252,883)	(744)	252,139
Fund balance at beginning of year	178,380	178,380	178,380	-
Prior year encumbrances appropriated	74,503	74,503	74,503	-
Fund balance at end of year	<u>\$ 252,883</u>	<u>\$ -</u>	<u>\$ 252,139</u>	<u>\$ 252,139</u>

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CITY REDEVELOPMENT
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 40,000	\$ 40,000	\$ 44,978	\$ 4,978
Total operating revenues	<u>40,000</u>	<u>40,000</u>	<u>44,978</u>	<u>4,978</u>
Operating expenses:				
Contractual services	7,260	5,175	3,735	1,440
Materials and supplies.	1,000	1,000	-	1,000
Utilities	-	3,499	3,064	435
Total operating expenses	<u>8,260</u>	<u>9,674</u>	<u>6,799</u>	<u>2,875</u>
Net income before transfers.	31,740	30,326	38,179	7,853
Transfers out	<u>(31,740)</u>	<u>(31,740)</u>	<u>(2,285)</u>	<u>29,455</u>
Net change in fund balance.	-	(1,414)	35,894	37,308
Fund balance at beginning of year	39,132	39,132	39,132	-
Prior year encumbrances appropriated . .	<u>124</u>	<u>124</u>	<u>124</u>	<u>-</u>
Fund balance at end of year	<u>\$ 39,256</u>	<u>\$ 37,842</u>	<u>\$ 75,150</u>	<u>\$ 37,308</u>

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DOWNTOWN PARKING
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 74,000	\$ 74,000	\$ 93,020	\$ 19,020
Total operating revenues	<u>74,000</u>	<u>74,000</u>	<u>93,020</u>	<u>19,020</u>
Operating expenses:				
Contractual services	96,336	98,538	95,851	2,687
Materials and supplies.	1,000	3,000	4,148	(1,148)
Utilities	10,664	10,908	10,902	6
Other operating expenses	2,000	2,000	-	2,000
Total operating expenses	<u>110,000</u>	<u>114,446</u>	<u>110,901</u>	<u>3,545</u>
Net loss before transfers.	(36,000)	(40,446)	(17,881)	22,565
Transfers in	<u>36,000</u>	<u>36,000</u>	<u>25,000</u>	<u>(11,000)</u>
Net change in fund balance.	-	(4,446)	7,119	11,565
Fund balance at beginning of year	5,762	5,762	5,762	-
Prior year encumbrances appropriated . .	<u>446</u>	<u>446</u>	<u>446</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,208</u>	<u>\$ 1,762</u>	<u>\$ 13,327</u>	<u>\$ 11,565</u>

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STORMWATER UTILITY
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 1,000,000	\$ 1,000,000	\$ 729,770	\$ (270,230)
Other operating revenues	-	-	16,502	16,502
Total operating revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>746,272</u>	<u>(253,728)</u>
Operating expenses:				
Personal services.	570,339	483,339	408,437	74,902
Contractual services	62,110	219,784	175,889	43,895
Materials and supplies.	14,000	67,304	32,020	35,284
Capital outlay	327,000	141,000	69,937	71,063
Administrative costs.	24,551	86,877	69,526	17,351
Other operating expenses	2,000	2,000	185	1,815
Total operating expenses	<u>1,000,000</u>	<u>1,000,304</u>	<u>755,994</u>	<u>244,310</u>
Net loss.	-	(304)	(9,722)	(9,418)
Nonoperating revenues (expenses):				
Investment earnings	-	-	6,322	6,322
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>6,322</u>	<u>6,322</u>
Net change in fund balance.	-	(304)	(3,400)	(3,096)
Fund balance at beginning of year	225,313	225,313	225,313	-
Prior year encumbrances appropriated . .	<u>304</u>	<u>304</u>	<u>304</u>	<u>-</u>
Fund balance at end of year	<u>\$ 225,617</u>	<u>\$ 225,313</u>	<u>\$ 222,217</u>	<u>\$ (3,096)</u>

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LIFE INSURANCE AND HOSPITALIZATION
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 4,500,000	\$ 5,000,000	\$ 4,992,278	\$ (7,722)
Total operating revenues	<u>4,500,000</u>	<u>5,000,000</u>	<u>4,992,278</u>	<u>(7,722)</u>
Operating expenses:				
Claims expense	4,500,000	5,800,000	5,380,462	419,538
Total operating expenses	<u>4,500,000</u>	<u>5,800,000</u>	<u>5,380,462</u>	<u>419,538</u>
Net change in fund balance	-	(800,000)	(388,184)	411,816
Fund balance at beginning of year	1,255,357	1,255,357	1,255,357	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,255,357</u>	<u>\$ 455,357</u>	<u>\$ 867,173</u>	<u>\$ 411,816</u>

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WORKERS COMPENSATION
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 1,150,000	\$ 1,150,000	\$ 1,245,188	\$ 95,188
	-	-	541	541
Total operating revenues	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,245,729</u>	<u>95,729</u>
Operating expenses:				
Contractual services	7,000	17,000	10,298	6,702
Claims expense	133,642	162,066	161,465	601
Administrative costs	134,376	162,955	162,954	1
Other operating expenses	1,024,982	1,242,979	1,234,229	8,750
Total operating expenses	<u>1,300,000</u>	<u>1,585,000</u>	<u>1,568,946</u>	<u>16,054</u>
Operating loss	<u>(150,000)</u>	<u>(435,000)</u>	<u>(323,217)</u>	<u>111,783</u>
Nonoperating revenues:				
Investment earnings	150,000	150,000	153,048	3,048
Total nonoperating revenues	<u>150,000</u>	<u>150,000</u>	<u>153,048</u>	<u>3,048</u>
Net change in fund balance	-	(285,000)	(170,169)	114,831
Fund balance at beginning of year	4,421,037	4,421,037	4,421,037	-
Prior year encumbrances appropriated . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,421,037</u>	<u>\$ 4,136,037</u>	<u>\$ 4,250,868</u>	<u>\$ 114,831</u>

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DATA PROCESSING
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 564,787	\$ 574,200	\$ 561,911	\$ (12,289)
Other operating revenues	24,393	24,800	28,174	3,374
Total operating revenues	<u>589,180</u>	<u>599,000</u>	<u>590,085</u>	<u>(8,915)</u>
Operating expenses:				
Personal services.	247,214	247,214	229,203	18,011
Contractual services	105,389	117,138	107,167	9,971
Materials and supplies.	13,890	18,030	15,820	2,210
Capital outlay	78,887	90,187	79,535	10,652
Administrative costs	35,089	39,000	29,989	9,011
Utilities	31,357	34,852	29,190	5,662
Total operating expenses	<u>511,826</u>	<u>546,421</u>	<u>490,904</u>	<u>55,517</u>
Operating income.	<u>77,354</u>	<u>52,579</u>	<u>99,181</u>	<u>46,602</u>
Nonoperating revenues:				
Investment earnings.	10,820	11,000	11,683	683
Total nonoperating revenues	<u>10,820</u>	<u>11,000</u>	<u>11,683</u>	<u>683</u>
Net income before transfers	88,174	63,579	110,864	47,285
Transfers out	<u>(88,174)</u>	<u>(88,174)</u>	<u>(88,174)</u>	<u>-</u>
Net change in fund balance.	-	(24,595)	22,690	47,285
Fund balance at beginning of year	270,519	270,519	270,519	-
Prior year encumbrances appropriated . .	<u>7,309</u>	<u>7,309</u>	<u>7,309</u>	<u>-</u>
Fund balance at end of year	<u>\$ 277,828</u>	<u>\$ 253,233</u>	<u>\$ 300,518</u>	<u>\$ 47,285</u>

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
RISK MANAGEMENT
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 175,000	\$ 175,000	\$ 197,121	\$ 22,121
Other operating revenues	-	-	3,376	3,376
Total operating revenues	<u>175,000</u>	<u>175,000</u>	<u>200,497</u>	<u>25,497</u>
Operating expenses:				
Contractual services	200,000	374,288	303,153	71,135
Total operating expenses	<u>200,000</u>	<u>374,288</u>	<u>303,153</u>	<u>71,135</u>
Operating loss	<u>(25,000)</u>	<u>(199,288)</u>	<u>(102,656)</u>	<u>96,632</u>
Nonoperating revenues:				
Investment earnings	25,000	25,000	22,607	(2,393)
Total nonoperating revenues	<u>25,000</u>	<u>25,000</u>	<u>22,607</u>	<u>(2,393)</u>
Net change in fund balance	-	(174,288)	(80,049)	94,239
Fund balance at beginning of year	545,045	545,045	545,045	-
Prior year encumbrances appropriated . .	<u>10,288</u>	<u>10,288</u>	<u>10,288</u>	<u>-</u>
Fund balance at end of year	<u>\$ 555,333</u>	<u>\$ 381,045</u>	<u>\$ 475,284</u>	<u>\$ 94,239</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>
2003	\$ 7,300,180	\$ 15,028,195	\$ 417,382	\$ 2,365,061	\$ 1,611,897
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

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

Note: 1997-2003 amounts reflect GAAP basis reporting; prior years reflect cash basis accounting.

Source: Warren City Auditor's Office

Leisure Time Activity	Economic Development	Capital Outlay	Debt Service	Total
\$ 626,762	\$ 2,198,894	\$ 3,411,525	\$ 1,769,408	\$ 34,729,304
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

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>
2003	\$ 20,318,716	\$ 2,120,940	\$ 1,726,971	\$ 1,733,026	\$ 100,189
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	-	-

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

Note: 1997-2003 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>
\$ 9,223,005	\$ 428,636	\$ 53,048	\$ 1,796,889	\$ 37,501,420
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

CITY OF WARREN, OHIO

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

Year	Real Property		Public Utilities		Personal Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2003	\$ 394,126,290	\$ 1,126,075,114	\$ 18,187,880	\$ 20,668,045	\$ 72,590,158	\$ 290,360,632
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

(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

Total Assessed Value	Total Estimated Value	Percentage of Assessed Value To Estimated True Value
\$ 484,904,328	\$ 1,437,103,791	33.74%
467,902,378	1,389,530,901	33.67%
484,806,215	1,428,656,109	33.93%
480,460,312	1,411,707,548	34.03%
453,261,204	1,329,745,159	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	1,195,456,967	34.54%
406,109,973	1,170,248,346	34.70%

CITY OF WARREN, OHIO

REAL AND PUBLIC UTILILTY PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

<u>Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Collections to Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Collections to Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Outstanding Delinquent Taxes to Total Levy</u>
2003	\$ 1,441,977	\$ 1,373,142	95.2%	\$ 67,022	\$ 1,440,164	99.9%	\$ 164,882	11.4%
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%

Source: Trumbull County Auditor

CITY OF WARREN, OHIO

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

<u>Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Collections to Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Collections to Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Outstanding Delinquent Taxes to Total Levy</u>
2003	\$ 216,937	\$ 205,165	94.6%	\$ 9,799	\$ 214,964	99.1%	\$ 42,505	19.6%
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%

Source: Trumbull County Auditor

CITY OF WARREN, OHIO

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

<u>Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Collections to Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Collections to Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Outstanding Delinquent Taxes to Total Levy</u>
2003	\$ 35,309	\$ 9,507	26.9%	\$ 17,957	\$ 27,464	77.8%	\$ -	0.0%
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%

Source: Trumbull County Auditor

CITY OF WARREN, OHIO

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

Year	City of Warren	County	School	Vocational School	Township	Library	Total
2002 for 2003	3.50	10.35	52.55	2.40	11.50	0.40	80.70
2001 for 2002	3.50	10.35	52.55	2.40	11.50	0.40	80.70
2000 for 2001	3.50	10.35	52.38	2.40	11.50	0.40	80.53
1999 for 2000	3.50	10.35	51.94	2.40	11.50	0.40	80.09
1998 for 1999	3.50	10.35	52.64	2.40	11.50	0.40	80.79
1997 for 1998	3.50	9.30	53.35	2.40	10.50	0.40	79.45
1996 for 1997	3.50	9.30	53.45	2.40	10.50	0.40	79.55
1995 for 1996	3.50	9.30	54.15	2.40	10.50	0.40	80.25
1994 for 1995	3.50	9.30	54.25	2.40	10.50	-	79.95
1993 for 1994	3.50	9.30	44.30	2.40	10.00	-	69.50

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

Year	Estimated Population (1)	Assessed Valuation (2)	Gross Bonded Debt (3)	Less: Debt Service Fund Equity (3)	Less: Payable from Enterprise Revenues (3)	Net Bonded Debt
2003	46,608	\$ 484,904,328	\$ 28,620,810	\$ 47,438	\$ 16,034,000	\$ 12,539,372
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

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

(2) Trumbull County Auditor

(3) Warren City Auditor's Office

Ratio of Net General Bonded Debt to Assessed Value		Net General Bonded Debt Per Capita
2.59%	\$	269.04
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

CITY OF WARREN, OHIO

COMPUTATION OF LEGAL DEBT MARGIN (1)
DECEMBER 31, 2003

	<u>Total Debt Limit (2)</u>	<u>Total Unvoted Debt Limit (3)</u>
Assessed valuation of the City	\$ 484,904,328	\$484,904,328
Legal debt margin:		
Debt limitation	50,914,954	26,669,738
Debt applicable to limitation		
Total bonded debt	28,620,810	28,620,810
Exemptions:		
Debt service fund balance	(47,438)	(47,438)
Debt supported by enterprise fund operations	<u>(16,034,000)</u>	<u>(16,034,000)</u>
Net debt applicable to limitation:	<u>12,539,372</u>	<u>12,539,372</u>
Total legal debt margin (debt limitation minus total debt applicable to limitation)	<u>\$ 38,375,582</u>	<u>\$ 14,130,366</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, 2003

<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	\$ 12,251,810	100.00%	\$ 12,251,810
Overlapping Debt:			
Trumbull County	18,174,159	14.48%	2,631,618
La Brae Local School District	8,571,564	15.46%	1,325,164
Lakeview Local School District	4,159,733	0.04%	1,664
Total Overlapping Debt			<u>3,958,446</u>
Total Direct and Overlapping Debt			<u>\$ 16,210,256</u>

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>
2003	\$ 754,510	\$ 292,787	\$ 1,047,297	\$ 34,729,304	3.02%
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%

(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
2003	\$ 10,665,756	\$ 8,631,104	\$ 2,034,652	\$ 335,000	\$ 547,670	\$ 882,670
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

(1) 1997-2003 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

2.31

2.88

1.86

0.87

0.71

0.93

2.16

1.68

1.48

0.34

CITY OF WARREN, OHIO

**DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

Year	Estimated Population (1)	Per Capita Income (2)	School Enrollment (3)	Unemployment Rate (4)
2003	46,608	N/A	6,918	7.70%
2002	46,100	\$24,950	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%

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

Year	Property Value (1)			Building Permits Issued (2)		Estimated Value of Construction (2)
	Commercial	Residential	Total	Commercial	Residential	
2003	\$ 318,448,000	\$ 807,627,114	\$1,126,075,114	N/A	N/A	N/A
2002	323,168,829	755,996,486	1,079,165,314	273	924	\$ 19,674,935
2001	320,343,771	749,921,200	1,070,264,971	193	581	16,232,342
2000	326,433,086	744,493,943	1,070,927,029	122	414	16,515,922
1999	316,828,200	661,942,943	978,771,143	138	502	16,347,311
1998	296,904,200	659,429,257	956,333,457	161	535	15,987,727
1997	278,215,286	658,840,000	937,055,286	104	511	15,879,620
1996	273,123,743	606,472,171	879,595,914	150	548	16,169,482
1995	271,632,429	604,964,514	876,596,943	141	524	39,980,621
1994	268,900,800	597,300,457	866,201,257	171	669	16,753,472

N/A indicates that the information was not available.

(1) Trumbull County Auditor

(2) City of Warren Engineering Department

CITY OF WARREN, OHIO

PRINCIPAL TAXPAYERS
REAL PROPERTY TAX (1)
DECEMBER 31, 2003

Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation
P&S Equities	\$ 2,698,930	0.68%
Delphi Automotive	1,916,670	0.49%
Trumbull Plaza	1,788,930	0.45%
Simon-Northbury	1,752,740	0.44%
River Road Investments	1,563,310	0.40%
Lowes Home Center	1,541,470	0.39%
Warren Consolidated	1,496,150	0.38%
Nationwide Health	1,333,120	0.34%
Warren Plaza Co.	1,179,430	0.30%
Lewis Howland	<u>1,137,710</u>	<u>0.29%</u>
Totals, Top Ten Principal Real Property Taxpayers	<u>\$ 16,408,460</u>	<u>4.16%</u>
Total City Assessed Valuation	<u>\$ 394,126,290</u>	

(1) Source: Trumbull County Auditor

CITY OF WARREN, OHIO

PRINCIPAL TAXPAYERS
PUBLIC UTILITY PROPERTY TAX (1)
DECEMBER 31, 2003

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Ohio Edison	\$ 10,020,540	55.09%
United Telephone	4,686,600	25.77%
American Transmission Systems	1,771,190	9.74%
East Ohio Gas	1,617,590	8.89%
Qwest Communications	339,180	1.86%
Youngstown-Warren MSA	204,480	1.12%
Sprintcom	171,980	0.95%
Ohio Telephone	168,190	0.92%
Norfolk Southern Combined	151,600	0.83%
Youngstown Belt Railroad	94,770	0.52%
Totals, Top Ten Principal Public Utility Taxpayers	<u>\$ 19,226,120</u>	<u>105.71%</u>
Total City Assessed Valuation	<u>\$ 18,187,880</u>	

(1) Source: Trumbull County Auditor

Note: Certain adjustments were made to the assessed valuation of Ohio Edison that are not reflected in the City's public utility assessed valuation at year-end. These adjustments will be reflected in the City's public utility assessed valuation in the next fiscal year.

CITY OF WARREN, OHIO

**PRINCIPAL TAXPAYERS
PERSONAL PROPERTY TAX (1)
DECEMBER 31, 2003**

Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation
Alcan Aluminum	\$ 4,761,110	6.56%
Excel Extrusions Inc.	4,370,570	6.02%
Delphi Automotive	4,340,190	5.98%
GE Lighting Inc.	3,059,440	4.21%
HCC Steel Inc.	2,270,140	3.13%
Martin Chevrolet Inc.	1,795,410	2.47%
AVI Food Systems Inc.	1,794,110	2.47%
Time Warner	1,609,840	2.22%
Sims Buick GMC Truck	1,419,740	1.96%
Trumbull Industries	<u>1,090,050</u>	<u>1.50%</u>
Totals, Top Ten Principal Personal Property Taxpayers	<u>\$ 26,510,600</u>	<u>36.52%</u>
Total City Assessed Valuation	<u>\$ 72,590,158</u>	

(1) Source: Trumbull County Auditor

CITY OF WARREN, OHIO

MISCELLANEOUS STATISTICS
DECEMBER 31, 2003

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 (\$1,000)</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 & remediaton 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
Accomodations 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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Facsimile 614-466-4490

**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
NOVEMBER 9, 2004**