

**CITY OF WARREN
TRUMBULL COUNTY**

SUPPLEMENTAL REPORTS

DECEMBER 31, 2006



Mary Taylor, CPA

Auditor of State

Mayor and Members of Council
City of Warren
391 Mahoning Avenue, NW
Warren, Ohio 44483

We have reviewed the *Independent Auditor's Report* of the City of Warren, Trumbull County, prepared by Julian & Grube, Inc., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Warren is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 8, 2007

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CITY OF WARREN

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditors' Report on Supplementary
Schedule of Expenditures of Federal Awards**

Mayor and Members of Council
City of Warren
391 Mahoning Ave., NW
Warren, Ohio 44483-4634

Our audit was performed for the purpose of forming an opinion on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Warren, Trumbull County (the "City") as of and for the year ended December 31, 2006, and have issued our report thereon dated May 25, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards 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 whole.

Julian & Grube, Inc.

Julian & Grube, Inc.
May 25, 2007

CITY OF WARREN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	CASH (A) FEDERAL DISBURSEMENTS
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Direct Programs:</i>			
Section 108 Loan Guarantee Program	14.248	N/A	\$ 1,700,000
<i>Passed through the Ohio Department of Development:</i>			
Small Cities Community Development Block Grant	14.218	N/A	13,461
Small Cities Community Development Block Grant	14.218	N/A	37,323
Small Cities Community Development Block Grant	14.218	N/A	20,322
Small Cities Community Development Block Grant	14.218	N/A	52,386
Small Cities Community Development Block Grant	14.218	N/A	90,923
Small Cities Community Development Block Grant	14.218	N/A	497,212
Small Cities Community Development Block Grant	14.218	N/A	769,123
Total Small Cities Community Development Block Grant			1,480,750
HOME Investment Partnerships Program	14.239	N/A	2,046
HOME Investment Partnerships Program	14.239	N/A	69,921
HOME Investment Partnerships Program	14.239	N/A	31,732
HOME Investment Partnerships Program	14.239	N/A	78,316
HOME Investment Partnerships Program	14.239	N/A	269,333
HOME Investment Partnerships Program	14.239	N/A	90,756
Total HOME Investment Partnerships Program			542,104
Total U.S. Department of Housing and Urban Development			3,722,854
U.S. DEPARTMENT OF JUSTICE			
<i>Direct Programs:</i>			
Bulletproof Vest Partnership Program	16.607	N/A	3,106
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	24,196
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	40,455
Total Edward Byrne Memorial Justice Assistance Grant			64,651
<i>Passed through Ohio Attorney General's Office:</i>			
Crime Victim Assistance	16.575	2006VAGENE511	22,652
Crime Victim Assistance	16.575	2007VAGENE511	5,058
Total Crime Victim Assistance			27,710
Total U.S. Department of Justice			95,467
U. S. DEPARTMENT OF TRANSPORTATION			
<i>Passed through Ohio Department of Transportation:</i>			
<i>Highway Planning and Construction:</i>			
West Market Street ODOT Project	20.205	76176	144,672
Warren Greenway Biketrail ODOT Project	20.205	77201	19,957
US 422 Parkman Road ODOT Project	20.205	78220	97,045
Total Highway Planning and Construction			261,674
<i>Passed through Ohio Department of Public Safety, Governor's Highway Safety Office:</i>			
State and Community Highway Safety	20.600	LEO-2006-78-01-70-00524-00	23,837
Alcohol Traffic Safety and Drunk Driving Prevention Incentive	20.601	HVEO-2007-78-00-00-00702-00	5,666
Total U.S. Department of Transportation			291,177
ENVIRONMENTAL PROTECTION AGENCY			
<i>Direct Programs:</i>			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	13,514
Total Environmental Protection Agency			13,514
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through Ohio Department of Health:</i>			
Maternal and Child Health Services Block Grant to States	93.994	78-2-001-1-AJ-06	30,000
<i>Passed through Trumbull County Health Department:</i>			
Immunization Grants	93.268	78-001-2-AZ-06	9,000
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	78-1-001-2-BI-06	9,032
<i>Passed through Youngstown City Health Department:</i>			
HIV Prevention Activities_Health Department Based	93.940	50-2-001-2-AS-07	7,811
Total U.S. Department of Health and Human Services			55,843
Total Federal Financial Assistance			\$ 4,178,855

CITY OF WARREN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006

Continued from Page 2

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

- (B) 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 Expenditures of Federal Awards (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, 2006, the gross amount of loans outstanding under this program was \$2,138,176.

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



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Mayor and Members of Council
City of Warren
391 Mahoning Ave., NW
Warren, Ohio 44483-4634

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, as of and for the year ended December 31, 2006, which collectively comprise the City of Warren's basic financial statements and have issued our report thereon dated May 25, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Warren's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Warren's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the City of Warren's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Warren's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Warren's financial statements that is more than inconsequential will not be prevented or detected by the City of Warren's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Warren's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Warren's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Warren in a separate letter dated May 25, 2007.

This report is intended solely for the information and use of the management, the Council of the City of Warren, 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 cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
May 25, 2007



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Compliance With Requirements Applicable to Each
Major Program and Internal Control Over Compliance In
Accordance With *OMB Circular A-133***

Mayor and Members of Council
City of Warren
391 Mahoning Ave., NW
Warren, Ohio 44483-4634

Compliance

We have audited the compliance of the City of Warren, Trumbull County (the “City”) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. 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 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, Audit 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. 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, 2006.


Members of Council and Mayor
City of Warren

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 the internal control over compliance in accordance with *OMB Circular A-133*.

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 reportable 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 caused by error or fraud 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. However, we noted certain other matters involving the internal control that we have reported to the management of the City in a separate letter dated May 25, 2007.

This report is intended solely for the information and use of the management, the Council of the City of Warren, 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.



Julian & Grube, Inc.
May 25, 2007

**CITY OF WARREN
TRUMBULL COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2006**

1. SUMMARY OF AUDITORS' RESULTS		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510?	No
<i>(d)(1)(vii)</i>	Major Programs	HOME Investment Partnerships Program CFDA #14.239; Section 108 Loan Guarantee Program CFDA #14.248; Highway Planning and Construction CFDA #20.205;
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A:>\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**CITY OF WARREN
TRUMBULL COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006**

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**CITY OF WARREN
TRUMBULL COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2005-COW-001	Ohio Revised Code Section 5705.39 requires that the total appropriations from each fund should not exceed total estimated resources	No	Partially Corrected - Moved to management letter

CITY OF WARREN, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006

PREPARED BY:

CITY AUDITOR'S OFFICE
DAVID GRIFFING, CITY AUDITOR

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

INTRODUCTORY SECTION

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CITY OF WARREN, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006

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CITY OF WARREN, OHIO

Finance Department

DAVID N. GRIFFING
City Auditor

NANCY E. RUGGIERI
Deputy Auditor

CITY HALL
391 Mahoning Avenue
Warren, Ohio 44483
Telephone: (330) 841-2586
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May 25, 2007

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, 2006, 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 City is responsible for establishing and maintaining an internal control structure designed to protect its assets from loss, theft or misuse. Furthermore, the accounting system must be adequate to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

The City is required by state law to have an annual audit performed by the Auditor of State's Office or an independent public accounting firm, if permitted by the Auditor of State. Julian & Grube, Inc. performed the audit for the year ended December 31, 2006. The City continues to receive an unqualified opinion. The Independent Auditor's Report on the City's financial statements is included in the Financial Section of this report.

As a part of the City's independent audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's independent audit for the year ended December 31, 2006 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

This transmittal letter is designed to provide historical information about the City, as well as compliment the required Management's Discussion and Analysis (MD&A). Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. The City's MD&A, which focuses on the government-wide statements, can be found immediately following the Independent Auditor's Report.

COMMUNITY PROFILE

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 46,608 residents.

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

Cultural and recreational opportunities abound throughout Warren and the surrounding region. The W.D. Packard Music Hall auditorium (performance seating capacity for 2,500 and banquet seating for 1,000) is home to a variety of music and theatrical productions, the downtown district hosts several summer festivals and outdoor concerts, and local museums, historic and cultural landmarks provide a forum for the notable architectural, educational, and entertainment resources present in the community. The City is home to over 260 acres of public parks, including the downtown Riverwalk, Warren Community Amphitheatre, and Trumbull County 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 administrating the policies and ordinances adopted by the City Council, for overseeing the day-to-day operations of the City, and for appointing the superintendents of various departments. The 11 members of City Council are elected every 2 years with one serving as the President of Council. Council members serve as the legislative authority and the taxing authority. The Council members create and adopt the annual operating budget of the City.

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

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

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

ECONOMIC CONDITION AND OUTLOOK

The City benefits from its prime location as a central component of the regional Cleveland-Pittsburgh American manufacturing belt. Approximately 9,300 manufacturing plants, 9,400 wholesale distribution centers and 17 Fortune 500 corporate world headquarters are located within 80 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 associated systems, wholesale and retail distribution, as well as education, medical, and other professional services. The factors of globalization and increased competition have required significant changes in the regional economy; in order to regain competitive advantage, local manufacturing firms have implemented supplementary research divisions and embraced technological advances, resulting in increased investment, economic diversification and enhanced productivity. In addition, city officials and business leaders are placing added emphasis on the attraction of diverse corporate, retail and industrial employers to the region. As employment in heavy manufacturing has decreased, local non-manufacturing sector employment has increased, allowing the area to sustain growth despite a transition of workforce demographics.

Spearheaded by partnerships between the Warren Community Development Department, Warren Redevelopment and Planning (WRAP), and the Regional Chamber, the City's economic development team possesses significant resources to assist the establishment, expansion, or relocation of any business. Support is available with regard to site selection, financial and tax abatement assistance, business plan development, and other associated issues. Sustained growth taking place in Warren and the surrounding metropolitan area represents positive economic trends that are expected to continue into the future.

The City of Warren provided one firm with an Enterprise Zone tax abatement in 2006. Leed's, a Pennsylvania promotional product supply company, expanded its operations to Warren, resulting in \$11 million of investments in building improvements, machinery and equipment, inventory and payroll. This abatement will result in the creation of at least 96 new jobs over three years.

Ranked as the fourth-largest supplier in the \$16 billion promotional products and advertising specialty industry, Leed's was established in 1986 and quickly developed a reputation for a diverse product base and quality customer service. By 2000, Leed's earned recognition as a high-growth supplier expanding into cutting-edge product development. The most awarded supplier in the promotional products industry, Leed's products, programs, and services are recognized throughout the United States and Canada.

Six small business loans were approved through the City of Warren Revolving Loan Fund and UDAG program in 2006, as well as the Ohio Department of Development's Section 108 Loan Guarantee program. Two additional loans were made to WRAP for the purchase of property to facilitate economic development projects. These eight loans totaled over \$2,411,000 of investment in the City of Warren. Through these projects, the City of Warren secured 30 existing jobs and created 22 new jobs. In addition, the use of incentives, abatements, and business marketing policies created 11 new jobs in 2006, for a total of 63 jobs created or retained.

In cooperation with the Mahoning Valley Economic Development Corporation (MVEDC), Warren Commerce Park has been developed into a home for industry, with tenants including Leed's, Charles Manufacturing, Jaro Transportation and the Consolidated Container Company. Proximity to major highways and rail service provide a variety of transportation options, offering market advantages to all tenants. The City of Warren developed Northwest Business Park (adjacent to OH-82 with direct links to the Ohio Turnpike) through the advancement of local public-private partnerships. Currently, the park is home to the Boy Scouts regional headquarters and a number of smaller manufacturing firms. In addition, Eastgate Technology Center located on the City of Warren's east side accommodates innovative high-tech corporations.

Since 2002, over \$2.5 million has been spent on the construction of the Warren Riverwalk campus, including an outdoor amphitheatre, festival promenade, multi-purpose event area, and the exterior restoration of the Kinsman House and Land Office. In 2006, over \$620,000 was spent on the construction of the Riverwalk Stagehouse at the Warren Community Amphitheatre. This project, together with ancillary recreational facilities, will provide first-class entertainment and cultural opportunities for residents and visitors alike.

MAJOR INITIATIVES - CURRENT AND FUTURE PROJECTS

Throughout 2006, 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

During the calendar year of 2006, the fire department established an EMS agreement with a local company, the agreement provided for this company to be the sole provider of 911 EMS service calls for the City of Warren. This provided our citizens prompt medical attention in cases of emergency, something that had been difficult to ensure prior to the agreement. The Fire department purchased additional cold water rescue suits and sent personnel for training. This equipment and training has proven invaluable, several citizens have been rescued from the Mahoning River this past winter. The department has used the trained personnel to train the remaining fire fighters so that there would always be trained individuals ready and available for any rescue needed at any time.

The Emergency Services Division of the Police department is comprised of one Captain, three Lieutenants, nine Sergeants and thirty four Patrol Officers. This is the only division, other than communications, that is scheduled to work seven days a week and 24 hours a day, every day of the year. The ESD also provides a security detail of three Officers for the Municipal Court, and has three K-9 units. These K-9 units are State certified for narcotics detection, tracking, patrol, and article searches. The officers of ESD are the first respondents to virtually all calls for service by the Warren Police Department. The ESD officers responded to 43,754 calls for service during 2006. These calls ranged from the most mundane to the most dangerous emergency situations. The aggressive, but courteous tactics of the ESD officers have been largely recognized as being the primary reason that Warren has enjoyed such a low crime rate. Our officers are recognized for a banner year and the utmost respect for the hours of service and sacrifices they have shown throughout 2006.

PUBLIC WORKS

The City currently has two private developments under construction. One is a development of 6.1175 acres of land with an estimate of 20 lots available; this development is currently in phase I. The second is a development of 100 acres that will be developing individual lots, cluster homes, a senior's development and condominiums within the development; it is currently completing phase II of the project and ready to begin the next phase. In addition, seven new residential housing permits were issued in 2006.

The Building Department issued building permits for construction work totaling \$106,120,646 in commercial construction and \$7,471,860 in residential construction for 2006. The department was responsible for inspections of those projects as well as the demolition of 70 structures in 2006. For the 2007 year, things will be even busier. The Warren City Schools will be continuing their construction projects where all new city schools will be built. There will be 4 new K-8 buildings and one new high school. The first of the K-8 schools is scheduled to open in August of 2007 the high school is scheduled to be completed in 2008. The second K-8 should be finished in late 2008 with the other two K-8 schools to begin construction in early 2008.

UTILITY SERVICE

In the year of 2006 the Water Filtration Plant continued to meet and/or exceed EPA rules and regulations. With the completion of the ammonia feed system and centrifuge dewatering system the Warren Water Filtration Plant continues to be a leader in new technology within the municipal water community. The Ohio EPA has approved the sodium hypochlorite feed system to replace the gas chlorine feed system and is currently under construction. These improvements will keep the Warren Water Plant in a position to meet or exceed the anticipated future EPA rules and regulations.

The small meter change out project contract has been awarded and will begin in 2007. The small meter project will be financed with an OWDA loan. This project is being financed by the improved revenue stream provided by the Large Meter Project and most importantly without any cost or rate increase to our citizens. These two projects and other cost containment initiatives have enabled the department to continue to be able to provide our customers with the fourth lowest rate in Trumbull County. We have also made available a Direct Debit and Credit Card payment options for the convenience of our customers.

The Water Pollution Control plant and personnel have experienced some exciting changes. Phase I of the storm water utility, focusing on our mandated "Long Term Combined Sewer Control Program," has been implemented. The crew is analyzing the current condition of the city storm water system, and devising a plan of attack to maintain and repair the existing lines within the combined sewer area. They are well ahead of schedule for the Phase II implementation and deadlines established by the Federal and State EPA agencies. The condition of the storm water system has a direct effect on the efficiency of our plant. By eliminating surface water influences on the sanitary system, we should realize a reduction in treatment costs.

The Nature's Blend product line has been accepted into the Giant Eagle grocery store chain. Distributing to approximately 200 stores in three states, we are elated as well as inspired by this experience. The staff continues to explore new distribution outlets. We are expecting to announce new partners in the near future. Our department has also accepted the City of O'Fallon, Missouri to the Nature's Blend Partnership Program. The program unites various cities across the country and contributes to the nationwide success and distribution of Nature's Blend. Our dedication and perseverance to the Nature's Blend facility is paying off, not only financially but also environmentally. The growth and development of this division is but one example of the pioneer mentality of our employees.

The Environmental Services Department has continued to improve service to its customers. The department has aggressively pursued additional commercial accounts and expanded into the roll off business. These efforts has controlled costs and increased revenue while maintaining the cost to their customers without an increase. The next step for the department is to reduce the amount being transported to the landfill by removing yard waste from the waste stream. This will be accomplished by segregating them and transporting them to a compost facility. The fall leaves have been completely eliminated from the waste stream and grass clippings are next on the agenda. Although the population of the city has been declining, the amount of solid waste has not and yard waste continues to increase.

GENERAL GOVERNMENT

The Packard Music Hall is continuing to increase the number of events and the days of use. There were 130 events at the hall, and the hall is on pace to eclipse that again in 2007. The Packard Music Hall saw 80% usage with 137,787 in attendance. The box office continues to increase the numbers of events that are using it, with only 61% of the sales to Warren residence, an increasing number of sales are being made from other locales. The web site continues to improve as well, and it was upgraded to actually allow for online purchases with the actual site line by seat assignment in 2006. The Packard Music Hall Foundation continues to grow and make improvements to the hall. The foundation purchased a show for 2006, this was the first attempt at promotion at the hall, it was a success and more events are already booked for 2007.

In November of 2006, the Data Processing Department upgraded the City's IBM system to a new IBM iSeries System 520. The main memory was upgraded from 1.5 GB to 4.0 GB and a faster Ethernet card was installed upgrading the communication speed from 100mb/second to 2.1 GB/second resulting in a much faster response time for our users citywide. The storage was also upgraded from 146 GB to 210 GB. A much faster tape drive was installed enabling the department to the average time to backup the system from 4.5 hours to less than 2 hours. All of these upgrades and improvements to the system positively impact our response time on our website to provide better service to our citizens that use it daily.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

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, 2005. This was the fourth 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

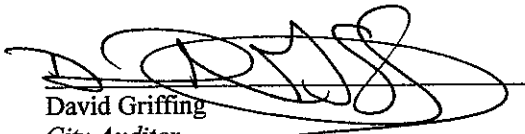
The publication of this CAFR represents an important achievement in the ability of the City of Warren to provide significantly enhanced financial information and accountability to the citizens of the City of Warren, its elected officials, City management and investors. This report continues the aggressive 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 Julian & Grube, Inc., Steve Julian, CPA and Carrie Simmons, CPA their guidance and professionalism was invaluable and greatly appreciated.

I would like to acknowledge the efforts of our new auditors in this their second year replacing the State Auditor's Office. This year went even smoother than last year and the firm of Julian & Grube, Inc. has done a great job of completing the process on time. Thanks to Tammy Gearhart, CPA of their office for completing the audit so that the report could be filed on time with GFOA.

I would also like to thank all of the elected officials, department heads and their staffs for their continued 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, 2006

ELECTED OFFICIALS

Executive Branch:

Mayor	Michael J. O'Brien
Auditor	David N. Griffing
Treasurer	John Homlitas
Law Director	Gregory V. Hicks
Judge	Thomas Gysegem
Judge	Terry Ivanchak

Legislative Branch:

Council Member – Council President	Robert Marchese
Council Member – 1 st Ward	Fiore Dippolito
Council Member – 2 nd Ward	Alford Novak
Council Member – 3 rd Ward	M. Andrew Barkley
Council Member – 4 th Ward	Robert Holmes III
Council Member – 5 th Ward	Vincent S. Flask
Council Member – 6 th Ward	James Pugh
Council Member – 7 th Ward	Susan E. Hartman
Council Member – At-Large	Robert L. Dean, Jr.
Council Member – At-Large	Helen Rucker
Council Member – At-Large	Gary Fonce

APPOINTED OFFICIALS

Department of Public Safety:

Director of Public Safety	William D. Franklin
Police Chief	John Mandopoulos
Fire Chief	Kenneth Nussle

Department of Public Service:

Director of Public Service	William D. Franklin
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, 2005

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

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Mayor and Members of Council
City of Warren
391 Mahoning Ave., NW
Warren, Ohio 44483-4634

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, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to 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 the 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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and for the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditors' Report
City of Warren

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 16 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Warren's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Julian & Grube, Inc.
May 25, 2007

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2006 UNAUDITED

The management's 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, 2006. 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 2006 are as follows:

- The total net assets of the City increased \$4,219,835. Net assets of governmental activities increased \$3,410,678 or 7.54% over 2005 and net assets of business-type activities increased \$809,157 or 2.95% over 2005.
- General revenues accounted for \$26,815,023 or 72.65% of total governmental activities revenue. Program specific revenues accounted for \$10,096,117 or 27.35% of total governmental activities revenue.
- The City had \$33,331,342 in expenses related to governmental activities; \$10,096,117 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$23,235,225 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$26,815,023.
- The general fund had revenues and other financing sources of \$30,625,995 in 2006. This represents an increase of \$1,692,749 or 3.41% from 2005 revenues and other financing sources. The expenditures and other financing uses of the general fund, which totaled \$29,034,770 in 2006, decreased \$183,403 or 0.63% from 2005. The net increase in fund balance for the general fund was 1,591,225 or 32.08%.
- Net assets for the business-type activities, which are made up of the Water, Sewer, Sanitation, Packard Music Hall, Downtown Parking, City Redevelopment, and Stormwater Utility enterprise funds, increased in 2006 by \$809,157.
- In the general fund, the actual revenues and other financing sources were \$2,310,106 higher than in the final budget and actual expenditures and other financing uses were \$1,500,307 less than the amount in the final budget. Budgeted revenues and other financing sources increased \$484,820 from the original to the final budget. Budgeted expenditures and other financing uses increased \$2,854,625 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, 2006 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 2006?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses 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, sanitation, Packard Music hall, downtown parking, city redevelopment, and stormwater utility are reported here.

The City's statement of net assets and statement of activities can be found on pages 17-19 of this report.

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 focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 10.

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, 2006 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 major governmental fund is the general fund. Information for the major fund 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 20-24 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, water and sanitation 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 26-33 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 34 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 35-69 of this report.

Government-Wide Financial Analysis

The statement of net assets provides the perspective of the City as a whole. The table below provides a summary of the City's net assets for 2006 and 2005:

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED

	Net Assets					
			(Restated)			
	Governmental Activities 2006	Business-type Activities 2006	Governmental Activities 2005	Business-type Activities 2005	2006 Total	(Restated) 2005 Total
<u>Assets</u>						
Current and other assets	\$ 31,622,192	\$ 12,409,900	\$ 27,406,381	\$ 11,948,317	\$ 44,032,092	\$ 39,354,698
Capital assets	<u>39,585,287</u>	<u>55,978,660</u>	<u>39,850,742</u>	<u>54,421,413</u>	<u>95,563,947</u>	<u>94,272,155</u>
Total assets	<u>71,207,479</u>	<u>68,388,560</u>	<u>67,257,123</u>	<u>66,369,730</u>	<u>139,596,039</u>	<u>133,626,853</u>
<u>Liabilities</u>						
Current liabilities	4,023,665	1,551,136	3,607,354	2,057,158	5,574,801	5,664,512
Long-term liabilities	<u>18,539,637</u>	<u>38,613,706</u>	<u>18,416,270</u>	<u>36,898,011</u>	<u>57,153,343</u>	<u>55,314,281</u>
Total liabilities	<u>22,563,302</u>	<u>40,164,842</u>	<u>22,023,624</u>	<u>38,955,169</u>	<u>62,728,144</u>	<u>60,978,793</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	30,967,884	18,390,112	29,524,698	18,245,015	49,357,996	47,769,713
Restricted	12,538,573	-	10,435,261	-	12,538,573	10,435,261
Unrestricted	<u>5,137,720</u>	<u>9,833,606</u>	<u>5,273,540</u>	<u>9,169,546</u>	<u>14,971,326</u>	<u>14,443,086</u>
Total net assets	<u>\$ 48,644,177</u>	<u>\$ 28,223,718</u>	<u>\$ 45,233,499</u>	<u>\$ 27,414,561</u>	<u>\$ 76,867,895</u>	<u>\$ 72,648,060</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2006, the City's assets exceeded liabilities by \$76,867,895, an increase of 5.81% from 2005. At year-end, net assets were \$48,644,177 and \$28,223,718 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 68.46% of total assets, compared to 70.55% at December 31, 2005. 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, 2006, were \$30,967,884 and \$18,390,112 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, 2006, 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, \$12,538,573, 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 \$5,137,720 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net assets for fiscal years 2006 and 2005.

CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

	Change in Net Assets					
	Governmental	Business-type	Governmental	Business-type	2006	2005
	Activities	Activities	Activities	Activities	Total	Total
	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>		
Revenues:						
Program revenues:						
Charges for services	\$ 4,386,673	\$ 23,465,809	\$ 3,504,357	\$ 24,723,607	\$ 27,852,482	\$ 28,227,964
Operating grants and contributions	5,039,253	-	5,150,013	-	5,039,253	5,150,013
Capital grants and contributions	<u>670,191</u>	<u>100,000</u>	<u>2,017,348</u>	<u>-</u>	<u>770,191</u>	<u>2,017,348</u>
Total program revenues	<u>10,096,117</u>	<u>23,565,809</u>	<u>10,671,718</u>	<u>24,723,607</u>	<u>33,661,926</u>	<u>35,395,325</u>
General revenues:						
Property taxes	1,699,982	-	1,520,114	-	1,699,982	1,520,114
Income taxes	20,214,764	-	19,432,428	-	20,214,764	19,432,428
Unrestricted grants and entitlements	2,894,066	-	3,312,509	-	2,894,066	3,312,509
Investment earnings	1,229,795	53,205	1,111,515	30,745	1,283,000	1,142,260
Miscellaneous	<u>776,416</u>	<u>234,468</u>	<u>563,907</u>	<u>319,640</u>	<u>1,010,884</u>	<u>883,547</u>
Total general revenues	<u>26,815,023</u>	<u>287,673</u>	<u>25,940,473</u>	<u>350,385</u>	<u>27,102,696</u>	<u>26,290,858</u>
Total revenues	<u>36,911,140</u>	<u>23,853,482</u>	<u>36,612,191</u>	<u>25,073,992</u>	<u>60,764,622</u>	<u>61,686,183</u>
Expenses:						
General government	6,119,385	-	5,856,271	-	6,119,385	5,856,271
Security of persons and property	17,031,559	-	16,406,869	-	17,031,559	16,406,869
Public health and welfare	517,820	-	592,167	-	517,820	592,167
Transportation	3,834,782	-	3,272,353	-	3,834,782	3,272,353
Community environment	1,884,819	-	1,730,863	-	1,884,819	1,730,863
Leisure time activity	665,407	-	905,187	-	665,407	905,187
Economic development	2,595,480	-	2,831,518	-	2,595,480	2,831,518
Interest and fiscal charges	682,090	-	668,091	-	682,090	668,091
Sewer	-	8,191,531	-	8,714,806	8,191,531	8,714,806
Water	-	10,769,899	-	10,654,024	10,769,899	10,654,024
Sanitation	-	3,004,744	-	3,042,898	3,004,744	3,042,898
Packard Music Hall	-	539,752	-	711,637	539,752	711,637
City Redevelopment	-	52,594	-	75,597	52,594	75,597
Downtown Parking	-	74,573	-	142,539	74,573	142,539
Stormwater Utility	<u>-</u>	<u>580,352</u>	<u>-</u>	<u>818,288</u>	<u>580,352</u>	<u>818,288</u>
Total expenses	<u>33,331,342</u>	<u>23,213,445</u>	<u>32,263,319</u>	<u>24,159,789</u>	<u>56,544,787</u>	<u>56,423,108</u>
Increase before transfers	3,579,798	640,037	4,348,872	914,203	4,219,835	5,263,075
Transfers	<u>(169,120)</u>	<u>169,120</u>	<u>(702,756)</u>	<u>702,756</u>	<u>-</u>	<u>-</u>
Change in net assets	3,410,678	809,157	3,646,116	1,616,959	4,219,835	5,263,075
Net assets at beginning of year (restated)	<u>45,233,499</u>	<u>27,414,561</u>	<u>41,587,383</u>	<u>25,797,602</u>	<u>72,648,060</u>	<u>67,384,985</u>
Net assets at end of year	<u>\$ 48,644,177</u>	<u>\$ 28,223,718</u>	<u>\$ 45,233,499</u>	<u>\$ 27,414,561</u>	<u>\$ 76,867,895</u>	<u>\$ 72,648,060</u>

CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

Governmental Activities

Governmental activities net assets increased \$3,410,678 in 2006, which is comparable to the increase of \$3,646,116 in 2005.

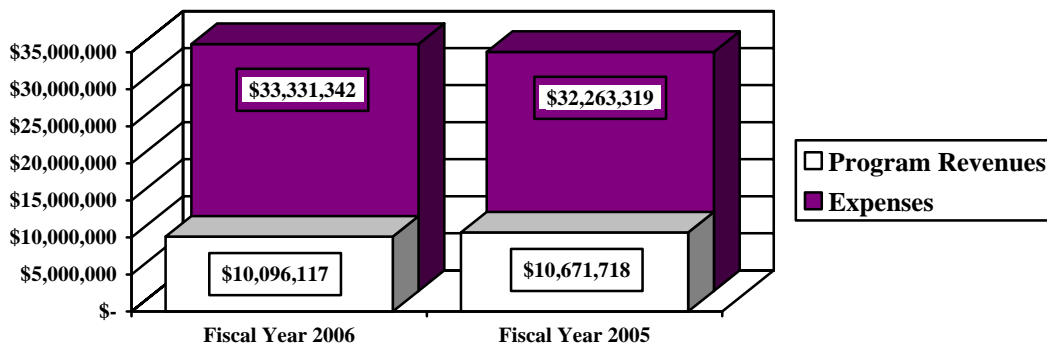
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$17,031,559 and \$16,406,869 of the total expenses of the City during 2006 and 2005, respectively. These expenses were partially funded by \$1,506,767 in 2006 compared to \$1,368,960 in 2005 in direct charges to users of the services. Transportation expenses totaled \$3,834,782 during 2006 and \$3,272,353 during 2005. During 2006, transportation expenses were partially funded by \$2,159,287 in operating grants and contributions, \$670,191 in capital grants and contributions, and \$45,255 in charges to users of services.

The City received a total of \$5,039,253 and \$5,150,013 during 2006 and 2005, respectively, in operating grants and contributions. Capital grants and contributions totaled \$670,191 during 2006, a 66.78% decrease from 2005. These revenues are restricted to a particular program or purpose. \$670,191 of the total capital grants and contributions subsidized transportation programs during 2006.

General revenues totaled \$26,815,023, and amounted to 72.65% of total governmental revenues during 2006. These revenues primarily consist of property and income tax revenue of \$21,914,746. 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 \$2,894,066. These revenues sources combine for 67.21% of total governmental revenues.

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



CITY OF WARREN, OHIO

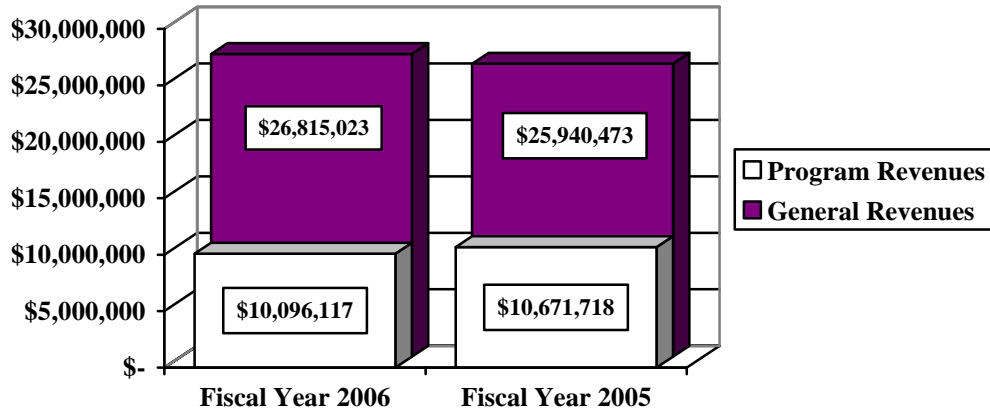
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

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.

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>
Program Expenses:				
General government	\$ 6,119,385	\$ 4,660,140	\$ 5,856,271	\$ 4,605,759
Security of persons and property	17,031,559	15,437,198	16,406,869	14,780,298
Public health and welfare	517,820	(347,702)	592,167	434,544
Transportation	3,834,782	960,049	3,272,353	(971,873)
Community environment	1,884,819	749,651	1,730,863	1,204,361
Leisure time activity	665,407	649,320	905,187	891,541
Economic development	2,595,480	444,479	2,831,518	(21,120)
Interest and fiscal charges	<u>682,090</u>	<u>682,090</u>	<u>668,091</u>	<u>668,091</u>
Total	<u>\$ 33,331,342</u>	<u>\$ 23,235,225</u>	<u>\$ 32,263,319</u>	<u>\$21,591,601</u>

The dependence upon general revenues for governmental activities is apparent, with 69.70% and 66.92% of expenses supported through taxes and other general revenues in 2006 and 2005, respectively.

Governmental Activities – General and Program Revenues



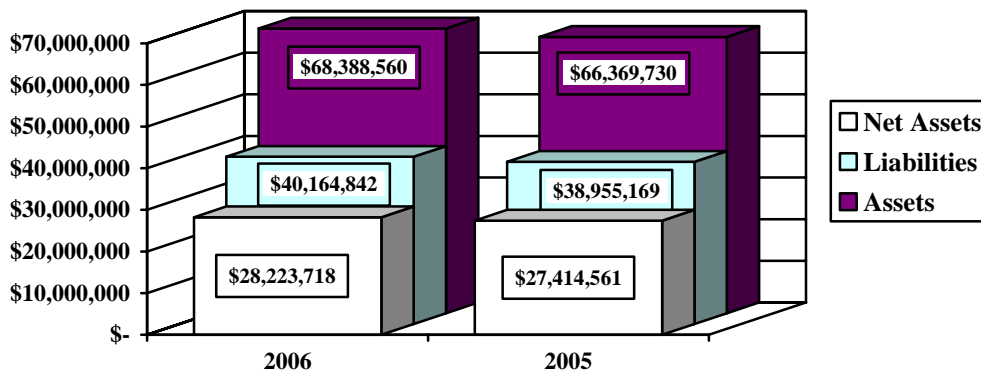
CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED

Business-type Activities

Business-type activities include the sewer, water, sanitation, Packard Music Hall, downtown parking, city redevelopment, and stormwater utility enterprise funds. These programs had program revenues of \$23,565,809, general revenues of \$287,673, transfers in of \$169,120, and expenses of \$23,213,445 for 2006. The graph below shows the business-type activities assets, liabilities and net assets at year-end.

Net Assets in Business – Type Activities



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 20) reported a combined fund balance of \$17,338,577 which is \$2,910,260 above last year's total of \$14,428,317. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2006 for all major and nonmajor governmental funds.

	Fund Balances 12/31/06	Fund Balances 12/31/05	Increase (Decrease)
Major funds:			
General	\$ 6,551,398	\$ 4,960,173	\$ 1,591,225
Other nonmajor governmental funds	<u>10,787,179</u>	<u>9,468,144</u>	<u>1,319,035</u>
Total	<u>\$ 17,338,577</u>	<u>\$ 14,428,317</u>	<u>\$ 2,910,260</u>

CITY OF WARREN, OHIO

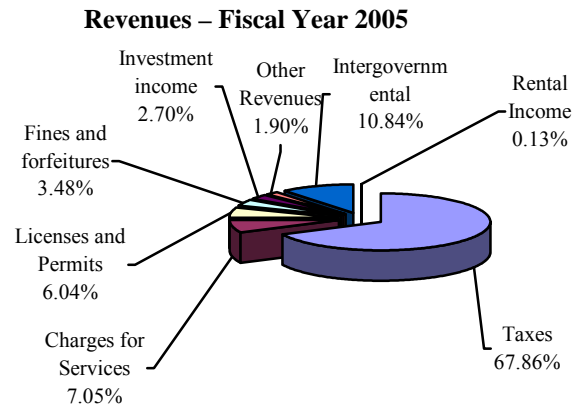
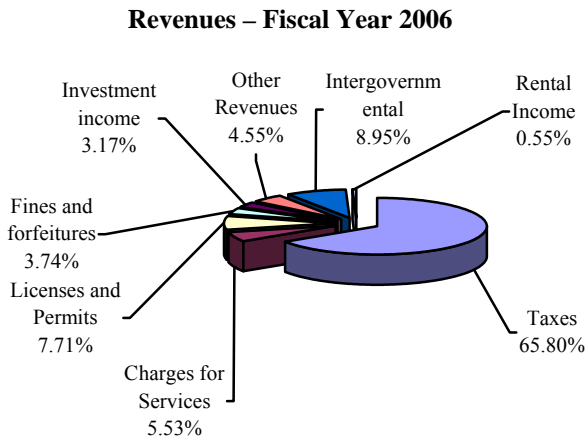
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED

General Fund

The City's general fund balance increased \$1,591,225. The table that follows assists in illustrating the revenues of the general fund.

	<u>2006</u> <u>Amount</u>	<u>2005</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 20,138,026	\$ 19,610,734	2.69 %
Charges for services	1,693,189	2,036,636	(16.86) %
Licenses and permits	2,358,486	1,746,119	35.07 %
Fines and forfeitures	1,143,107	1,004,567	13.79 %
Intergovernmental	2,740,609	3,132,859	(12.52) %
Investment income	970,241	781,597	24.14 %
Rental income	168,256	36,830	356.84 %
Other	<u>1,393,060</u>	<u>549,694</u>	153.42 %
Total	<u>\$ 30,604,974</u>	<u>\$ 28,899,036</u>	5.90 %

Tax revenue represents 65.80% of all general fund revenue in 2006. The increase in investment income is due to a more aggressive approach to investing and accrued interest on investments. Licenses and permits revenue increased as a result of more permits and electrical permits issued during 2006 than in 2005. Rental income increased from Avalon golf course lease payments received in 2006 which were for 2005. Other revenue increased as a result of a trust account established in 2006 in the amount of \$715,000, for the purpose of providing payment of final closure costs of the Warren Hills landfill site.



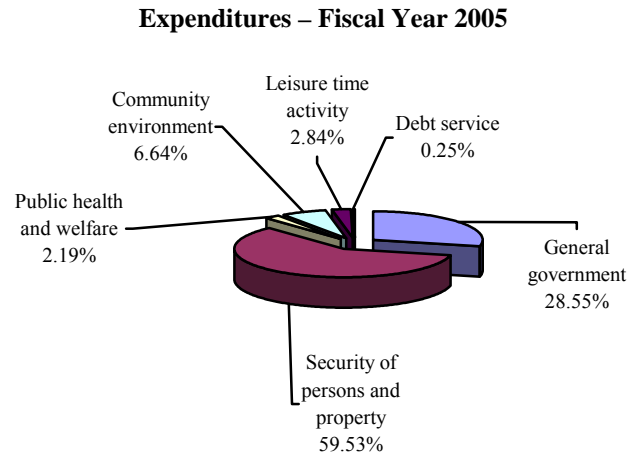
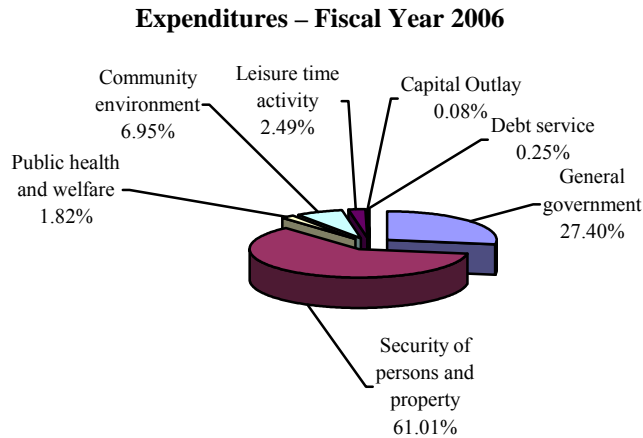
CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED

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

	<u>2006</u> <u>Amount</u>	<u>2005</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 7,435,455	\$ 7,667,518	(3.03) %
Security of persons and property	16,556,643	15,983,397	3.59 %
Public health and welfare	493,377	588,693	(16.19) %
Community environment	1,886,410	1,783,381	5.78 %
Leisure time activity	675,183	762,761	(11.48) %
Capital outlay	21,021	-	100.00 %
Debt service	<u>68,639</u>	<u>66,214</u>	3.66 %
Total	<u>\$ 27,136,728</u>	<u>\$ 26,851,964</u>	1.06 %

Overall, expenditures increased only 1.06% from 2005. The increase in capital outlay is from the City entering into capital leases in 2006 for copier equipment. There were no capital leases entered into during 2005. The decrease in leisure time activity during 2006 is due to less capital outlays for equipment, vehicles, and improvements to the City's parks. All other expenditures remained comparable to 2005. 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, 2006
UNAUDITED

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 \$2,854,625 from \$28,326,501 to \$31,181,126. This increase was primarily related to an increase in transfers out to other funds which were not included in the original budget. Actual revenues of \$30,546,926 were more than final budgeted revenues of \$28,236,820. Income taxes, intergovernmental revenue, investment income, and other revenue received during 2006 were more than anticipated in the final budget. The other change was between the final budgeted expenditures and actual expenditures. Actual expenditures came in \$1,500,307 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.

Capital Assets and Debt Administration

Capital Assets

The following table shows fiscal 2006 balances compared to 2005:

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

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 1,024,184	\$ 1,024,184	\$ 384,399	\$ 384,399	\$ 1,408,583	\$ 1,408,583
Construction in progress	3,927,162	6,205,452	19,015,544	14,933,537	22,942,706	21,138,989
Land improvements	173,207	186,459	-	-	173,207	186,459
Buildings	4,490,660	4,739,832	9,230,557	11,339,960	13,721,217	16,079,792
Buildings improvements	5,412,489	4,729,554	273,703	169,827	5,686,192	4,899,381
Computer equipment	160,745	180,077	66,279	14,445	227,024	194,522
Furniture and equipment	532,585	556,332	799,681	675,881	1,332,266	1,232,213
Vehicles	1,192,678	1,245,213	589,214	653,364	1,781,892	1,898,577
Infrastructure	<u>22,671,577</u>	<u>20,983,639</u>	<u>25,619,283</u>	<u>26,250,000</u>	<u>48,290,860</u>	<u>47,233,639</u>
Totals	<u>\$ 39,585,287</u>	<u>\$ 39,850,742</u>	<u>\$ 55,978,660</u>	<u>\$ 54,421,413</u>	<u>\$ 95,563,947</u>	<u>\$94,272,155</u>

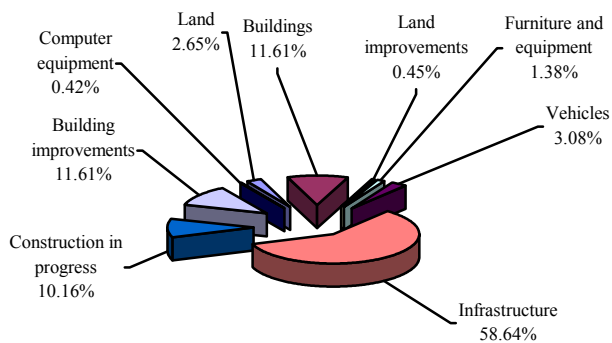
CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

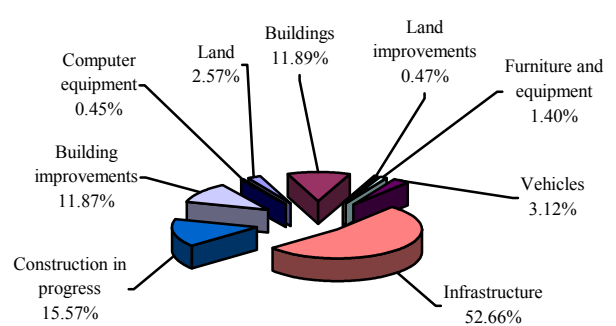
At the end of fiscal 2006, the City had \$95,563,947 (net of accumulated depreciation) invested in land, construction in progress (CIP), land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Of this total, \$39,585,287 was reported in governmental activities and \$55,978,660 was reported in business-type activities.

The following graphs show the breakdown of governmental capital assets by category for 2006 and 2005.

Capital Assets - Governmental Activities 2006



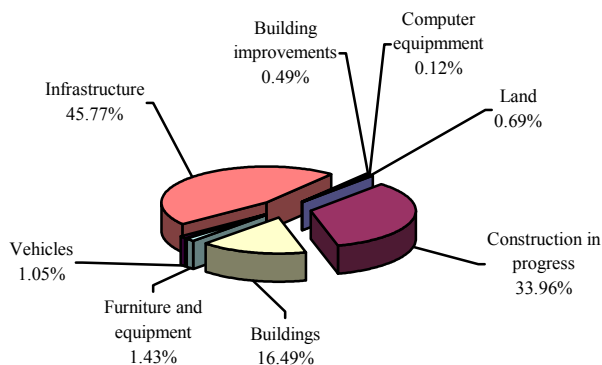
Capital Assets - Governmental Activities 2005



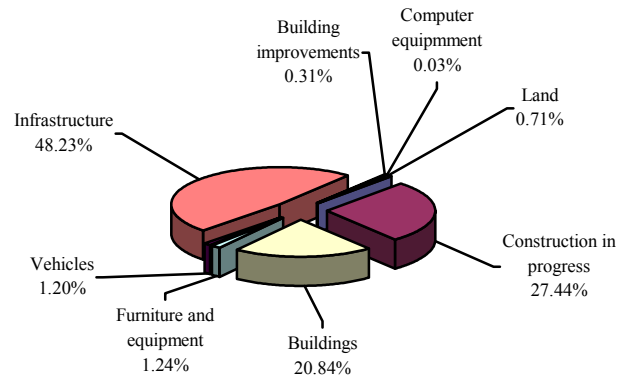
The City's largest capital asset category is infrastructure which includes roads, sidewalks, and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents 58.64% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2006 and 2005.

Capital Assets - Business-Type Activities 2006



Capital Assets - Business-Type Activities 2005



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 45.77% of the City's total business-type capital assets.

See Note 10 to the basic financial statements for detail.

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2006 and 2005 (See Note 13 to the basic financial statements for detail):

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
General obligation bonds	\$ 7,480,560	\$ 9,205,995
Reinvestment partnership corporation loan	755,000	810,000
OWDA loans	534,831	675,294
HUD 108 loan	1,700,000	-
ODOD mortgage note	183,805	202,000
Police and fire pension liability	2,799,061	2,848,984
Capital lease obligation	418,207	444,755
Compensated absences	<u>4,852,255</u>	<u>4,440,100</u>
Total long-term obligations	<u>\$ 18,723,719</u>	<u>\$ 18,627,128</u>
	<u>Business-type Activities</u>	
	<u>2006</u>	<u>2005</u>
General obligation bonds	\$ 3,671,500	\$ 4,155,000
Revenue bonds	9,515,000	9,895,000
OWDA loan	24,032,121	21,771,589
Capital lease obligation	304,233	4,809
Compensated absences	<u>1,427,289</u>	<u>1,460,922</u>
Total long-term obligations	<u>\$ 38,950,143</u>	<u>\$ 37,287,320</u>

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 2006 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 2006 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 2007 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 2007 decreased slightly by \$1,059,141, or 3.6%, from final 2006 budgeted revenues and other financing sources due to a reduction in estimated income tax receipts. This reduction is expected based on a buyout program by a local employer, subsequently; collections in future years will be reduced. The 2007 general fund budget is \$36,603,560.

CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

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, 2006

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents.	\$ 15,642,556	\$ 8,337,094	\$ 23,979,650
Receivables (net of allowances for uncollectibles):			
Income taxes	3,455,303	-	3,455,303
Real and other taxes	2,008,639	-	2,008,639
Accounts	646,268	3,265,954	3,912,222
Loans	5,714,820	-	5,714,820
Accrued interest	280,819	-	280,819
Special assessments	436,739	5,474	442,213
Internal balances	440,258	(440,258)	-
Due from other governments	2,189,476	-	2,189,476
Materials and supplies inventory.	27,127	27,025	54,152
Deferred charges	100,626	221,170	321,796
Restricted assets:			
Equity in pooled cash and cash equivalents	679,561	-	679,561
Investments	-	993,441	993,441
Capital assets:			
Land and construction in progress.	4,951,346	19,399,943	24,351,289
Depreciable capital assets, net	34,633,941	36,578,717	71,212,658
Total capital assets.	39,585,287	55,978,660	95,563,947
 Total assets.	 71,207,479	 68,388,560	 139,596,039
 Liabilities:			
Accounts payable.	360,735	691,747	1,052,482
Contracts payable.	36,695	53,178	89,873
Accrued wages and benefits	697,888	251,352	949,240
Due to other governments	577,122	38,081	615,203
Unearned revenue	1,571,530	-	1,571,530
Accrued interest payable.	100,014	516,778	616,792
Claims payable.	679,681	-	679,681
Long-term liabilities:			
Due within one year	3,080,979	2,907,042	5,988,021
Due in more than one year	15,458,658	35,706,664	51,165,322
 Total liabilities	 22,563,302	 40,164,842	 62,728,144
 Net assets:			
Invested in capital assets, net of related debt	30,967,884	18,390,112	49,357,996
Restricted for:			
Capital projects.	570,073	-	570,073
Debt service	374,727	-	374,727
Street maintenance	982,767	-	982,767
State highway	177,075	-	177,075
Law enforcement.	405,984	-	405,984
Courts	1,189,849	-	1,189,849
Community developments and improvements	7,866,327	-	7,866,327
Police and fire pension	292,210	-	292,210
Public health	679,561	-	679,561
Unrestricted.	5,137,720	9,833,606	14,971,326
 Total net assets	 \$ 48,644,177	 \$ 28,223,718	 \$ 76,867,895

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WARREN, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 6,119,385	\$ 1,459,245	\$ -	\$ -
Security of persons and property	17,031,559	1,506,767	87,594	-
Public health and welfare	517,820	150,522	715,000	-
Transportation	3,834,782	45,255	2,159,287	670,191
Community environment	1,884,819	1,135,168	-	-
Leisure time activity	665,407	16,087	-	-
Economic development	2,595,480	73,629	2,077,372	-
Interest and fiscal charges	682,090	-	-	-
Total governmental activities	33,331,342	4,386,673	5,039,253	670,191
Business-type Activities:				
Sewer	8,191,531	8,265,798	-	-
Water	10,769,899	10,976,356	-	-
Sanitation	3,004,744	3,100,329	-	-
Other enterprise funds:				
Packard Music Hall	539,752	218,979	-	100,000
City Redevelopment	52,594	42,711	-	-
Downtown Parking	74,573	29,192	-	-
Stormwater Utility	580,352	832,444	-	-
Total business-type activities	23,213,445	23,465,809	-	100,000
Total primary government	\$ 56,544,787	\$ 27,852,482	\$ 5,039,253	\$ 770,191

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
\$ (4,660,140)	\$ -	\$ (4,660,140)
(15,437,198)	-	(15,437,198)
347,702	-	347,702
(960,049)	-	(960,049)
(749,651)	-	(749,651)
(649,320)	-	(649,320)
(444,479)	-	(444,479)
(682,090)	-	(682,090)
<u>(23,235,225)</u>	<u>-</u>	<u>(23,235,225)</u>
-	74,267	74,267
-	206,457	206,457
-	95,585	95,585
-	(220,773)	(220,773)
-	(9,883)	(9,883)
-	(45,381)	(45,381)
-	252,092	252,092
<u>-</u>	<u>352,364</u>	<u>352,364</u>
<u>(23,235,225)</u>	<u>352,364</u>	<u>(22,882,861)</u>
1,405,834	-	1,405,834
147,074	-	147,074
147,074	-	147,074
20,214,764	-	20,214,764
2,894,066	-	2,894,066
1,229,795	53,205	1,283,000
776,416	234,468	1,010,884
<u>26,815,023</u>	<u>287,673</u>	<u>27,102,696</u>
<u>(169,120)</u>	<u>169,120</u>	<u>-</u>
3,410,678	809,157	4,219,835
<u>45,233,499</u>	<u>27,414,561</u>	<u>72,648,060</u>
<u>\$ 48,644,177</u>	<u>\$ 28,223,718</u>	<u>\$ 76,867,895</u>

CITY OF WARREN, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 3,671,026	\$ 4,768,883	\$ 8,439,909
Receivables (net of allowance for uncollectibles):			
Income taxes	3,455,303	-	3,455,303
Real and other taxes	-	2,008,639	2,008,639
Accounts	600,076	46,192	646,268
Loans	-	5,714,820	5,714,820
Accrued interest	280,819	-	280,819
Special assessments	27,901	408,838	436,739
Due from other governments	1,073,623	1,115,853	2,189,476
Materials and supplies inventory	4,973	22,154	27,127
Restricted assets:			
Equity in pooled cash and cash equivalents	679,561	-	679,561
Total assets	<u>\$ 9,793,282</u>	<u>\$ 14,085,379</u>	<u>\$ 23,878,661</u>
Liabilities:			
Accounts payable	\$ 167,988	\$ 150,157	\$ 318,145
Contracts payable	20,378	15,097	35,475
Accrued wages and benefits	628,091	63,329	691,420
Compensated absences payable	14,488	-	14,488
Due to other governments	125,660	9,595	135,255
Unearned revenue	-	1,571,530	1,571,530
Deferred revenue	2,285,279	1,488,492	3,773,771
Total liabilities	<u>3,241,884</u>	<u>3,298,200</u>	<u>6,540,084</u>
Fund Balances:			
Reserved for encumbrances	262,719	2,688,021	2,950,740
Reserved for materials and supplies inventory	4,973	22,154	27,127
Reserved for loans	-	5,714,820	5,714,820
Reserved for tax advance	-	41,856	41,856
Unreserved, undesignated, reported in:			
General fund	6,283,706	-	6,283,706
Special revenue funds	-	2,256,060	2,256,060
Debt service fund	-	1,441	1,441
Capital projects funds	-	62,827	62,827
Total fund balances	<u>6,551,398</u>	<u>10,787,179</u>	<u>17,338,577</u>
Total liabilities and fund balances	<u>\$ 9,793,282</u>	<u>\$ 14,085,379</u>	<u>\$ 23,878,661</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, 2006

Total governmental fund balances		\$ 17,338,577
<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.		39,534,794
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Delinquent property taxes	\$ 395,253	
Income taxes	1,087,632	
Accounts	491,319	
Special assessments	436,739	
Intergovernmental revenues	1,147,155	
Investment income	<u>215,673</u>	
Total		3,773,771
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:		
General obligation bonds payable	(7,480,560)	
Loans payable	(2,989,831)	
Note payable	(183,805)	
Fire and pension liability	(2,799,061)	
Compensated absences	(4,751,763)	
Capital lease payable	<u>(418,207)</u>	
Total		(18,623,227)
In the statement of net assets interest is accrued on outstanding bonds, notes and loans payable, whereas in governmental funds, interest expenditures are reported when due.		(100,014)
Unamortized bond issuance costs are not recognized in the funds.		100,626
Unamortized deferred charges on refundings are not recognized in the funds.		215,582
Unamortized premiums on bond issuance is not recognized in the funds.		(31,500)
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 net assets.		6,615,310
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		<u>(179,742)</u>
Net assets of governmental activities		<u><u>\$ 48,644,177</u></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, 2006

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Income taxes	\$ 20,138,026	\$ -	\$ 20,138,026
Property and other taxes	-	1,657,168	1,657,168
Charges for services	1,693,189	45	1,693,234
Licenses and permits	2,358,486	108,190	2,466,676
Fines and forfeitures	1,143,107	451,344	1,594,451
Intergovernmental	2,740,609	5,090,839	7,831,448
Special assessments	-	44,629	44,629
Investment income	970,241	194,017	1,164,258
Rental income	168,256	-	168,256
Other	1,393,060	98,356	1,491,416
Total revenues	<u>30,604,974</u>	<u>7,644,588</u>	<u>38,249,562</u>
Expenditures:			
Current:			
General government	7,435,455	97,623	7,533,078
Security of persons and property	16,556,643	677,001	17,233,644
Public health and welfare	493,377	-	493,377
Transportation	-	2,062,179	2,062,179
Community environment	1,886,410	-	1,886,410
Leisure time activity	675,183	-	675,183
Economic development	-	2,508,773	2,508,773
Capital outlay	21,021	1,906,664	1,927,685
Debt service:			
Principal retirement	48,603	1,996,808	2,045,411
Interest and fiscal charges	20,036	586,395	606,431
Total expenditures	<u>27,136,728</u>	<u>9,835,443</u>	<u>36,972,171</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,468,246</u>	<u>(2,190,855)</u>	<u>1,277,391</u>
Other financing sources (uses):			
Sale of notes	-	1,700,000	1,700,000
Capital lease transaction	21,021	8,826	29,847
Transfers in	-	1,941,380	1,941,380
Transfers out	(1,898,042)	(140,316)	(2,038,358)
Total other financing sources (uses)	<u>(1,877,021)</u>	<u>3,509,890</u>	<u>1,632,869</u>
Net change in fund balances	1,591,225	1,319,035	2,910,260
Fund balances at beginning of year	<u>4,960,173</u>	<u>9,468,144</u>	<u>14,428,317</u>
Fund balances at end of year	<u>\$ 6,551,398</u>	<u>\$ 10,787,179</u>	<u>\$ 17,338,577</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, 2006

Net change in fund balances - total governmental funds		\$ 2,910,260
<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 depreciation expense exceeded capital outlays in the current period.		
Capital asset additions	\$ 2,192,532	
Current year depreciation	(2,449,369)	
Total		(256,837)
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.		
		(4,846)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	42,814	
Income taxes	76,738	
Accounts	17,369	
Special assessments	82,556	
Intergovernmental revenues	57,062	
Investment income	53,287	
Total		329,826
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		2,045,411
In the statement of activities, interest expense is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.		
Accrued interest	(34,247)	
Bond premium	4,582	
Deferred charges on refunding	(31,358)	
Bond issuance costs	(14,636)	
Total		(75,659)
Notes and capital lease transactions 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.		
		(1,729,847)
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.		
		(389,652)
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 is allocated among the governmental activities.		
		582,022
Change in net assets of governmental activities		\$ 3,410,678

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Income taxes	\$ 18,713,335	\$ 18,867,520	\$ 20,095,908	\$ 1,228,388
Charges for services	1,575,424	1,807,000	1,691,819	(115,181)
Licenses and permits	2,194,784	2,331,400	2,356,938	25,538
Fines and forfeitures	1,052,517	1,132,500	1,130,279	(2,221)
Intergovernmental	2,558,195	2,646,242	2,747,199	100,957
Investment income	877,170	763,800	971,538	207,738
Rental income	156,680	185,000	168,256	(16,744)
Other	623,895	503,358	1,384,989	881,631
Total revenues	<u>27,752,000</u>	<u>28,236,820</u>	<u>30,546,926</u>	<u>2,310,106</u>
Expenditures:				
Current:				
General government	9,482,160	8,283,613	7,758,533	525,080
Security of persons and property	16,041,832	17,261,276	16,743,636	517,640
Public health and welfare	815,387	748,720	634,563	114,157
Community environment	1,971,862	2,175,861	1,927,921	247,940
Leisure time activity	15,260	813,613	718,124	95,489
Total expenditures	<u>28,326,501</u>	<u>29,283,083</u>	<u>27,782,777</u>	<u>1,500,306</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(574,501)</u>	<u>(1,046,263)</u>	<u>2,764,149</u>	<u>3,810,412</u>
Other financing (uses):				
Transfers out	-	(1,898,043)	(1,898,042)	1
Total other financing (uses)	<u>-</u>	<u>(1,898,043)</u>	<u>(1,898,042)</u>	<u>1</u>
Net change in fund balance	(574,501)	(2,944,306)	866,107	3,810,413
Fund balance at beginning of year	2,369,806	2,369,806	2,369,806	-
Prior year encumbrances appropriated.	<u>574,501</u>	<u>574,501</u>	<u>574,501</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,369,806</u>	<u>\$ 1</u>	<u>\$ 3,810,414</u>	<u>\$ 3,810,413</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, 2006

	Business-type Activities -Enterprise Funds			
	<u>Sewer</u>	<u>Water</u>	<u>Sanitation</u>	<u>Nonmajor</u>
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 1,470,053	\$ 5,453,589	\$ 584,180	\$ 829,272
Receivables (net of allowance for uncollectibles):				
Accounts	1,124,163	1,336,015	628,575	177,201
Special assessments	500	4,913	-	61
Notes	-	-	-	-
Materials and supplies inventory	12,946	5,261	8,818	-
Deferred charges	62,527	158,643	-	-
Total current assets	<u>2,670,189</u>	<u>6,958,421</u>	<u>1,221,573</u>	<u>1,006,534</u>
Noncurrent assets:				
Restricted assets:				
Investments	-	993,441	-	-
Capital assets:				
Land and construction in progress	5,402,015	13,679,557	35,091	283,280
Depreciable capital assets, net	13,022,950	20,593,992	457,728	2,504,047
Total capital assets	<u>18,424,965</u>	<u>34,273,549</u>	<u>492,819</u>	<u>2,787,327</u>
Total noncurrent assets	<u>18,424,965</u>	<u>35,266,990</u>	<u>492,819</u>	<u>2,787,327</u>
Total assets	<u>\$ 21,095,154</u>	<u>\$ 42,225,411</u>	<u>\$ 1,714,392</u>	<u>\$ 3,793,861</u>
Liabilities:				
Current liabilities:				
Accounts payable	\$ 98,193	\$ 524,916	\$ 49,682	\$ 18,956
Contracts payable	8,462	44,608	108	-
Accrued wages and benefits	73,691	137,119	25,489	15,053
Due to other governments	11,164	20,774	3,862	2,281
Claims payable	-	-	-	-
Note payable	-	-	620,000	-
Current portion of general obligation bonds	481,000	-	-	10,000
Current portion of revenue bonds	-	400,000	-	-
Current portion of OWDA loans	1,084,639	408,500	-	-
Current portion of capital lease obligations	21,318	1,159	-	34,134
Current portion of compensated absences	148,280	250,282	47,697	20,033
Accrued interest payable	309,155	194,003	13,567	53
Total current liabilities	<u>2,235,902</u>	<u>1,981,361</u>	<u>760,405</u>	<u>100,510</u>
Long-term liabilities:				
General obligation bonds	3,018,622	-	-	11,000
Revenue bonds	-	8,929,441	-	-
OWDA loans	13,285,193	9,253,789	-	-
Capital lease obligations	93,218	-	-	154,404
Compensated absences	332,136	531,596	67,752	29,513
Total long-term liabilities	<u>16,729,169</u>	<u>18,714,826</u>	<u>67,752</u>	<u>194,917</u>
Total liabilities	<u>18,965,071</u>	<u>20,696,187</u>	<u>828,157</u>	<u>295,427</u>
Net assets:				
Invested in capital assets, net of related debt	500,201	15,439,303	(127,181)	2,577,789
Unrestricted	1,629,882	6,089,921	1,013,416	920,645
Total net assets	<u>\$ 2,130,083</u>	<u>\$ 21,529,224</u>	<u>\$ 886,235</u>	<u>\$ 3,498,434</u>

Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds

Net assets of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Total Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 8,337,094	\$ 7,202,647
3,265,954	-
5,474	-
-	620,000
27,025	-
221,170	-
<u>11,856,717</u>	<u>7,822,647</u>
993,441	-
19,399,943	-
<u>36,578,717</u>	<u>50,493</u>
<u>55,978,660</u>	<u>50,493</u>
<u>56,972,101</u>	<u>50,493</u>
<u>\$ 68,828,818</u>	<u>\$ 7,873,140</u>
\$ 691,747	\$ 42,590
53,178	1,220
251,352	6,468
38,081	441,867
-	679,681
620,000	-
491,000	-
400,000	-
1,493,139	-
56,611	-
466,292	-
516,778	-
<u>5,078,178</u>	<u>1,171,826</u>
3,029,622	-
8,929,441	-
22,538,982	-
247,622	-
960,997	86,004
<u>35,706,664</u>	<u>86,004</u>
<u>40,784,842</u>	<u>1,257,830</u>
18,390,112	50,493
<u>9,653,864</u>	<u>6,564,817</u>
<u>28,043,976</u>	<u>\$ 6,615,310</u>
179,742	
<u>\$ 28,223,718</u>	

CITY OF WARREN, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Business-type Activities - Enterprise Funds			
	<u>Sewer</u>	<u>Water</u>	<u>Sanitation</u>	<u>Nonmajor</u>
Operating revenues:				
Charges for services	\$ 8,261,909	\$ 10,975,301	\$ 3,100,329	\$ 1,123,323
Other	56,327	113,215	22,442	42,484
Total operating revenues	<u>8,318,236</u>	<u>11,088,516</u>	<u>3,122,771</u>	<u>1,165,807</u>
Operating expenses:				
Personal services	2,894,738	5,253,954	1,013,262	677,068
Contract services	750,358	1,216,167	1,400,806	177,610
Materials and supplies	434,466	1,020,615	241,099	93,969
Administrative costs	606,382	570,394	166,466	71,338
Utilities	746,806	683,570	13,836	97,782
Claims	-	-	-	-
Other	8,083	119,827	1,712	4,228
Depreciation	2,071,773	928,947	143,554	119,112
Total operating expenses	<u>7,512,606</u>	<u>9,793,474</u>	<u>2,980,735</u>	<u>1,241,107</u>
Operating income (loss)	<u>805,630</u>	<u>1,295,042</u>	<u>142,036</u>	<u>(75,300)</u>
Nonoperating revenues (expenses):				
Interest revenue	-	53,205	-	-
Special assessments	3,889	1,055	-	3
Intergovernmental	-	-	-	100,000
Loss on disposal of capital assets	(1,662)	-	-	-
Interest expense and fiscal charges	(659,507)	(932,068)	(16,923)	(649)
Total nonoperating revenues (expenses)	<u>(657,280)</u>	<u>(877,808)</u>	<u>(16,923)</u>	<u>99,354</u>
Income before transfers	148,350	417,234	125,113	24,054
Transfers in	-	-	-	522,000
Transfers out	(103,549)	(213,752)	(35,579)	-
Changes in net assets	44,801	203,482	89,534	546,054
Net assets at beginning of year	<u>2,085,282</u>	<u>21,325,742</u>	<u>796,701</u>	<u>2,952,380</u>
Net assets at end of year	<u>\$ 2,130,083</u>	<u>\$ 21,529,224</u>	<u>\$ 886,235</u>	<u>\$ 3,498,434</u>

Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.

Changes in net assets of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Total Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 23,460,862	\$ 7,400,703
234,468	9,299
23,695,330	7,410,002
9,839,022	269,318
3,544,941	317,586
1,790,149	33,607
1,414,580	468,425
1,541,994	24,939
-	5,709,113
133,850	-
3,263,386	3,772
21,527,922	6,826,760
2,167,408	583,242
53,205	12,250
4,947	-
100,000	-
(1,662)	-
(1,609,147)	-
(1,452,657)	12,250
714,751	595,492
522,000	-
(352,880)	(88,184)
883,871	507,308
	6,108,002
	<u>\$ 6,615,310</u>
(74,714)	
<u>\$ 809,157</u>	

CITY OF WARREN, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Sanitation	Nonmajor
Cash flows from operating activities:				
Cash received from customers	\$ 8,294,292	\$ 10,959,830	\$ 3,069,498	\$ 1,100,540
Cash received from other operations.	70,414	113,215	22,442	42,484
Cash payments for personal services	(2,849,161)	(5,302,345)	(1,002,223)	(755,297)
Cash payments for contract services	(876,189)	(1,352,631)	(1,424,175)	(325,785)
Cash payments for materials and supplies	(439,401)	(973,777)	(264,221)	(98,398)
Cash payments for utilities.	(746,806)	(683,570)	(13,836)	(97,782)
Cash payments for claims	-	-	-	-
Cash payments for administrative costs	(606,382)	(570,394)	(166,466)	(71,338)
Cash payments for other expenses	(8,083)	(119,827)	(1,712)	(4,228)
Net cash provided by (used in) operating activities.	<u>2,838,684</u>	<u>2,070,501</u>	<u>219,307</u>	<u>(209,804)</u>
Cash flows from noncapital financing activities:				
Special assessments.	3,954	-	-	-
Transfers in from other funds	-	-	-	522,000
Transfers out to other funds	(103,549)	(197,710)	(35,579)	-
Intergovernmental	-	-	-	100,000
Net cash provided by (used in) noncapital financing activities	<u>(99,595)</u>	<u>(197,710)</u>	<u>(35,579)</u>	<u>622,000</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets.	(3,705,167)	(521,011)	(182,436)	(88,293)
Principal retirement	(1,501,587)	(780,359)	(350,000)	(10,000)
Loan issuance	3,605,859	74,660	-	-
Note issuance	-	-	620,000	-
Interest and fiscal charges	(659,968)	(899,106)	(12,250)	(674)
Net cash provided by (used in) capital and related financing activities.	<u>(2,260,863)</u>	<u>(2,125,816)</u>	<u>75,314</u>	<u>(98,967)</u>
Cash flows from investing activities:				
Cash used for internal note disbursements.	-	-	-	-
Interest received	-	53,205	-	-
Principal payments received on internal notes	-	-	-	-
Net cash provided by (used in) investing activities	<u>-</u>	<u>53,205</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	478,226	(199,820)	259,042	313,229
Cash and cash equivalents at beginning of year	991,827	6,646,850	325,138	516,043
Cash and cash equivalents at end of year	<u>\$ 1,470,053</u>	<u>\$ 6,447,030</u>	<u>\$ 584,180</u>	<u>\$ 829,272</u>

Total Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 23,424,160	\$ 7,401,286
248,555	9,299
(9,909,026)	(251,290)
(3,978,780)	(332,235)
(1,775,797)	(33,491)
(1,541,994)	(24,939)
-	(5,275,496)
(1,414,580)	(424,842)
(133,850)	-
<hr/>	<hr/>
4,918,688	1,068,292
<hr/>	<hr/>
3,954	-
522,000	-
(336,838)	(88,184)
100,000	-
<hr/>	<hr/>
289,116	(88,184)
<hr/>	<hr/>
(4,496,907)	-
(2,641,946)	-
3,680,519	-
620,000	-
(1,571,998)	-
<hr/>	<hr/>
(4,410,332)	-
<hr/>	<hr/>
-	(620,000)
53,205	12,250
-	350,000
<hr/>	<hr/>
53,205	(257,750)
<hr/>	<hr/>
850,677	722,358
8,479,858	6,480,289
<u>\$ 9,330,535</u>	<u>\$ 7,202,647</u>

-- continued

CITY OF WARREN, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Sanitation	Nonmajor
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 805,630	\$ 1,295,042	\$ 142,036	\$ (75,300)
Adjustments:				
Depreciation	2,071,773	928,947	143,554	119,112
Changes in assets and liabilities:				
(Increase) decrease in materials and supplies inventory	(12,946)	70,742	(8,818)	-
(Increase) decrease in accounts receivable	46,470	(15,471)	(30,831)	(22,783)
Decrease in accounts payable	(117,820)	(158,334)	(37,781)	(193,004)
Increase in contracts payable	-	-	108	-
Increase (decrease) in accrued wages and benefits	1,566	680	(719)	(121)
Increase (decrease) in due to other governments.	345	308	(69)	5
Increase (decrease) in compensated absences payable.	43,666	(51,413)	11,827	(37,713)
Increase in claims payable	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 2,838,684</u>	<u>\$ 2,070,501</u>	<u>\$ 219,307</u>	<u>\$ (209,804)</u>
Non-cash capital transactions:				
Borrowing under capital lease	\$ 119,345	\$ -	\$ -	\$ 188,538

At December 31, 2006 and December 31, 2005, the Sewer fund purchased \$5,910 and \$258,806, respectively, in capital assets on account.
 At December 31, 2006 and December 31, 2005, the Water fund purchased \$371,868 and \$85,425, respectively, in capital assets on account.

The Water fund contributed capital assets, net of accumulated depreciation, in the amount of \$16,042 to governmental activities during 2006.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Total Business-Type Activities - Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 2,167,408	\$ 583,242
3,263,386	3,772
48,978	-
(22,615)	583
(506,939)	(15,455)
108	1,220
1,406	(14)
589	8
(33,633)	18,034
<u>-</u>	<u>476,902</u>
<u>\$ 4,918,688</u>	<u>\$ 1,068,292</u>
\$ 307,883	\$ -

CITY OF WARREN, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2006

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 867,560
Cash with fiscal and escrow agents	269,288
Receivables:	
Accounts	<u>2,728</u>
Total assets.	<u>\$ 1,139,576</u>
Liabilities:	
Accounts payable	\$ 518,106
Due to other governments.	159,199
Deposits held and due to others.	<u>462,271</u>
Total liabilities	<u>\$ 1,139,576</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, 2006

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, 2006

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 is the City’s major governmental fund:

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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) for grants and other resources whose use is restricted to a particular purpose and (c) for the acquisition and construction of major capital facilities other than those financed by proprietary fund types.

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 customers and to maintain the local water system of the City.

Sanitation Fund - This fund accounts for the operations of providing sanitation services to customers within 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 which account for highway patrol fines, auditors escrow, payroll, and the municipal court.

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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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

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.

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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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

Property taxes for which there is an enforceable legal claim as of December 31, 2006, but which were levied to finance year 2007 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.

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 2006.

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 major expenditure object for all funds. 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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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

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 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.

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 2006, 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 2006. 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, 2006.

Following Ohio statutes, the Council has, by resolution, specified the funds to receive an allocation of interest earnings. During fiscal year 2006, interest revenue in the general fund amounted to \$970,241 which includes \$756,118 assigned from other City funds.

The City has segregated bank accounts for monies held separate from the City's central bank account for municipal court activity. 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 City's investment account at year-end is provided in Note 4.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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

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.

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 capital 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	5	5
Machinery, equipment, furniture and fixtures	5 - 20	10
Building improvements	15	15
Sewer and water treatment plants and buildings	N/A	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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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

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.

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. 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.

L. Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Issuance costs are recorded as deferred charges.

CITY OF WARREN, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

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

Bond premiums are deferred and accreted over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt reported in the proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction from the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period.

M. Interfund Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and 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.

N. 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, materials and supplies inventory, tax advance unavailable for appropriation, and loans receivable in the governmental fund financial statements.

O. Restricted Assets

The City reports amounts representing assets being held by a trustee to service principal and interest debt service in a bond reserve as restricted assets in the Water enterprise fund. These amounts are required to be maintained by the trustee in accordance with the bond indenture. The City also reports assets being held in accordance with a trust agreement to invest and manage funds related to the capping of the Warren Hills landfill site as restricted assets in the general fund.

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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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

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. The proprietary funds did not receive contributions of capital during 2006.

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.

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 & COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2006, the City has implemented GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Statement No. 47, "Accounting for Termination Benefits".

The purpose of GASB Statement No. 44 is to improve the understandability and usefulness of the information that state and local governments present as supplementary information in the statistical section.

GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. The Statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation.

GASB Statement No. 47 establishes accounting standards for termination benefits.

The implementation of GASB Statement No. 46 and GASB Statement No. 47 did not have an effect on the fund balances/net assets of the City as previously reported at December 31, 2005.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 3 - ACCOUNTABILITY & COMPLIANCE - (Continued)

B. Prior Period Adjustment

At January 1, 2006, a prior period adjustment was required to include the Ohio Department of Development Mortgage Revenue note payable as a long-term liability of the governmental activities. The note had an outstanding balance of \$202,000 at December 31, 2005, and the City began making principal and interest payments on the note during 2006. The prior period adjustment decreased governmental activities net assets at the beginning of the year by \$202,000, from \$45,435,499 to \$45,233,499. See Note 13.A. for details on the effect of the prior period adjustment on long-term liabilities of the governmental activities.

NOTE 4 - DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the 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 five year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories or as savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section 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 State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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.

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At December 31, 2006, the carrying amount of all City deposits was \$17,472,238, exclusive of the \$2,725,047 repurchase agreements included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2006, \$17,095,907 of the City's bank balance of \$17,695,907 was exposed to custodial risk as discussed below, while \$600,000 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. As permitted by Ohio Revised Code, the City's deposits are collateralized by a pool of eligible securities deposited with Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the depository bank and pledged as a pool of collateral against all public deposits held by the depository. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance 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, 2006

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of December 31, 2006, the City had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
Federal Home Loan Bank	\$ 3,451,112	\$ 500,000	\$ 956,102	\$ -	\$ 995,630	\$ 999,380
Federal National Mortgage Association	998,750	-	-	-	998,750	-
Federal Farm Credit Bank	996,560	-	-	-	996,560	-
STAR Ohio	28,294	28,294	-	-	-	-
Repurchase Agreements	2,725,047	2,725,047	-	-	-	-
U.S. Government Money Markets	1,117,499	1,117,499	-	-	-	-
	<u>\$ 9,317,262</u>	<u>\$ 4,370,840</u>	<u>\$ 956,102</u>	<u>\$ -</u>	<u>\$ 2,990,940</u>	<u>\$ 999,380</u>

The weighted average maturity of investments is .97 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The City's investments, except for the repurchase agreement as discussed above and STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the City's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the City. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the City's name.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2006:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Federal Home Loan Bank	\$ 3,451,112	37.04
Federal National Mortgage Association	998,750	10.72
Federal Farm Credit Bank	996,560	10.70
STAR Ohio	28,294	0.30
Repurchase Agreements	2,725,047	29.25
U.S. Government Money Markets	1,117,499	11.99
	<u>\$ 9,317,262</u>	<u>100.00</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2006:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 17,472,238
Investments	<u>9,317,262</u>
Total	<u>\$ 26,789,500</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 16,322,117
Business type activities	9,330,535
Agency funds	<u>1,136,848</u>
Total	<u>\$ 26,789,500</u>

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2006, consisted of the following, as reported in the fund financial statements:

	<u>Transfers to:</u>		
	Nonmajor	Nonmajor	
<u>Transfers from</u>	<u>Governmental</u>	<u>Enterprise</u>	<u>Total</u>
General	\$ 1,376,042	\$ 522,000	\$ 1,898,042
Nonmajor			
Governmental	140,316	-	140,316
Sewer	103,549	-	103,549
Water	197,710	-	197,710
Sanitation	35,579	-	35,579
Internal Service	<u>88,184</u>	<u>-</u>	<u>88,184</u>
	<u>\$ 1,941,380</u>	<u>\$ 522,000</u>	<u>\$ 2,463,380</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.

Governmental activities received \$16,042 in capital contributions from the Water enterprise fund during 2006. This amount, which is not included in the schedule above, is shown as a transfer on the statement of revenues, expenses, and changes in net assets - proprietary funds. This amount is included in transfers in governmental activities and business-type activities on the statement of net activities.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

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 2005. 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.

Tangible personal property tax revenues received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 18.75% for 2006. This percentage will be reduced to 12.5% for 2007, 6.25% for 2008, and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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 2005 levy (collected in 2006) was based was \$500,021,312. Ohio law limits unvoted property taxation, combined for all overlapping taxing authorities, to 10 mills. The City's current share of property tax is 3.5 mills of assessed value, all of which is unvoted.

Accrued taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 2006. 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 2007 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, 2007, 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, 2006. Income tax revenue for 2006 was \$20,138,026. Income tax revenue is reported in the general fund.

CITY OF WARREN, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 8 - RECEIVABLES

Receivables at December 31, 2006, consisted of taxes, accounts (billings for user charged services), accrued interest, 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, 2006, as well as intended to finance fiscal 2006 operations.

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

Governmental Activities:

Income taxes	\$ 3,455,303
Real and other taxes	2,008,639
Accounts	646,268
Accrued interest	280,819
Special assessments	436,739
Due from other governments	2,189,476

Business-type Activities:

Accounts	3,265,954
Special assessments	5,474

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.

NOTE 9 - LOANS RECEIVABLE

Loans receivable represent low interest loans made by the City for development projects and small businesses under the Federal Community Development Block Grant (CDBG) program, Home Investment Partnership (HIP) program, Reinvestment Corporation and the U.S. Department of Housing & Urban Development (HUD) Section 108. The loans bear interest at annual rates ranging between 4 and 9 percent and are to be repaid over a period ranging from 5 to 20 years. The CDBG and HIP loans are reported net of an uncollectible allowance of 17.46%.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006, was as follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>12/31/05</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/06</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,024,184	\$ -	\$ -	\$ 1,024,184
Construction in progress	<u>6,205,452</u>	<u>722,596</u>	<u>(3,000,886)</u>	<u>3,927,162</u>
Total capital assets, not being depreciated	<u>7,229,636</u>	<u>722,596</u>	<u>(3,000,886)</u>	<u>4,951,346</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	672,589	-	-	672,589
Buildings	10,235,124	-	-	10,235,124
Buildings and improvements	5,136,245	871,832	-	6,008,077
Computer equipment	808,798	39,795	-	848,593
Furniture and equipment	1,629,175	69,781	(144,647)	1,554,309
Vehicles	4,767,122	344,955	(99,047)	5,013,030
Infrastructure	<u>34,509,498</u>	<u>3,144,459</u>	<u>-</u>	<u>37,653,957</u>
Total capital assets, being depreciated	<u>57,758,551</u>	<u>4,470,822</u>	<u>(243,694)</u>	<u>61,985,679</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(486,130)	(13,252)	-	(499,382)
Buildings	(5,495,292)	(249,172)	-	(5,744,464)
Buildings and improvements	(406,691)	(188,897)	-	(595,588)
Computer equipment	(628,721)	(59,127)	-	(687,848)
Furniture and equipment	(1,072,843)	(88,682)	139,801	(1,021,724)
Vehicles	(3,521,909)	(397,490)	99,047	(3,820,352)
Infrastructure	<u>(13,525,859)</u>	<u>(1,456,521)</u>	<u>-</u>	<u>(14,982,380)</u>
Total accumulated depreciation	<u>(25,137,445)</u>	<u>(2,453,141)</u>	<u>238,848</u>	<u>(27,351,738)</u>
Total capital assets, being depreciated, net	<u>32,621,106</u>	<u>2,017,681</u>	<u>(4,846)</u>	<u>34,633,941</u>
Governmental activities capital assets, net	<u>\$ 39,850,742</u>	<u>\$ 2,740,277</u>	<u>\$ (3,005,732)</u>	<u>\$ 39,585,287</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 10 - CAPITAL ASSETS - (Continued)

<u>Business-type Activities:</u>	<u>Balance</u> <u>12/31/2005</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/06</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 384,399	\$ -	\$ -	\$ 384,399
Construction in progress	<u>14,933,537</u>	<u>4,135,049</u>	<u>(53,042)</u>	<u>19,015,544</u>
Total capital assets, not being depreciated	<u>15,317,936</u>	<u>4,135,049</u>	<u>(53,042)</u>	<u>19,399,943</u>
<i>Capital assets, being depreciated:</i>				
Buildings	53,718,752	10,417	-	53,729,169
Building improvements	243,497	130,918	-	374,415
Water and sewer lines	44,354,589	-	-	44,354,589
Computer equipment	193,484	65,417	(59,161)	199,740
Furniture and equipment	1,828,129	367,142	(35,123)	2,160,148
Vehicles	<u>3,572,068</u>	<u>182,436</u>	<u>(191,217)</u>	<u>3,563,287</u>
Total capital assets, being depreciated	<u>103,910,519</u>	<u>756,330</u>	<u>(285,501)</u>	<u>104,381,348</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(42,378,792)	(2,119,820)	-	(44,498,612)
Building improvements	(73,670)	(27,042)	-	(100,712)
Water and sewer lines	(18,104,589)	(630,717)	-	(18,735,306)
Computer equipment	(179,039)	(11,921)	57,499	(133,461)
Furniture and equipment	(1,152,248)	(243,342)	35,123	(1,360,467)
Vehicles	<u>(2,918,704)</u>	<u>(230,544)</u>	<u>175,175</u>	<u>(2,974,073)</u>
Total accumulated depreciation	<u>(64,807,042)</u>	<u>(3,263,386)</u>	<u>267,797</u>	<u>(67,802,631)</u>
Total capital assets, being depreciated, net	<u>39,103,477</u>	<u>(2,507,056)</u>	<u>(17,704)</u>	<u>36,578,717</u>
Business-type activities capital assets, net	<u>\$ 54,421,413</u>	<u>\$ 1,627,993</u>	<u>\$ (70,746)</u>	<u>\$ 55,978,660</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 10 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

General government	\$ 494,398
Security of persons and property	172,469
Public health and welfare	24,321
Transportation	1,615,854
Community environment	17,663
Economic development	90,863
Accumulated depreciation on capital contributions	33,801
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>3,772</u>
Total depreciation expense - governmental activities	<u>\$ 2,453,141</u>

Business-Type activities:

Sewer	\$ 2,071,773
Water	928,947
Sanitation	143,554
Packard Music Hall	28,247
City redevelopment	14,791
Downtown parking	48,059
Stormwater utility	<u>28,015</u>
Total depreciation expense - business-type activities	<u>\$ 3,263,386</u>

NOTE 11 - COMPENSATED ABSENCES LIABILITY

Vacation, compensation time, and sick leave accumulated by governmental fund type employees has been recorded in the balance sheet to the extent the liability was due at year-end. Vacation, compensation time 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, 2006, vested benefits for vacation leave and compensation time for governmental fund type employees, totaled \$3,120,998 and vested benefits for sick leave, totaled \$1,731,257. For proprietary fund types, vested benefits for vacation leave and compensation time totaled \$844,708 and vested benefits for sick leave totaled \$582,581 at December 31, 2006. 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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 12 - LEASES

A. Governmental Capital Leases - Lessee Disclosure

During 2006 the City entered into capitalized leases for equipment. In prior years, the City entered into capitalized leases for equipment and a fire truck. 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 and vehicles have been capitalized in the statement of net assets in the amount of \$69,680 and \$528,720, respectively. 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 during 2006 amounted to \$48,603 paid by the general fund and \$7,792 paid by the Street Maintenance special revenue fund.

The governmental assets acquired through capital leases are as follows:

	<u>Equipment</u>	<u>Vehicles</u>
Asset	\$ 69,680	\$ 528,720
Less: accumulated depreciation	<u>(25,659)</u>	<u>(264,360)</u>
Total	<u>\$ 44,021</u>	<u>\$ 264,360</u>

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, 2006:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2007	\$ 79,659
2008	76,271
2009	71,902
2010	71,122
2011	68,517
2012 - 2013	<u>127,748</u>
Total	495,219
Less: amount representing interest	<u>(77,012)</u>
Present value of net minimum lease payments	<u>\$ 418,207</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 12 - LEASES - (Continued)

B. Proprietary Capital Leases - Lessee Disclosure

During 2006, capital assets consisting of equipment have been capitalized in the Sewer enterprise fund and Stormwater Utility nonmajor enterprise fund. In a prior year, 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 \$16,118, \$119,345 and \$188,538 in the Water, Sewer and Stormwater Utility enterprise funds, respectively, represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the enterprise funds. Principal payments in 2006 totaled \$3,650 in the Water fund and \$4,809 in the Sewer fund.

The proprietary assets acquired through capital leases are as follows:

	<u>Water Equipment</u>	<u>Sewer Equipment</u>	<u>Stormwater Utility Equipment</u>
Asset	\$ 16,118	\$ 119,345	\$ 188,538
Less: accumulated depreciation	<u>(14,506)</u>	<u>(5,650)</u>	<u>-</u>
Total	<u>\$ 1,612</u>	<u>\$ 113,695</u>	<u>\$ 188,538</u>

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, 2006:

<u>Year Ended December 31,</u>	<u>Water</u>	<u>Sewer</u>	<u>Stormwater Utility</u>	<u>Total</u>
2007	\$ 1,177	\$ 28,224	\$ 43,523	\$ 72,924
2008	-	28,224	43,523	71,747
2009	-	28,224	43,523	71,747
2010	-	28,224	43,523	71,747
2011	<u>-</u>	<u>21,366</u>	<u>43,523</u>	<u>64,889</u>
Total	1,177	134,262	217,615	353,054
Less: amount representing interest	<u>(18)</u>	<u>(19,726)</u>	<u>(29,077)</u>	<u>(48,821)</u>
Present value of net minimum lease payments	<u>\$ 1,159</u>	<u>\$ 114,536</u>	<u>\$ 188,538</u>	<u>\$ 304,233</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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 12 - LEASES - (Continued)

The carrying value of the property follows:

	<u>Land</u>	<u>Building</u>
Asset	\$ 9,000	\$ 219,756
Less: accumulated depreciation	<u>-</u>	<u>(74,168)</u>
Total	<u>\$ 9,000</u>	<u>\$ 145,588</u>

NOTE 13 - LONG-TERM OBLIGATIONS

A. The governmental activities long-term obligations have been restated at December 31, 2005, to include the \$202,000 Ohio Department of Development mortgage note payable. During the fiscal year 2006, the following changes occurred in governmental activities long-term obligations:

Governmental Activities:	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>(Restated) Balance at 12/31/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/06</u>	<u>Amounts Due in One Year</u>
<u>General Obligation Bonds</u>							
Correctional facility	4.50-5.85%	12/01/2010	\$ 450,995	\$ -	\$ (128,935)	\$ 322,060	\$ 135,890
Various purpose refunding, series 2003	2.00-4.00%	12/01/2013	4,971,000	-	(555,500)	4,415,500	575,000
Various purpose, series 2003	2.00-2.40%	12/01/2013	884,000	-	(176,000)	708,000	184,000
Multi purpose refunding, series 1996	3.80-6.25%	12/01/2011	1,850,000	-	(350,000)	1,500,000	265,000
Land acquisition	3.85-4.75%	11/01/2007	350,000	-	(170,000)	180,000	180,000
Communication system	3.85-4.75%	11/01/2007	<u>700,000</u>	<u>-</u>	<u>(345,000)</u>	<u>355,000</u>	<u>355,000</u>
Total general obligations bonds			<u>9,205,995</u>	<u>-</u>	<u>(1,725,435)</u>	<u>7,480,560</u>	<u>1,694,890</u>
<u>Other Long-Term Obligations</u>							
Reinvestment partnership corporation							
loan	6.09%	8/01/2016	810,000	-	(55,000)	755,000	55,000
OWDA loan	3.75%	1/01/2010	675,294	-	(140,463)	534,831	145,780
HUD 108 loan	5.28%	8/1/2022	-	1,700,000	-	1,700,000	-
Ohio Department of Development							
mortgage note	4.00%	11/1/1999	202,000	-	(18,195)	183,805	17,508
Police and fire pension liability		5/01/2035	2,848,984	-	(49,923)	2,799,061	52,067
Capital lease obligation			444,755	29,847	(56,395)	418,207	59,976
Compensated absences			<u>4,440,100</u>	<u>1,469,402</u>	<u>(1,057,247)</u>	<u>4,852,255</u>	<u>1,055,758</u>
Total other long-term obligations			<u>9,421,133</u>	<u>3,199,249</u>	<u>(1,377,223)</u>	<u>11,243,159</u>	<u>1,386,089</u>
Total governmental activities							
long-term obligations			18,627,128	<u>\$ 3,199,249</u>	<u>\$ (3,102,658)</u>	18,723,719	<u>\$ 3,080,979</u>
Add: Unamortized premium on bond issue			36,082			31,500	
Less: Unamortized deferred charges on refundings			<u>(246,940)</u>			<u>(215,582)</u>	
Total reported on the Statement of Net Assets			<u>\$ 18,416,270</u>			<u>\$ 18,539,637</u>	

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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. The payments will be made from the general and Street Maintenance funds.

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 Police and Fire special revenue funds. Payment is made from unvoted property tax revenues received into the Police and Fire special revenue funds.

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>
2007	\$ 52,067	\$ 118,413	\$ 170,480
2008	54,303	116,176	170,479
2009	56,636	113,844	170,480
2010	59,069	111,411	170,480
2011	61,606	108,874	170,480
2012 - 2016	350,067	502,332	852,399
2017 - 2021	431,989	420,413	852,402
2022 - 2026	533,082	319,320	852,402
2027 - 2031	657,829	194,568	852,397
2032 - 2035	<u>542,413</u>	<u>46,599</u>	<u>589,012</u>
Total	<u>\$ 2,799,061</u>	<u>\$ 2,051,950</u>	<u>\$ 4,851,011</u>

General Obligation Bonds:

The City issued \$770,000 in land acquisition bonds on November 1, 1997. The bonds bear an annual interest rates ranging from 3.85 percent to 4.75 percent and have a scheduled maturity date of November 1, 2007. At December 31, 2006 the balance of the land acquisition bonds was \$180,000.

The City issued \$1,540,000 in communication system bonds on November 1, 1997. The bonds bear an annual interest rates ranging from 3.85 percent to 4.75 percent and have a scheduled maturity date of November 1, 2007. At December 31, 2005 the balance of the communication system bonds was \$355,000.

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, 2005 was \$322,060. These bonds are scheduled to mature December 1, 2010.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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.

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 refunded bonds at December 31, 2006 was \$4,410,000.

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.

During 2003, the City also issued \$1,282,000 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
2007	\$ 1,694,890	\$ 288,263	\$ 1,983,153
2008	1,117,074	223,216	1,340,290
2009	1,021,492	187,211	1,208,703
2010	1,064,604	150,325	1,214,929
2011	1,058,000	102,865	1,160,865
2012 - 2013	<u>1,524,500</u>	<u>86,149</u>	<u>1,610,649</u>
Total	<u>\$ 7,480,560</u>	<u>\$ 1,038,029</u>	<u>\$ 8,518,589</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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 nonmajor special revenue fund using future grant receipts and principal and interest payments received on amounts the City loans for economic development and housing rehabilitation.

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 December 31,	Loan Payable		
	Principal	Interest	Total
2007	\$ 55,000	\$ 47,134	\$ 102,134
2008	55,000	43,954	98,954
2009	60,000	40,743	100,743
2010	65,000	37,170	102,170
2011	70,000	33,232	103,232
2012 - 2016	<u>450,000</u>	<u>91,337</u>	<u>541,337</u>
Total	<u>\$ 755,000</u>	<u>\$ 293,570</u>	<u>\$ 1,048,570</u>

HUD 108 Loan - On September 14, 2006, the City received a \$1,700,000 HUD Section 108 loan. The City will disburse the loan proceeds for economic development and housing rehabilitation projects throughout the City. Interest payments (at approximately 5.28 percent) on the loan will begin in 2007, and principal payments will begin August 1, 2008. Principal and interest payments will be made out of the Guarantee Loan nonmajor special revenue fund using future grant receipts and principal and interest payments received on amounts the City loans for economic development and housing rehabilitation.

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 December 31,	Loan Payable		
	Principal	Interest	Total
2007	\$ -	\$ 78,997	\$ 78,997
2008	70,000	89,713	159,713
2009	70,000	86,205	156,205
2010	75,000	82,733	157,733
2011	80,000	78,991	158,991
2012 - 2016	505,000	327,642	832,642
2017 - 2021	725,000	174,146	899,146
2022	<u>175,000</u>	<u>9,836</u>	<u>184,836</u>
Total	<u>\$ 1,700,000</u>	<u>\$ 928,263</u>	<u>\$ 2,628,263</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Ohio Department of Development Mortgage Note - In November 1999, The City received a \$202,000 note from the Ohio Department of Development. This note was to fund the Mahoningside Redevelopment Project. Principal and interest payments will be made out of the Community Development nonmajor special revenue fund.

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 December 31,	Note Payable		
	Principal	Interest	Total
2007	\$ 17,508	\$ 7,034	\$ 24,542
2008	18,222	6,320	24,542
2009	18,964	5,578	24,542
2010	19,736	4,806	24,542
2011	20,541	4,001	24,542
2012 - 2015	<u>88,834</u>	<u>7,289</u>	<u>96,123</u>
Total	<u>\$ 183,805</u>	<u>\$ 35,028</u>	<u>\$ 218,833</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, 2006, the City had outstanding borrowings of \$534,831. 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 December 31,	OWDA Loan Payable		
	Principal	Interest	Total
2007	\$ 145,780	\$ 18,702	\$ 164,482
2008	151,298	13,184	164,482
2009	157,025	7,457	164,482
2010	<u>80,728</u>	<u>1,514</u>	<u>82,242</u>
Total	<u>\$ 534,831</u>	<u>\$ 40,857</u>	<u>\$ 575,688</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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	Maturity Date	Balance at 12/31/05	Additions	Reductions	Balance at 12/31/06	Amounts Due in One Year
<u>General Obligation Bonds</u>							
Refunding sewer improvements	2.00-4.00%	12/01/2013	\$ 4,124,000	\$ -	\$ (473,500)	\$ 3,650,500	\$ 481,000
Packard Hall various improvements	2.00-2.40%	12/01/2008	31,000	-	(10,000)	21,000	10,000
Total general obligations bonds			<u>4,155,000</u>	<u>-</u>	<u>(483,500)</u>	<u>3,671,500</u>	<u>491,000</u>
<u>Revenue Bonds</u>							
Water system	3.80-5.00%	12/1/2022	9,895,000	-	(380,000)	9,515,000	400,000
Total revenue bonds			<u>9,895,000</u>	<u>-</u>	<u>(380,000)</u>	<u>9,515,000</u>	<u>400,000</u>
Total enterprise bonds			<u>14,050,000</u>	<u>-</u>	<u>(863,500)</u>	<u>13,186,500</u>	<u>891,000</u>
<u>OWDA Loans</u>							
Sewer system	10.16%	1/01/2012	3,777,894	-	(439,426)	3,338,468	484,072
Buckeye	3.54%	7/01/2014	766,152	-	(73,678)	692,474	76,308
Warren commerce park - phase I	4.80%	1/01/2017	110,414	-	(11,621)	98,793	12,186
Wastewater treatment plant and pump station improvements	3.04%	1/01/2017	677,870	-	(50,060)	627,810	51,594
Biosolids facility	3.04%	7/01/2017	4,692,874	-	(352,509)	4,340,365	360,566
Griswold street sanitary sewer	4.12%	7/01/2018	1,031,728	-	(61,420)	970,308	63,977
Warren commerce park - phase II	3.98%	1/01/2019	460,945	-	(26,380)	434,565	27,440
Warren commerce park - phase II	3.79%	1/01/2019	141,183	-	(8,184)	132,999	8,496
Downtown combined sewer	3.25%	1/01/2027	128,191	3,605,859	-	3,734,050	-
Water system improvements	3.95%	7/01/2023	9,984,338	-	(396,709)	9,587,629	408,500
Water meter replacements	3.34%	7/01/2028	-	74,660	-	74,660	-
Total OWDA loans			<u>21,771,589</u>	<u>3,680,519</u>	<u>(1,419,987)</u>	<u>24,032,121</u>	<u>1,493,139</u>
Total bonds and loans			<u>35,821,589</u>	<u>3,680,519</u>	<u>(2,283,487)</u>	<u>37,218,621</u>	<u>2,384,139</u>
<u>Other Long-Term Obligations</u>							
Capital lease obligation	4.50-5.85%		4,809	307,883	(8,459)	304,233	56,611
Compensated absences			1,460,922	470,118	(503,751)	1,427,289	466,292
Total other long-term obligations			<u>1,465,731</u>	<u>778,001</u>	<u>(512,210)</u>	<u>1,731,522</u>	<u>522,903</u>
Total business-type activities			37,287,320	<u>\$ 4,458,520</u>	<u>\$ (2,795,697)</u>	38,950,143	<u>\$ 2,907,042</u>
Add: Unamortized premium on bond issue			25,995			22,694	
Less: Unamortized deferred charges on refundings			<u>(415,304)</u>			<u>(359,131)</u>	
Total reported on the Statement of Net Assets			<u>\$ 36,898,011</u>			<u>\$ 38,613,706</u>	

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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:

The City issued \$51,000 in bonds for Packard Music Hall improvements on November 15, 2003. The bonds bear annual interest rates ranging from 2.00 percent to 2.40 percent and have a scheduled maturity date of December 1, 2008. At December 31, 2006 the balance of the bonds was \$21,000.

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 was 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 refunded bonds at December 31, 2006 was \$3,635,000.

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.

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 was 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, 2006 was \$9,515,000.

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, 2006

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 and water revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2006, the City has outstanding borrowings of \$24,032,121. 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, Downtown Combined Sewer, Water System Improvements, and Water Meter Replacement projects financed through OWDA loans are not closed out as of December 31, 2006. Future annual debt service principal and interest requirements for these loans, which have balances at December 31, 2006 of \$4,340,365, \$3,734,050, \$9,587,629 and \$74,660, 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
2007	\$ 891,000	\$ 601,373	\$ 1,492,373	\$ 724,073	\$ 447,636	\$ 1,171,709
2008	914,000	572,659	1,486,659	782,244	389,466	1,171,710
2009	935,500	541,386	1,476,886	845,754	325,847	1,171,601
2010	973,500	507,177	1,480,677	915,124	256,588	1,171,712
2011	1,017,000	464,597	1,481,597	990,924	180,785	1,171,709
2012 - 2016	3,975,500	1,654,576	5,630,076	1,669,667	233,562	1,903,229
2017 - 2021	3,640,000	773,750	4,413,750	367,631	18,926	386,557
2022	840,000	42,000	882,000	-	-	-
Total	<u>\$ 13,186,500</u>	<u>\$ 5,157,518</u>	<u>\$ 18,344,018</u>	<u>\$ 6,295,417</u>	<u>\$ 1,852,810</u>	<u>\$ 8,148,227</u>

NOTE 14 - INTERNAL NOTES PAYABLE

The City had the following internal note activity for fiscal year 2006:

	Interest Rate	Issue Date	Maturity Date	Balance at 12/31/05	Additions	Reductions	Balance at 12/31/06
<u>Sanitation Enterprise Fund</u>							
<u>General Obligation Notes</u>							
Environmental Services Vehicle Acquisition	3.500%	4/10/05	4/10/06	\$ 350,000	\$ -	\$ (350,000)	\$ -
Environmental Services Vehicle Acquisition	4.600%	4/01/06	4/01/07	-	250,000	-	250,000
Environmental Services Vehicle Acquisition	4.810%	9/15/06	9/15/07	\$ -	\$ 370,000	\$ -	\$ 370,000
Total				<u>\$ 350,000</u>	<u>\$ 620,000</u>	<u>\$ (350,000)</u>	<u>\$ 620,000</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 14 - INTERNAL NOTES PAYABLE - (Continued)

The notes payable at December 31, 2006 are internal City of Warren notes that represent amounts borrowed from other funds of the City. The notes are structured in essentially the same manner as note agreements with outside institutions. The fund which loaned the monies (The Workers Compensation Retro Plan internal service fund) has reported "notes receivable" on the fund financial statements for the principal amounts outstanding at December 31, 2006. On the statement of net assets, the "notes receivable" and "notes payable" have been presented as an internal balance.

NOTE 15 - 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 \$679,681 reported in the internal service fund at December 31, 2006, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by FASB Statement No. 30 "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

The City maintains a Risk Management fund which has also been classified as an internal service fund in the accompanying 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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 15 - RISK MANAGEMENT - (Continued)

Changes in the fund's liability for the current and previous years are as follows:

<u>Fund</u>	<u>Year</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	2006	\$ 246,362	\$ 5,379,589	\$ (4,946,270)	\$ 679,681
	2005	233,859	5,098,637	(5,086,134)	246,362
Risk management	2006	-	189,334	(189,334)	-
	2005	-	183,692	(183,692)	-
Workers' compensation	2006	397,304	440,887	(397,304)	440,887
	2005	270,625	397,304	(270,625)	397,304

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 16 - 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) 222-5601 or (800) 222-7377.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 16 - PENSION PLANS - (Continued)

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement under the traditional plan, were required to contribute 9.0% of their annual covered salaries. Members participating in the traditional plan that were in law enforcement contributed 10.1% of their annual covered salary. The City's contribution rate for pension benefits for 2006 was 9.20%, except for those plan members in law enforcement and public safety. For those classifications, the City's pension contributions were 12.43% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions. The City's contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$2,149,297, \$1,945,341, and \$1,814,412, respectively; 88.26% has been contributed for 2006 and 100% for 2005 and 2004.

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, while the City is required to contribute 19.50% and 24.0% for police officers and firefighters, respectively. The portion of the City's contributions to fund pension obligations was 11.75% for police officers and 16.25% for firefighters. The City's contributions for pension obligations to OP&F for the years ended December 31, 2006, 2005, and 2004 were \$1,538,149, \$1,185,714, and \$1,106,675, respectively; 89.10% has been contributed for 2006 and 100% for 2005 and 2004.

NOTE 17 - 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 2006 local government employer contribution rate was 13.70% of covered payroll (16.93% for public safety and law enforcement); 4.50% 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, 2006

NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Benefits are advance-funded using the entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.30% based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate (4.00%) plus an additional factor ranging from .50% to 6.00% for the next nine years. In subsequent years, (10 and beyond) health care costs were assumed to increase at 4.00%.

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

The number of active contributing participants in the traditional and combined plans was 369,214 as of December 31, 2006. The City's actual employer contributions for 2006 which were used to fund postemployment benefits were \$1,051,286. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005 (the latest information available) were \$11.1 billion. At December 31, 2005 (the latest information available), the actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional fund to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides 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 2005 and 2006. 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, 2006**

NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The City's actual contributions for 2006 that were used to fund postemployment benefits were \$327,937 for police and \$496,212 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005 (the latest information available) was \$108.039 million, which was net of member contributions of \$55.272 million. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005 (the latest information available), was 13,922 for police and 10,537 for firefighters.

NOTE 18 - 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 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.

	<u>General</u>
Budget basis	\$ 866,107
Net adjustment for revenue accruals	58,048
Net adjustment for expenditure accruals	194,964
Net adjustment for other financing sources/uses	21,021
Adjustment for encumbrances	<u>451,085</u>
GAAP basis	<u>\$ 1,591,225</u>

CITY OF WARREN, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 19 - 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, 2006.

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.

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
AND INDIVIDUAL
FUND SCHEDULES

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CITY OF WARREN, OHIO
INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS

General Fund

The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City and/or the general laws of Ohio.

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.

CITY OF WARREN, OHIO

**INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - GOVERNMENTAL FUNDS**

Nonmajor Special Revenue Funds - (Continued)

Fire Pension

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

Community Development Block Grant (CDBG)

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

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.

Nonmajor Debt Service Fund

General Bond Payment

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

Nonmajor Capital Projects Fund

General Capital Improvements

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

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Income taxes	\$ 18,713,335	\$ 18,867,520	\$ 20,095,908	\$ 1,228,388
Charges for services	1,575,424	1,807,000	1,691,819	(115,181)
Licenses, permits and fees	2,194,784	2,331,400	2,356,938	25,538
Fines and forfeitures	1,052,517	1,132,500	1,130,279	(2,221)
Intergovernmental	2,558,195	2,646,242	2,747,199	100,957
Investment income	877,170	763,800	971,538	207,738
Rental income	156,680	185,000	168,256	(16,744)
Other	623,895	503,358	1,384,989	881,631
Total revenues	<u>27,752,000</u>	<u>28,236,820</u>	<u>30,546,926</u>	<u>2,310,106</u>
Expenditures:				
Current:				
General government				
City council				
Personal services	260,672	261,192	256,869	4,323
Contractual services	35,011	35,011	27,652	7,359
Materials and supplies.	3,926	3,926	3,202	724
Capital outlay	-	1,600	1,450	150
Total city council	<u>299,609</u>	<u>301,729</u>	<u>289,173</u>	<u>12,556</u>
Municipal court				
Personal services	1,763,067	1,716,274	1,649,070	67,204
Contractual services	56,860	65,860	60,827	5,033
Materials and supplies.	2,534	6,367	4,637	1,730
Total municipal court.	<u>1,822,461</u>	<u>1,788,501</u>	<u>1,714,534</u>	<u>73,967</u>
Victims of crimes				
Personal services	-	46,794	39,176	7,618
Contractual services	-	200	200	-
Materials and supplies.	206	5,173	5,091	82
Total victims of crimes	<u>206</u>	<u>52,167</u>	<u>44,467</u>	<u>7,700</u>
Operations - general				
Personal services	288,881	205,344	185,222	20,122
Contractual services	30,584	21,740	19,067	2,673
Materials and supplies.	422	300	20	280
Total operations - general	<u>319,887</u>	<u>227,384</u>	<u>204,309</u>	<u>23,075</u>
Operations - maintenance				
Personal services	1,379,862	980,842	843,919	136,923
Contractual services	582,628	386,061	368,387	17,674
Materials and supplies.	107,349	71,754	68,735	3,019
Capital outlay	13,591	5,647	5,647	-
Total operations - maintenance.	<u>2,083,430</u>	<u>1,444,304</u>	<u>1,286,688</u>	<u>157,616</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Mayor				
Personal services	\$ 333,126	\$ 334,126	\$ 328,895	\$ 5,231
Contractual services	28,060	28,060	20,416	7,644
Materials and supplies.	6,130	7,630	6,598	1,032
Capital outlay	-	2,500	2,342	158
Total mayor.	<u>367,316</u>	<u>372,316</u>	<u>358,251</u>	<u>14,065</u>
Purchasing				
Personal services	167,642	167,642	163,904	3,738
Contractual services	22,025	22,025	20,714	1,311
Materials and supplies.	4,840	4,839	3,506	1,333
Total purchasing	<u>194,507</u>	<u>194,506</u>	<u>188,124</u>	<u>6,382</u>
Finance				
Personal services	462,262	462,262	438,895	23,367
Contractual services	48,016	48,017	48,194	(177)
Materials and supplies.	7,458	7,458	5,152	2,306
Capital outlay	-	5,200	5,123	77
Total finance	<u>517,736</u>	<u>522,937</u>	<u>497,364</u>	<u>25,573</u>
Human resources				
Personal services	274,991	274,991	273,870	1,121
Contractual services	44,720	44,720	38,220	6,500
Materials and supplies.	1,600	1,600	676	924
Total human resources	<u>321,311</u>	<u>321,311</u>	<u>312,766</u>	<u>8,545</u>
Law department				
Personal services	771,857	776,357	764,145	12,212
Contractual services	50,615	50,615	35,844	14,771
Materials and supplies.	7,623	7,623	5,534	2,089
Capital outlay	-	5,500	5,499	1
Total law department.	<u>830,095</u>	<u>840,095</u>	<u>811,022</u>	<u>29,073</u>
Civil service				
Personal services	11,002	11,002	11,000	2
Contractual services	25,425	25,425	125	25,300
Materials and supplies.	1,000	1,000	-	1,000
Total civil service.	<u>37,427</u>	<u>37,427</u>	<u>11,125</u>	<u>26,302</u>
Administrative support				
Contractual services	1,234,778	1,384,778	1,315,082	69,696
Materials and supplies.	11,383	11,383	7,561	3,822
Capital outlay	-	87,500	77,123	10,377
Other	845,643	85,905	85,256	649
Total administrative support	<u>2,091,804</u>	<u>1,569,566</u>	<u>1,485,022</u>	<u>84,544</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Income tax				
Personal services	\$ 465,195	\$ 465,195	\$ 427,390	\$ 37,805
Contractual services	97,005	97,005	86,754	10,251
Materials and supplies.	34,171	34,170	27,674	6,496
Capital outlay	-	15,000	13,870	1,130
Total income tax	<u>596,371</u>	<u>611,370</u>	<u>555,688</u>	<u>55,682</u>
 Total general government	 <u>9,482,160</u>	 <u>8,283,613</u>	 <u>7,758,533</u>	 <u>525,080</u>
Security of persons and property				
Police				
Personal services	7,675,703	8,301,904	8,249,598	52,306
Contractual services	1,369,008	1,369,785	1,239,524	130,261
Materials and supplies.	157,917	269,916	210,330	59,586
Capital outlay	40,678	180,678	148,224	32,454
Total police.	<u>9,243,306</u>	<u>10,122,283</u>	<u>9,847,676</u>	<u>274,607</u>
Fire				
Personal services	6,483,529	6,783,529	6,599,378	184,151
Contractual services	219,941	219,941	184,469	35,472
Materials and supplies.	95,056	102,555	95,601	6,954
Capital outlay	-	10,000	7,480	2,520
Total fire	<u>6,798,526</u>	<u>7,116,025</u>	<u>6,886,928</u>	<u>229,097</u>
Bio-Terrorism				
Contractual services	-	4,964	2,270	2,694
Materials and supplies.	-	6,500	1,262	5,238
Capital outlay	-	11,504	5,500	6,004
Total fire	<u>-</u>	<u>22,968</u>	<u>9,032</u>	<u>13,936</u>
 Total security of persons and property .	 <u>16,041,832</u>	 <u>17,261,276</u>	 <u>16,743,636</u>	 <u>517,640</u>
Public health and welfare				
Health				
Personal services	331,694	377,989	346,712	31,277
Contractual services	42,136	45,859	39,911	5,948
Materials and supplies.	33,475	32,140	26,437	5,703
Capital outlay	4,384	4,996	4,877	119
Other.	369,202	249,869	187,646	62,223
Total health	<u>780,891</u>	<u>710,853</u>	<u>605,583</u>	<u>105,270</u>
Dental				
Contractual services	28,713	32,550	24,155	8,395
Materials and supplies.	5,783	5,317	4,825	492
Total dental.	<u>34,496</u>	<u>37,867</u>	<u>28,980</u>	<u>8,887</u>
 Total public health and welfare	 <u>815,387</u>	 <u>748,720</u>	 <u>634,563</u>	 <u>114,157</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community environment				
Environmental health				
Personal services	\$ 524,292	\$ 597,469	\$ 559,027	\$ 38,442
Contractual services	15,865	18,079	17,173	906
Materials and supplies.	9,174	10,455	9,855	600
Other.	10,589	12,067	7,544	4,523
Total environmental health	<u>559,920</u>	<u>638,070</u>	<u>593,599</u>	<u>44,471</u>
Weed control				
Contractual services	25,246	28,500	29,146	(646)
Materials and supplies.	-	-	618	(618)
Capital outlay	-	-	6,004	(6,004)
Total weed control	<u>25,246</u>	<u>28,500</u>	<u>35,768</u>	<u>(7,268)</u>
Mosquito control				
Contractual services	316	360	145	215
Materials and supplies.	3,949	4,500	2,972	1,528
Total mosquito control	<u>4,265</u>	<u>4,860</u>	<u>3,117</u>	<u>1,743</u>
Engineering building and plant department				
Personal services	1,015,470	1,015,470	983,067	32,403
Contractual services	327,416	437,416	264,422	172,994
Materials and supplies.	24,545	24,545	22,523	2,022
Other	15,000	27,000	25,425	1,575
Total engineering building and plant department.	<u>1,382,431</u>	<u>1,504,431</u>	<u>1,295,437</u>	<u>208,994</u>
Total community environment.	<u>1,971,862</u>	<u>2,175,861</u>	<u>1,927,921</u>	<u>247,940</u>
Leisure time activity				
Operations - Packard Park				
Personal services	-	156,996	135,778	21,218
Contractual services	4,454	112,381	89,216	23,165
Materials and supplies.	331	21,611	16,554	5,057
Other.	150	5,350	4,960	390
Total operations - packard park.	<u>4,935</u>	<u>296,338</u>	<u>246,508</u>	<u>49,830</u>
Operations - parks				
Personal services	-	310,773	283,069	27,704
Contractual services	8,631	145,408	136,261	9,147
Materials and supplies.	1,644	58,344	51,996	6,348
Capital outlay	-	2,200	-	2,200
Other.	50	550	290	260
Total operations - parks.	<u>10,325</u>	<u>517,275</u>	<u>471,616</u>	<u>45,659</u>
Total leisure time activity.	<u>15,260</u>	<u>813,613</u>	<u>718,124</u>	<u>95,489</u>
Total expenditures.	<u>28,326,501</u>	<u>29,283,083</u>	<u>27,782,777</u>	<u>1,500,306</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, 2006

	<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	\$ (574,501)	\$ (1,046,263)	\$ 2,764,149	\$ 3,810,412
Other financing (uses):				
Transfers out	-	(1,898,043)	(1,898,042)	1
Total other financing (uses)	-	(1,898,043)	(1,898,042)	1
Net change in fund balance	(574,501)	(2,944,306)	866,107	3,810,413
Fund balance at beginning of year	2,369,806	2,369,806	2,369,806	-
Prior year encumbrances appropriated .	574,501	574,501	574,501	-
Fund balance at end of year	<u>\$ 2,369,806</u>	<u>\$ 1</u>	<u>\$ 3,810,414</u>	<u>\$ 3,810,413</u>

CITY OF WARREN, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Fund</u>	<u>Nonmajor Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 4,174,664	\$ 1,441	\$ 592,778	\$ 4,768,883
Receivables (net of allowances of uncollectibles):				
Real and other taxes	344,594	1,664,045	-	2,008,639
Accounts	46,192	-	-	46,192
Loans receivable.	5,714,820	-	-	5,714,820
Special assessments	367,213	41,625	-	408,838
Due from other governments	1,046,299	69,554	-	1,115,853
Materials and supplies inventory	22,154	-	-	22,154
Total assets.	<u>\$ 11,715,936</u>	<u>\$ 1,776,665</u>	<u>\$ 592,778</u>	<u>\$ 14,085,379</u>
Liabilities:				
Accounts payable	\$ 127,452	\$ -	\$ 22,705	\$ 150,157
Contracts payable	15,097	-	-	15,097
Accrued wages and benefits.	63,329	-	-	63,329
Due to other governments	9,595	-	-	9,595
Unearned revenue	269,606	1,301,924	-	1,571,530
Deferred revenue.	1,049,868	438,624	-	1,488,492
Total liabilities	<u>1,534,947</u>	<u>1,740,548</u>	<u>22,705</u>	<u>3,298,200</u>
Fund balances:				
Reserved for encumbrances.	2,180,775	-	507,246	2,688,021
Reserved for materials and supplies inventory	22,154	-	-	22,154
Reserved for loans	5,714,820	-	-	5,714,820
Reserved for tax advance	7,180	34,676	-	41,856
Unreserved, undesignated, reported in:				
Special revenue funds	2,256,060	-	-	2,256,060
Debt service fund	-	1,441	-	1,441
Capital projects funds	-	-	62,827	62,827
Total fund balances	<u>10,180,989</u>	<u>36,117</u>	<u>570,073</u>	<u>10,787,179</u>
Total liabilities and fund equity	<u>\$ 11,715,936</u>	<u>\$ 1,776,665</u>	<u>\$ 592,778</u>	<u>\$ 14,085,379</u>

CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Property and other local taxes	\$ 284,514	\$ 1,372,654	\$ -	\$ 1,657,168
Charges for services	45	-	-	45
Licenses and permits.	108,190	-	-	108,190
Fines and forfeitures.	451,344	-	-	451,344
Intergovernmental	4,281,540	139,108	670,191	5,090,839
Special assessments	2,398	42,231	-	44,629
Investment income.	194,017	-	-	194,017
Other.	98,356	-	-	98,356
Total revenues.	<u>5,420,404</u>	<u>1,553,993</u>	<u>670,191</u>	<u>7,644,588</u>
Expenditures:				
Current:				
General government	70,756	26,867	-	97,623
Security of persons and property	677,001	-	-	677,001
Transportation	2,062,179	-	-	2,062,179
Economic development.	2,508,773	-	-	2,508,773
Capital outlay	398,016	-	1,508,648	1,906,664
Debt service:				
Principal retirement	321,342	1,675,466	-	1,996,808
Interest and fiscal charges.	257,616	328,779	-	586,395
Total expenditures.	<u>6,295,683</u>	<u>2,031,112</u>	<u>1,508,648</u>	<u>9,835,443</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(875,279)</u>	<u>(477,119)</u>	<u>(838,457)</u>	<u>(2,190,855)</u>
Other financing sources (uses):				
Sale of notes	1,700,000	-	-	1,700,000
Capital lease transaction	8,826	-	-	8,826
Transfers in	821,000	480,022	640,358	1,941,380
Transfers out	(140,316)	-	-	(140,316)
Total other financing sources (uses)	<u>2,389,510</u>	<u>480,022</u>	<u>640,358</u>	<u>3,509,890</u>
Net change in fund balance	1,514,231	2,903	(198,099)	1,319,035
Fund balances at beginning of year	<u>8,666,758</u>	<u>33,214</u>	<u>768,172</u>	<u>9,468,144</u>
Fund balances at end of year.	<u>\$ 10,180,989</u>	<u>\$ 36,117</u>	<u>\$ 570,073</u>	<u>\$ 10,787,179</u>

CITY OF WARREN, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2006

	<u>Court Computerization</u>	<u>Street Maintenance</u>	<u>Drivers Alcohol Treatment</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 200,614	\$ 460,734	\$ 64,047
Receivables (net of allowances for uncollectibles):			
Real and other taxes.	-	-	-
Accounts	9,308	-	890
Loans	-	-	-
Special assessments.	-	-	-
Due from other governments	-	838,032	-
Materials and supplies inventory	-	6,106	-
	<hr/>	<hr/>	<hr/>
Total assets	\$ 209,922	\$ 1,304,872	\$ 64,937
	<hr/>	<hr/>	<hr/>
Liabilities:			
Accounts payable	\$ 17,030	\$ 54,202	\$ 1,841
Contracts payable	-	-	-
Accrued wages and benefits	-	52,063	-
Due to other governments	-	7,888	-
Unearned revenue	-	-	-
Deferred revenue.	-	552,942	-
	<hr/>	<hr/>	<hr/>
Total liabilities	17,030	667,095	1,841
	<hr/>	<hr/>	<hr/>
Fund Equity:			
Reserved for encumbrances	187	17,711	514
Reserved for materials and supplies inventory	-	6,106	-
Reserved for loans.	-	-	-
Reserved for tax advance	-	-	-
Unreserved:			
Undesignated.	192,705	613,960	62,582
	<hr/>	<hr/>	<hr/>
Total fund equity	192,892	637,777	63,096
	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity.	\$ 209,922	\$ 1,304,872	\$ 64,937
	<hr/>	<hr/>	<hr/>

<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>
\$ 21,828	\$ 127,022	\$ 13,473	\$ 216,521	\$ 189,915	\$ 593,238
-	-	-	-	-	-
-	-	143	-	4,805	14,557
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 21,828</u>	<u>\$ 127,022</u>	<u>\$ 13,616</u>	<u>\$ 216,521</u>	<u>\$ 194,720</u>	<u>\$ 607,795</u>
\$ -	\$ 11,506	\$ -	\$ 24,593	\$ 2,439	\$ 998
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>11,506</u>	<u>-</u>	<u>24,593</u>	<u>2,439</u>	<u>998</u>
-	2,975	-	29,303	14	1,059
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>21,828</u>	<u>112,541</u>	<u>13,616</u>	<u>162,625</u>	<u>192,267</u>	<u>605,738</u>
<u>21,828</u>	<u>115,516</u>	<u>13,616</u>	<u>191,928</u>	<u>192,281</u>	<u>606,797</u>
<u>\$ 21,828</u>	<u>\$ 127,022</u>	<u>\$ 13,616</u>	<u>\$ 216,521</u>	<u>\$ 194,720</u>	<u>\$ 607,795</u>

Continued

CITY OF WARREN, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
 DECEMBER 31, 2006

	<u>Legal Research - Courts</u>	<u>Police Pension</u>	<u>Fire Pension</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 195,067	\$ 206,416	\$ 159,800
Receivables (net of allowances for uncollectibles):			
Real and other taxes.	-	172,297	172,297
Accounts	2,812	-	-
Loans	-	-	-
Special assessments.	-	-	-
Due from other governments	-	7,198	7,198
Materials and supplies inventory	-	-	-
Total assets	<u>\$ 197,879</u>	<u>\$ 385,911</u>	<u>\$ 339,295</u>
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 152
Contracts payable	-	-	-
Accrued wages and benefits	-	-	-
Due to other governments	-	-	-
Unearned revenue	-	134,803	134,803
Deferred revenue.	-	41,102	41,102
Total liabilities	<u>-</u>	<u>175,905</u>	<u>176,057</u>
Fund Equity:			
Reserved for encumbrances	29,614	-	-
Reserved for materials and supplies inventory	-	-	-
Reserved for loans.	-	-	-
Reserved for tax advance	-	3,590	3,590
Unreserved:			
Undesignated.	<u>168,265</u>	<u>206,416</u>	<u>159,648</u>
Total fund equity	<u>197,879</u>	<u>210,006</u>	<u>163,238</u>
Total liabilities and fund equity.	<u>\$ 197,879</u>	<u>\$ 385,911</u>	<u>\$ 339,295</u>

CDBG	Guarantee Loan	Highway Construction	Motor Vehicle Levy	Home Investment	Total
\$ 445,828	\$ 150,581	\$ 109,177	\$ 4,934	\$ 1,015,469	\$ 4,174,664
-	-	-	-	-	344,594
13,677	-	-	-	-	46,192
1,693,607	2,092,713	-	-	1,928,500	5,714,820
367,213	-	-	-	-	367,213
62,336	-	67,948	31,371	32,216	1,046,299
-	-	-	16,048	-	22,154
<u>\$ 2,582,661</u>	<u>\$ 2,243,294</u>	<u>\$ 177,125</u>	<u>\$ 52,353</u>	<u>\$ 2,976,185</u>	<u>\$ 11,715,936</u>
\$ 13,462	\$ -	\$ 50	\$ 284	\$ 895	\$ 127,452
1,798	-	-	-	13,299	15,097
11,266	-	-	-	-	63,329
1,707	-	-	-	-	9,595
-	-	-	-	-	269,606
367,213	-	47,509	-	-	1,049,868
<u>395,446</u>	<u>-</u>	<u>47,559</u>	<u>284</u>	<u>14,194</u>	<u>1,534,947</u>
272,913	-	4,018	3,660	1,818,807	2,180,775
-	-	-	16,048	-	22,154
1,693,607	2,092,713	-	-	1,928,500	5,714,820
-	-	-	-	-	7,180
<u>220,695</u>	<u>150,581</u>	<u>125,548</u>	<u>32,361</u>	<u>(785,316)</u>	<u>2,256,060</u>
<u>2,187,215</u>	<u>2,243,294</u>	<u>129,566</u>	<u>52,069</u>	<u>2,961,991</u>	<u>10,180,989</u>
<u>\$ 2,582,661</u>	<u>\$ 2,243,294</u>	<u>\$ 177,125</u>	<u>\$ 52,353</u>	<u>\$ 2,976,185</u>	<u>\$ 11,715,936</u>

CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Court Computerization</u>	<u>Street Maintenance</u>	<u>Drivers Alcohol Treatment</u>
Revenues:			
Property and other taxes	\$ -	\$ -	\$ -
Charges for services.	-	45	-
Licenses permits and fees	-	45,210	-
Fines and forfeitures.	141,582	-	21,152
Intergovernmental.	-	1,606,538	-
Special assessment	-	-	-
Investment income	-	-	-
Other	-	5,520	-
	<hr/>	<hr/>	<hr/>
Total revenues.	141,582	1,657,313	21,152
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current operations:			
General government	70,756	-	-
Security of persons and property	-	-	45,437
Transportation.	-	2,062,179	-
Economic development	-	-	-
Capital outlay.	-	8,826	-
Debt service:			
Principal retirement	-	7,792	-
Interest and fiscal charges	-	1,077	-
	<hr/>	<hr/>	<hr/>
Total expenditures	70,756	2,079,874	45,437
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	70,826	(422,561)	(24,285)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Sale of notes	-	-	-
Capital lease transaction	-	8,826	-
Transfers in.	-	775,000	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	783,826	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance.	70,826	361,265	(24,285)
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year.	122,066	276,512	87,381
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	\$ 192,892	\$ 637,777	\$ 63,096
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Drug Law Enforcement	Law Enforcement Trust	Enforcement and Education	Federal Forfeitures	Probation - Municipal Court	Special Projects - Courts
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	110	-	-	62,870	-
25,079	2,778	2,643	-	-	215,245
-	24,481	-	63,113	-	-
-	-	-	-	-	-
-	-	-	19,269	-	-
105	19,467	-	-	-	-
<u>25,184</u>	<u>46,836</u>	<u>2,643</u>	<u>82,382</u>	<u>62,870</u>	<u>215,245</u>
-	-	-	-	-	-
6,997	80,088	117	360,144	57,286	104,124
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
68,164	-	-	-	-	-
30,981	-	-	-	-	-
<u>106,142</u>	<u>80,088</u>	<u>117</u>	<u>360,144</u>	<u>57,286</u>	<u>104,124</u>
<u>(80,958)</u>	<u>(33,252)</u>	<u>2,526</u>	<u>(277,762)</u>	<u>5,584</u>	<u>111,121</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(80,958)</u>	<u>(33,252)</u>	<u>2,526</u>	<u>(277,762)</u>	<u>5,584</u>	<u>111,121</u>
<u>102,786</u>	<u>148,768</u>	<u>11,090</u>	<u>469,690</u>	<u>186,697</u>	<u>495,676</u>
<u>\$ 21,828</u>	<u>\$ 115,516</u>	<u>\$ 13,616</u>	<u>\$ 191,928</u>	<u>\$ 192,281</u>	<u>\$ 606,797</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, 2006

	Legal Research - Courts	Police Pension	Fire Pension
	<hr/>	<hr/>	<hr/>
Revenues:			
Property and other taxes	\$ -	\$ 142,257	\$ 142,257
Charges for services.	-	-	-
Licenses permits and fees	-	-	-
Fines and forfeitures.	42,865	-	-
Intergovernmental.	-	14,397	14,397
Special assessment	-	-	-
Investment income	-	-	-
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues.	42,865	156,654	156,654
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current operations:			
General government	-	-	-
Security of persons and property	17,654	2,501	2,653
Transportation.	-	-	-
Economic development	-	-	-
Capital outlay.	-	-	-
Debt service:			
Principal retirement	-	22,700	27,223
Interest and fiscal charges	-	54,818	65,739
	<hr/>	<hr/>	<hr/>
Total expenditures	17,654	80,019	95,615
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	25,211	76,635	61,039
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Sale of notes	-	-	-
Capital lease transaction	-	-	-
Transfers in.	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance.	25,211	76,635	61,039
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year.	172,668	133,371	102,199
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	\$ 197,879	\$ 210,006	\$ 163,238
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CDBG	Guarantee Loan	Highway Construction	Motor Vehicle Levy	Home Investment	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284,514
-	-	-	-	-	45
-	-	-	-	-	108,190
-	-	-	-	-	451,344
1,547,922	-	127,583	353,659	529,450	4,281,540
2,398	-	-	-	-	2,398
102,597	6,651	4,116	1,629	59,755	194,017
5,448	39,780	-	-	28,036	98,356
<u>1,658,365</u>	<u>46,431</u>	<u>131,699</u>	<u>355,288</u>	<u>617,241</u>	<u>5,420,404</u>
-	-	-	-	-	70,756
-	-	-	-	-	677,001
-	-	-	-	-	2,062,179
1,484,923	1,158	-	-	1,022,692	2,508,773
-	-	111,378	277,812	-	398,016
140,463	55,000	-	-	-	321,342
24,020	80,981	-	-	-	257,616
<u>1,649,406</u>	<u>137,139</u>	<u>111,378</u>	<u>277,812</u>	<u>1,022,692</u>	<u>6,295,683</u>
<u>8,959</u>	<u>(90,708)</u>	<u>20,321</u>	<u>77,476</u>	<u>(405,451)</u>	<u>(875,279)</u>
-	1,700,000	-	-	-	1,700,000
-	-	-	-	-	8,826
-	-	-	46,000	-	821,000
-	-	-	(140,316)	-	(140,316)
<u>-</u>	<u>1,700,000</u>	<u>-</u>	<u>(94,316)</u>	<u>-</u>	<u>2,389,510</u>
8,959	1,609,292	20,321	(16,840)	(405,451)	1,514,231
<u>2,178,256</u>	<u>634,002</u>	<u>109,245</u>	<u>68,909</u>	<u>3,367,442</u>	<u>8,666,758</u>
<u>\$ 2,187,215</u>	<u>\$ 2,243,294</u>	<u>\$ 129,566</u>	<u>\$ 52,069</u>	<u>\$ 2,961,991</u>	<u>\$ 10,180,989</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, 2006

	<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	\$ 110,000	\$ 126,750	\$ 140,604	\$ 13,854
Total revenues	<u>110,000</u>	<u>126,750</u>	<u>140,604</u>	<u>13,854</u>
Expenditures:				
Current:				
General government				
Contractual services.	54,450	60,200	46,051	14,149
Materials and supplies.	31,982	48,732	7,740	40,992
Capital outlay	1,509	26,759	18,241	8,518
Total general government	<u>87,941</u>	<u>135,691</u>	<u>72,032</u>	<u>63,659</u>
Total expenditures	<u>87,941</u>	<u>135,691</u>	<u>72,032</u>	<u>63,659</u>
Net change in fund balance.	22,059	(8,941)	68,572	77,513
Fund balance at beginning of year	111,834	111,834	111,834	-
Prior year encumbrances appropriated .	<u>2,991</u>	<u>2,991</u>	<u>2,991</u>	<u>-</u>
Fund balance at end of year	<u>\$ 136,884</u>	<u>\$ 105,884</u>	<u>\$ 183,397</u>	<u>\$ 77,513</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, 2006

	<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	\$ -	\$ -	\$ 45	\$ 45
Licenses, permits and fees	40,000	40,000	45,210	5,210
Intergovernmental	1,400,000	1,400,000	1,618,234	218,234
Other	-	-	5,520	5,520
Total revenues	<u>1,440,000</u>	<u>1,440,000</u>	<u>1,669,009</u>	<u>229,009</u>
Expenditures:				
Current:				
Transportation				
Personal services	1,783,281	1,783,280	1,552,054	231,226
Contractual services.	575,920	575,920	392,428	183,492
Materials and supplies.	282,239	282,240	166,930	115,310
Capital outlay	117	6,517	6,485	32
Total transportation	<u>2,641,557</u>	<u>2,647,957</u>	<u>2,117,897</u>	<u>530,060</u>
Total expenditures	<u>2,641,557</u>	<u>2,647,957</u>	<u>2,117,897</u>	<u>530,060</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(1,201,557)</u>	<u>(1,207,957)</u>	<u>(448,888)</u>	<u>759,069</u>
Other financing sources:				
Transfers in.	<u>1,175,000</u>	<u>1,175,000</u>	<u>775,000</u>	<u>(400,000)</u>
Total other financing sources	<u>1,175,000</u>	<u>1,175,000</u>	<u>775,000</u>	<u>(400,000)</u>
Net change in fund balance	(26,557)	(32,957)	326,112	359,069
Fund balance at beginning of year	<u>36,152</u>	<u>36,152</u>	<u>36,152</u>	<u>-</u>
Prior year encumbrances appropriated	<u>26,557</u>	<u>26,557</u>	<u>26,557</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 36,152</u>	<u>\$ 29,752</u>	<u>\$ 388,821</u>	<u>\$ 359,069</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, 2006

	<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	\$ 25,000	\$ 25,000	\$ 20,641	\$ (4,359)
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>20,641</u>	<u>(4,359)</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	25,000	85,000	54,688	30,312
Total security of persons and property.	<u>25,000</u>	<u>85,000</u>	<u>54,688</u>	<u>30,312</u>
Total expenditures	<u>25,000</u>	<u>85,000</u>	<u>54,688</u>	<u>30,312</u>
Net change in fund balance	-	(60,000)	(34,047)	25,953
Fund balance at beginning of year	<u>95,739</u>	<u>95,739</u>	<u>95,739</u>	<u>-</u>
Fund balance at end of year	<u>\$ 95,739</u>	<u>\$ 35,739</u>	<u>\$ 61,692</u>	<u>\$ 25,953</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 5,000	\$ 7,000	\$ 25,079	\$ 18,079
Other	-	-	105	105
Total revenues	<u>5,000</u>	<u>7,000</u>	<u>25,184</u>	<u>18,184</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	-	2,000	1,997	3
Materials and supplies.	5,000	5,000	5,000	-
Total security of persons and property.	<u>5,000</u>	<u>7,000</u>	<u>6,997</u>	<u>3</u>
Debt service:				
Principal retirement.	-	68,164	68,164	-
Interest and fiscal charges	-	30,981	30,981	-
Total debt service	<u>-</u>	<u>99,145</u>	<u>99,145</u>	<u>-</u>
Total expenditures	<u>5,000</u>	<u>106,145</u>	<u>106,142</u>	<u>3</u>
Net change in fund balance	-	(99,145)	(80,958)	18,187
Fund balance at beginning of year	<u>102,786</u>	<u>102,786</u>	<u>102,786</u>	<u>-</u>
Fund balance at end of year	<u>\$ 102,786</u>	<u>\$ 3,641</u>	<u>\$ 21,828</u>	<u>\$ 18,187</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, 2006

	<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	\$ -	\$ -	\$ 110	\$ 110
Fines and forfeitures	-	-	2,778	2,778
Intergovernmental	10,000	57,863	24,481	(33,382)
Other	-	-	19,467	19,467
Total revenues	<u>10,000</u>	<u>57,863</u>	<u>46,836</u>	<u>(11,027)</u>
Expenditures:				
Current:				
Security of persons and property				
Materials and supplies.	15,758	44,658	39,010	5,648
Capital outlay	-	65,900	33,285	32,615
Other	-	22,963	10,768	12,195
Total security of persons and property.	<u>15,758</u>	<u>133,521</u>	<u>83,063</u>	<u>50,458</u>
Total expenditures	<u>15,758</u>	<u>133,521</u>	<u>83,063</u>	<u>50,458</u>
Net change in fund balance	(5,758)	(75,658)	(36,227)	39,431
Fund balance at beginning of year	143,010	143,010	143,010	-
Prior year encumbrances appropriated .	<u>5,758</u>	<u>5,758</u>	<u>5,758</u>	<u>-</u>
Fund balance at end of year	<u>\$ 143,010</u>	<u>\$ 73,110</u>	<u>\$ 112,541</u>	<u>\$ 39,431</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, 2006

	<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	\$ 3,000	\$ 3,000	\$ 2,692	\$ (308)
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>2,692</u>	<u>(308)</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	1,000	1,000	64	936
Materials and supplies.	2,000	2,000	53	1,947
Total security of persons and property.	<u>3,000</u>	<u>3,000</u>	<u>117</u>	<u>2,883</u>
Total expenditures	<u>3,000</u>	<u>3,000</u>	<u>117</u>	<u>2,883</u>
Net change in fund balance	-	-	2,575	2,575
Fund balance at beginning of year	<u>10,898</u>	<u>10,898</u>	<u>10,898</u>	<u>-</u>
Fund balance at end of year	<u>\$ 10,898</u>	<u>\$ 10,898</u>	<u>\$ 13,473</u>	<u>\$ 2,575</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 63,113	\$ 13,113
Investment income	-	-	19,269	19,269
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>82,382</u>	<u>32,382</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	33,000	33,000	20,302	12,698
Materials and supplies.	17,000	17,000	10,465	6,535
Capital outlay	94,289	445,289	360,699	84,590
Total security of persons and property.	<u>144,289</u>	<u>495,289</u>	<u>391,466</u>	<u>103,823</u>
Total expenditures	<u>144,289</u>	<u>495,289</u>	<u>391,466</u>	<u>103,823</u>
Net change in fund balance	(94,289)	(445,289)	(309,084)	136,205
Fund balance at beginning of year	377,420	377,420	377,420	-
Prior year encumbrances appropriated .	<u>94,289</u>	<u>94,289</u>	<u>94,289</u>	<u>-</u>
Fund balance at end of year	<u>\$ 377,420</u>	<u>\$ 26,420</u>	<u>\$ 162,625</u>	<u>\$ 136,205</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, 2006

	<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	\$ 60,000	\$ 60,000	\$ 62,337	\$ 2,337
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>62,337</u>	<u>2,337</u>
Expenditures:				
Current:				
Security of persons and property				
Personal services	29,052	29,052	17,354	11,698
Contractual services.	33,156	45,156	42,154	3,002
Total security of persons and property.	<u>62,208</u>	<u>74,208</u>	<u>59,508</u>	<u>14,700</u>
Total expenditures	<u>62,208</u>	<u>74,208</u>	<u>59,508</u>	<u>14,700</u>
Net change in fund balance	(2,208)	(14,208)	2,829	17,037
Fund balance at beginning of year	182,425	182,425	182,425	-
Prior year encumbrances appropriated .	<u>2,208</u>	<u>2,208</u>	<u>2,208</u>	<u>-</u>
Fund balance at end of year	<u>\$ 182,425</u>	<u>\$ 170,425</u>	<u>\$ 187,462</u>	<u>\$ 17,037</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, 2006

	<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	\$ 150,000	\$ 150,000	\$ 213,876	\$ 63,876
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>213,876</u>	<u>63,876</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	41,464	121,464	93,050	28,414
Materials and supplies.	30,000	30,000	12,133	17,867
Total security of persons and property.	<u>71,464</u>	<u>151,464</u>	<u>105,183</u>	<u>46,281</u>
Total expenditures	<u>71,464</u>	<u>151,464</u>	<u>105,183</u>	<u>46,281</u>
Net change in fund balance	78,536	(1,464)	108,693	110,157
Fund balance at beginning of year	478,524	478,524	478,524	-
Prior year encumbrances appropriated .	<u>3,964</u>	<u>3,964</u>	<u>3,964</u>	<u>-</u>
Fund balance at end of year	<u>\$ 561,024</u>	<u>\$ 481,024</u>	<u>\$ 591,181</u>	<u>\$ 110,157</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, 2006

	<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	\$ 35,000	\$ 35,000	\$ 42,587	\$ 7,587
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>42,587</u>	<u>7,587</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	24,500	24,500	17,454	7,046
Materials and supplies.	1,200	1,200	200	1,000
Capital outlay	-	35,000	29,614	5,386
Total security of persons and property.	<u>25,700</u>	<u>60,700</u>	<u>47,268</u>	<u>13,432</u>
Total expenditures	<u>25,700</u>	<u>60,700</u>	<u>47,268</u>	<u>13,432</u>
Net change in fund balance	9,300	(25,700)	(4,681)	21,019
Fund balance at beginning of year	<u>170,134</u>	<u>170,134</u>	<u>170,134</u>	<u>-</u>
Fund balance at end of year	<u>\$ 179,434</u>	<u>\$ 144,434</u>	<u>\$ 165,453</u>	<u>\$ 21,019</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, 2006

	<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	\$ 115,650	\$ 115,650	\$ 141,113	\$ 25,463
Intergovernmental	12,850	12,850	14,397	1,547
Investment income	1,500	1,600	-	(1,600)
Total revenues	<u>130,000</u>	<u>130,100</u>	<u>155,510</u>	<u>25,410</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services	2,480	2,580	2,501	79
Total general government	<u>2,480</u>	<u>2,580</u>	<u>2,501</u>	<u>79</u>
Debt service:				
Principal retirement	22,701	22,701	22,700	1
Interest and fiscal charges	54,819	54,819	54,818	1
Total debt service	<u>77,520</u>	<u>77,520</u>	<u>77,518</u>	<u>2</u>
Total expenditures	<u>80,000</u>	<u>80,100</u>	<u>80,019</u>	<u>81</u>
Net change in fund balance	50,000	50,000	75,491	25,491
Fund balance at beginning of year	<u>130,925</u>	<u>130,925</u>	<u>130,925</u>	<u>-</u>
Fund balance at end of year	<u>\$ 180,925</u>	<u>\$ 180,925</u>	<u>\$ 206,416</u>	<u>\$ 25,491</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, 2006

	<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	\$ 115,650	\$ 115,650	\$ 141,113	\$ 25,463
Intergovernmental	12,850	12,850	14,397	1,547
Investment income	1,500	1,500	-	(1,500)
Total revenues	<u>130,000</u>	<u>130,000</u>	<u>155,510</u>	<u>25,510</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services	3,038	3,038	2,501	537
Total general government	<u>3,038</u>	<u>3,038</u>	<u>2,501</u>	<u>537</u>
Debt service:				
Principal retirement	27,223	27,223	27,223	-
Interest and fiscal charges	65,739	65,739	65,739	-
Total debt service	<u>92,962</u>	<u>92,962</u>	<u>92,962</u>	<u>-</u>
Total expenditures	<u>96,000</u>	<u>96,000</u>	<u>95,463</u>	<u>537</u>
Net change in fund balance	34,000	34,000	60,047	26,047
Fund balance at beginning of year	<u>99,753</u>	<u>99,753</u>	<u>99,753</u>	<u>-</u>
Fund balance at end of year	<u>\$ 133,753</u>	<u>\$ 133,753</u>	<u>\$ 159,800</u>	<u>\$ 26,047</u>

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COMMUNITY DEVELOPMENT BLOCK GRANT
 FOR THE YEAR ENDED DECEMBER 31, 2006

	<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	\$ 550,267	\$ 646,833	\$ 598,844	\$ (47,989)
Intergovernmental	1,379,273	1,913,000	1,501,033	(411,967)
Special assessments	2,204	10,000	2,398	(7,602)
Investment income	58,687	70,000	63,868	(6,132)
Other	9,569	17,000	10,414	(6,586)
Total revenues	<u>2,000,000</u>	<u>2,656,833</u>	<u>2,176,557</u>	<u>(480,276)</u>
Expenditures:				
Current:				
Economic development and assistance				
Personal services	332,779	335,129	303,426	31,703
Contractual services.	197,110	197,870	157,603	40,267
Materials and supplies.	9,156	9,156	4,447	4,709
Capital outlay	603,146	746,979	583,227	163,752
Other	1,119,740	1,720,841	1,323,341	397,500
Total economic development and assistance.	<u>2,261,931</u>	<u>3,009,975</u>	<u>2,372,044</u>	<u>637,931</u>
Debt service:				
Principal retirement.	-	140,463	140,463	-
Interest and fiscal charges	-	24,020	24,020	-
Total debt service	<u>-</u>	<u>164,483</u>	<u>164,483</u>	<u>-</u>
Total expenditures	<u>2,261,931</u>	<u>3,174,458</u>	<u>2,536,527</u>	<u>637,931</u>
Net change in fund balance	(261,931)	(517,625)	(359,970)	157,655
Fund balance at beginning of year	255,695	255,695	255,695	-
Prior year encumbrances appropriated .	<u>261,930</u>	<u>261,930</u>	<u>261,930</u>	<u>-</u>
Fund balance at end of year	<u>\$ 255,694</u>	<u>\$ -</u>	<u>\$ 157,655</u>	<u>\$ 157,655</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 6,000	\$ 6,000	\$ 6,830	\$ 830
Other	104,000	104,000	121,780	17,780
Total revenues	110,000	110,000	128,610	18,610
Expenditures:				
Current:				
Economic development and assistance				
Contractual services.	1,050	3,050	1,122	1,928
Other	108,950	1,808,950	1,681,380	127,570
Total economic development and assistance.	110,000	1,812,000	1,682,502	129,498
Debt service:				
Principal retirement.	-	55,000	55,000	-
Interest and fiscal charges	-	80,981	80,981	-
Total debt service	-	135,981	135,981	-
Total expenditures	110,000	1,947,981	1,818,483	129,498
Excess (deficiency) of revenues over (under) expenditures	-	(1,837,981)	(1,689,873)	148,108
Other financing sources:				
Sale of notes	-	1,712,500	1,700,000	(12,500)
Total other financing sources	-	1,712,500	1,700,000	(12,500)
Net change in fund balance	-	(125,481)	10,127	135,608
Fund balance at beginning of year	140,454	140,454	140,454	-
Fund balance at end of year	\$ 140,454	\$ 14,973	\$ 150,581	\$ 135,608

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 113,000	\$ 113,000	\$ 131,208	\$ 18,208
Investment income	1,000	1,000	4,116	3,116
Total revenues	<u>114,000</u>	<u>114,000</u>	<u>135,324</u>	<u>21,324</u>
Expenditures:				
Capital outlay				
Materials and supplies	122,419	120,328	80,688	39,640
Capital outlay	-	38,591	36,525	2,066
Total capital outlay	<u>122,419</u>	<u>158,919</u>	<u>117,213</u>	<u>41,706</u>
Total expenditures	<u>122,419</u>	<u>158,919</u>	<u>117,213</u>	<u>41,706</u>
Net change in fund balance	(8,419)	(44,919)	18,111	63,030
Fund balance at beginning of year	78,579	78,579	78,579	-
Prior year encumbrances appropriated .	<u>8,419</u>	<u>8,419</u>	<u>8,419</u>	<u>-</u>
Fund balance at end of year	<u>\$ 78,579</u>	<u>\$ 42,079</u>	<u>\$ 105,109</u>	<u>\$ 63,030</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 369,000	\$ 369,000	\$ 350,790	(18,210)
Investment income	1,000	1,000	1,629	629
Total revenues	<u>370,000</u>	<u>370,000</u>	<u>352,419</u>	<u>(17,581)</u>
Expenditures:				
Capital outlay				
Contractual services.	118,003	118,003	116,973	1,030
Materials and supplies.	165,064	165,064	160,328	4,736
Total capital outlay	<u>283,067</u>	<u>283,067</u>	<u>277,301</u>	<u>5,766</u>
Total expenditures	<u>283,067</u>	<u>283,067</u>	<u>277,301</u>	<u>5,766</u>
Excess (deficiency) of revenues over (under) expenditures	<u>86,933</u>	<u>86,933</u>	<u>75,118</u>	<u>(11,815)</u>
Other financing sources (uses):				
Transfers in.	50,000	50,000	46,000	(4,000)
Transfers out	(150,000)	(150,000)	(140,316)	9,684
Total other financing sources (uses).	<u>(100,000)</u>	<u>(100,000)</u>	<u>(94,316)</u>	<u>5,684</u>
Net change in fund balance	(13,067)	(13,067)	(19,198)	(6,131)
Fund balance at beginning of year	7,121	7,121	7,121	-
Prior year encumbrances appropriated	13,067	13,067	13,067	-
Fund balance at end of year	<u>\$ 7,121</u>	<u>\$ 7,121</u>	<u>\$ 990</u>	<u>\$ (6,131)</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 853,752	\$ 2,590,330	\$ 512,497	\$ (2,077,833)
Investment income	99,544	51,790	59,755	7,965
Other	46,704	62,880	28,036	(34,844)
Total revenues	<u>1,000,000</u>	<u>2,705,000</u>	<u>600,288</u>	<u>(2,104,712)</u>
Expenditures:				
Current:				
Economic development and assistance				
Personal services	83,630	135,400	111,428	23,972
Contractual services.	11,540	11,540	3,537	8,003
Materials and supplies.	2,500	2,500	188	2,312
Capital outlay	2,000	2,000	-	2,000
Other	1,801,497	3,856,497	2,764,456	1,092,041
Total economic development and assistance.	<u>1,901,167</u>	<u>4,007,937</u>	<u>2,879,609</u>	<u>1,128,328</u>
Total expenditures	<u>1,901,167</u>	<u>4,007,937</u>	<u>2,879,609</u>	<u>1,128,328</u>
Net change in fund balance	(901,167)	(1,302,937)	(2,279,321)	(976,384)
Fund balance at beginning of year	560,622	560,622	560,622	-
Prior year encumbrances appropriated .	<u>901,167</u>	<u>901,167</u>	<u>901,167</u>	<u>-</u>
Fund balance (deficit) at end of year . . .	<u>\$ 560,622</u>	<u>\$ 158,852</u>	<u>\$ (817,532)</u>	<u>\$ (976,384)</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other taxes	\$ 1,183,000	\$ 1,183,000	\$ 1,362,726	\$ 179,726
Intergovernmental	117,000	117,000	139,108	22,108
Special assessments	10,000	10,000	42,231	32,231
Total revenues	<u>1,310,000</u>	<u>1,310,000</u>	<u>1,544,065</u>	<u>234,065</u>
Expenditures:				
Current:				
General government				
Contractual services.	33,040	33,040	26,867	6,173
Total general government	<u>33,040</u>	<u>33,040</u>	<u>26,867</u>	<u>6,173</u>
Debt service:				
Principal retirement.	1,867,441	1,867,441	1,394,897	472,544
Interest and fiscal charges	384,519	384,519	184,326	200,193
Total debt service	<u>2,251,960</u>	<u>2,251,960</u>	<u>1,579,223</u>	<u>672,737</u>
Total expenditures	<u>2,285,000</u>	<u>2,285,000</u>	<u>1,606,090</u>	<u>678,910</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(975,000)</u>	<u>(975,000)</u>	<u>(62,025)</u>	<u>912,975</u>
Other financing sources:				
Transfers in	975,000	975,000	55,000	(920,000)
Total other financing sources.	<u>975,000</u>	<u>975,000</u>	<u>55,000</u>	<u>(920,000)</u>
Net change in fund balance.	-	-	(7,025)	(7,025)
Fund balance at beginning of year	<u>8,466</u>	<u>8,466</u>	<u>8,466</u>	<u>-</u>
Fund balance at end of year	<u>\$ 8,466</u>	<u>\$ 8,466</u>	<u>\$ 1,441</u>	<u>\$ (7,025)</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 2,350,000	\$ 2,350,000	\$ 670,191	\$ (1,679,809)
Total revenues	<u>2,350,000</u>	<u>2,350,000</u>	<u>670,191</u>	<u>(1,679,809)</u>
Expenditures:				
Capital outlay				
Contractual services.	52,123	52,163	12,881	39,282
Capital outlay	<u>3,312,755</u>	<u>3,312,715</u>	<u>2,151,426</u>	<u>1,161,289</u>
Total capital outlay	<u>3,364,878</u>	<u>3,364,878</u>	<u>2,164,307</u>	<u>1,200,571</u>
Total expenditures	<u>3,364,878</u>	<u>3,364,878</u>	<u>2,164,307</u>	<u>1,200,571</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,014,878)</u>	<u>(1,014,878)</u>	<u>(1,494,116)</u>	<u>(479,238)</u>
Other financing sources:				
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>640,358</u>	<u>490,358</u>
Total other financing sources	<u>150,000</u>	<u>150,000</u>	<u>640,358</u>	<u>490,358</u>
Net change in fund balance	(864,878)	(864,878)	(853,758)	11,120
Fund balance at beginning of year	51,707	51,707	51,707	-
Prior year encumbrances appropriated	<u>864,878</u>	<u>864,878</u>	<u>864,878</u>	<u>-</u>
Fund balance at end of year	<u>\$ 51,707</u>	<u>\$ 51,707</u>	<u>\$ 62,827</u>	<u>\$ 11,120</u>

CITY OF WARREN, OHIO

**INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - ENTERPRISE FUNDS**

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:

Major Enterprise Funds

Sewer

To account for the operations of providing sewage services to customers and to maintain the local sewer system of the City.

Water

To account for the operations of providing water services to customers and to maintain the local water system of the City.

Sanitation

To account for the operations of providing sanitation services to customers within the City.

Nonmajor Enterprise Funds

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, 2006

	<u>Packard Music Hall</u>	<u>City Redevelopment</u>	<u>Downtown Parking</u>
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 84,599	\$ 96,597	\$ 34,962
Receivables (net of allowances for uncollectibles):			
Accounts	-	-	-
Special assessments	-	-	-
Total current assets.	<u>84,599</u>	<u>96,597</u>	<u>34,962</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress	-	133,280	150,000
Depreciable capital assets, net	316,415	335,200	1,321,616
Total capital assets	<u>316,415</u>	<u>468,480</u>	<u>1,471,616</u>
Total noncurrent assets	<u>316,415</u>	<u>468,480</u>	<u>1,471,616</u>
Total assets	<u>\$ 401,014</u>	<u>\$ 565,077</u>	<u>\$ 1,506,578</u>
Liabilities:			
Current liabilities:			
Accounts payable.	\$ 9,484	\$ 57	\$ 7,728
Accrued wages and benefits	7,806	-	-
Due to other governments	1,183	-	-
Current portion of general obligation bonds payable.	10,000	-	-
Current portion of capital lease obligations.	-	-	-
Current portion of compensated absences payable	16,085	-	-
Accrued interest payable	53	-	-
Total current liabilities.	<u>44,611</u>	<u>57</u>	<u>7,728</u>
Long-term liabilities:			
General obligation bonds payable	11,000	-	-
Capital lease obligations	-	-	-
Compensated absences payable.	29,513	-	-
Total long-term liabilities	<u>40,513</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>85,124</u>	<u>57</u>	<u>7,728</u>
Net Assets:			
Investment in capital assets, net of related debt	295,415	468,480	1,471,616
Unrestricted	20,475	96,540	27,234
Total net assets	<u>\$ 315,890</u>	<u>\$ 565,020</u>	<u>\$ 1,498,850</u>

<u>Stormwater Utility</u>	<u>Totals</u>
\$ 613,114	\$ 829,272
177,201	177,201
61	61
790,376	1,006,534
-	283,280
530,816	2,504,047
530,816	2,787,327
530,816	2,787,327
<u>\$ 1,321,192</u>	<u>\$ 3,793,861</u>
\$ 1,687	\$ 18,956
7,247	15,053
1,098	2,281
-	10,000
34,134	34,134
3,948	20,033
-	53
48,114	100,510
-	11,000
154,404	154,404
-	29,513
154,404	194,917
202,518	295,427
342,278	2,577,789
776,396	920,645
<u>\$ 1,118,674</u>	<u>\$ 3,498,434</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, 2006

	Packard Music Hall	City Redevelopment	Downtown Parking
Operating revenues:			
Charges for services	\$ 218,979	\$ 42,711	\$ 29,192
Other operating revenues	42,045	-	-
Total operating revenues	<u>261,024</u>	<u>42,711</u>	<u>29,192</u>
Operating expenses:			
Personal services	283,753	-	-
Contractual services.	39,479	33,352	16,688
Materials and supplies.	56,523	263	167
Administrative costs.	35,588	-	-
Utilities	83,935	4,188	9,659
Other.	3,205	-	-
Depreciation.	28,247	14,791	48,059
Total operating expenses.	<u>530,730</u>	<u>52,594</u>	<u>74,573</u>
Operating income (loss)	<u>(269,706)</u>	<u>(9,883)</u>	<u>(45,381)</u>
Nonoperating revenues (expenses):			
Special assessments	-	-	-
Intergovernmental	100,000	-	-
Interest and fiscal charges	(649)	-	-
Total nonoperating revenues (expenses).	<u>99,351</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers.	(170,355)	(9,883)	(45,381)
Transfers in	<u>400,000</u>	<u>-</u>	<u>122,000</u>
Changes in net assets	229,645	(9,883)	76,619
Net assets at beginning of year.	<u>86,245</u>	<u>574,903</u>	<u>1,422,231</u>
Net assets at end of year	<u><u>\$ 315,890</u></u>	<u><u>\$ 565,020</u></u>	<u><u>\$ 1,498,850</u></u>

Stormwater Utility	Totals
\$ 832,441	\$ 1,123,323
439	42,484
<u>832,880</u>	<u>1,165,807</u>
393,315	677,068
88,091	177,610
37,016	93,969
35,750	71,338
-	97,782
1,023	4,228
<u>28,015</u>	<u>119,112</u>
<u>583,210</u>	<u>1,241,107</u>
<u>249,670</u>	<u>(75,300)</u>
3	3
-	100,000
-	(649)
<u>3</u>	<u>99,354</u>
249,673	24,054
<u>-</u>	<u>522,000</u>
249,673	546,054
<u>869,001</u>	<u>2,952,380</u>
<u>\$ 1,118,674</u>	<u>\$ 3,498,434</u>

CITY OF WARREN, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	<u>Packard Music Hall</u>	<u>City Redevelopment</u>	<u>Downtown Parking</u>
Cash flows from operating activities:			
Cash received from customers	\$ 218,979	\$ 42,711	\$ 29,192
Cash received from other operations	42,045	-	-
Cash payments for personal services	(322,258)	(40,400)	-
Cash payments for contractual services.	(119,987)	(263)	(115,794)
Cash payments for materials and supplies	(54,224)	-	(167)
Cash payments for utilities	(83,935)	(4,188)	(9,659)
Cash payments for administrative costs.	(35,588)	-	-
Cash payments for other expenses	<u>(3,205)</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>(358,173)</u>	<u>(2,140)</u>	<u>(96,428)</u>
Cash flows from noncapital financing activities:			
Transfers in from other funds	400,000	-	122,000
Intergovernmental.	<u>100,000</u>	<u>-</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>500,000</u>	<u>-</u>	<u>122,000</u>
Cash flows from capital and related financing activities:			
Aquisition of capital assets	(88,293)	-	-
Principal retirement.	(10,000)	-	-
Interest and fiscal charges	<u>(674)</u>	<u>-</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(98,967)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents.	42,860	(2,140)	25,572
Cash and cash equivalents at beginning of year.	<u>41,739</u>	<u>98,737</u>	<u>9,390</u>
Cash and cash equivalents at end of year	<u><u>84,599</u></u>	<u><u>96,597</u></u>	<u><u>34,962</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss).	(269,706)	(9,883)	(45,381)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	28,247	14,791	48,059
Changes in assets and liabilities:			
(Increase) in accounts receivable.	-	-	-
Decrease in accounts payable	(78,209)	(7,048)	(99,106)
Increase (decrease) in accrued wages and benefits	(415)	-	-
Increase (decrease) in due to other governments	(50)	-	-
Increase (decrease) in compensated absences payable	<u>(38,040)</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities.	<u><u>\$ (358,173)</u></u>	<u><u>\$ (2,140)</u></u>	<u><u>\$ (96,428)</u></u>

Stormwater Utility	Totals
\$ 809,658	\$ 1,100,540
439	42,484
(392,639)	(755,297)
(89,741)	(325,785)
(44,007)	(98,398)
-	(97,782)
(35,750)	(71,338)
(1,023)	(4,228)
<u>246,937</u>	<u>(209,804)</u>
-	522,000
-	100,000
<u>-</u>	<u>622,000</u>
-	(88,293)
-	(10,000)
<u>-</u>	<u>(674)</u>
<u>-</u>	<u>(98,967)</u>
246,937	313,229
366,177	516,043
<u>613,114</u>	<u>829,272</u>
249,670	(75,300)
28,015	119,112
(22,783)	(22,783)
(8,641)	(193,004)
294	(121)
55	5
<u>327</u>	<u>(37,713)</u>
<u>\$ 246,937</u>	<u>\$ (209,804)</u>

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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating revenues:				
Charges for services	\$ 6,083,197	\$ 8,425,217	\$ 8,294,292	\$ (130,925)
Other operating revenues	51,643	71,525	70,414	(1,111)
Total operating revenues	<u>6,134,840</u>	<u>8,496,742</u>	<u>8,364,706</u>	<u>(132,036)</u>
Operating expenses:				
Personal services.	3,045,783	3,045,784	2,849,160	196,624
Contractual services	1,255,977	1,304,445	1,168,428	136,017
Materials and supplies.	493,874	564,041	505,137	58,904
Capital outlay	3,325,192	3,682,395	3,504,135	178,260
Administrative costs.	577,198	607,270	606,383	887
Utilities	839,107	881,066	746,839	134,227
Other operating expenses	6,501	9,001	8,083	918
Total operating expenses	<u>9,543,632</u>	<u>10,094,002</u>	<u>9,388,165</u>	<u>705,837</u>
Operating loss	<u>(3,408,792)</u>	<u>(1,597,260)</u>	<u>(1,023,459)</u>	<u>573,801</u>
Nonoperating revenues (expenses):				
Special assessments	2,900	4,016	3,954	(62)
Loan issuance	2,587,260	3,583,350	3,605,859	22,509
Debt service:				
Principal retirement	(1,336,342)	(1,567,970)	(1,567,970)	-
Interest and fiscal charges	(588,304)	(690,277)	(690,276)	1
Total nonoperating revenues (expenses)	<u>665,514</u>	<u>1,329,119</u>	<u>1,351,567</u>	<u>22,448</u>
Net change in fund balance.	(2,743,278)	(268,141)	328,108	596,249
Fund balance (deficit) at beginning of year.	(2,376,451)	(2,376,451)	(2,376,451)	-
Prior year encumbrances appropriated	<u>3,368,278</u>	<u>3,368,278</u>	<u>3,368,278</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (1,751,451)</u>	<u>\$ 723,686</u>	<u>\$ 1,319,935</u>	<u>\$ 596,249</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 7,315,214	\$ 10,970,000	\$ 10,959,830	\$ (10,170)
Other operating revenues	66,684	100,000	113,215	13,215
Total operating revenues	<u>7,381,898</u>	<u>11,070,000</u>	<u>11,073,045</u>	<u>3,045</u>
Operating expenses:				
Personal services	5,594,406	5,609,669	5,302,345	307,324
Contractual services	1,129,234	1,135,064	1,016,511	118,553
Materials and supplies	1,417,500	1,431,364	1,164,469	266,895
Capital outlay	1,178,624	9,627,630	7,078,296	2,549,334
Administrative costs	538,780	758,560	570,394	188,166
Utilities	915,015	733,904	683,570	50,334
Other operating expenses	958,973	127,700	120,027	7,673
Total operating expenses	<u>11,732,532</u>	<u>19,423,891</u>	<u>15,935,612</u>	<u>3,488,279</u>
Operating loss	<u>(4,350,634)</u>	<u>(8,353,891)</u>	<u>(4,862,567)</u>	<u>3,491,324</u>
Nonoperating revenues (expenses):				
Investment earnings	20,672	31,000	53,205	22,205
Loan issuance	3,712,955	5,568,000	74,660	(5,493,340)
Debt service:				
Principal retirement	(674,359)	(912,710)	(912,638)	72
Interest and fiscal charges	(709,932)	(960,856)	(960,635)	221
Total nonoperating revenues (expenses)	<u>2,349,336</u>	<u>3,725,434</u>	<u>(1,745,408)</u>	<u>(5,470,842)</u>
Net loss before transfers	(2,001,298)	(4,628,457)	(6,607,975)	(1,979,518)
Transfers in	549,475	824,000	1,127,221	303,221
Transfers out	-	(1,171,273)	(1,127,221)	44,052
Net change in fund balance	(1,451,823)	(4,975,730)	(6,607,975)	(1,632,245)
Fund balance at beginning of year	5,190,027	5,190,027	5,190,027	-
Prior year encumbrances appropriated	1,456,823	1,456,823	1,456,823	-
Fund balance at end of year	<u>\$ 5,195,027</u>	<u>\$ 1,671,120</u>	<u>\$ 38,875</u>	<u>\$ (1,632,245)</u>

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 2,610,911	\$ 3,000,000	\$ 3,069,498	\$ 69,498
Other operating revenues	19,089	1,500	22,442	20,942
Total operating revenues	<u>2,630,000</u>	<u>3,001,500</u>	<u>3,091,940</u>	<u>90,440</u>
Operating expenses:				
Personal services.	1,064,694	1,085,894	1,002,223	83,671
Contractual services	1,530,338	1,528,234	1,444,270	83,964
Materials and supplies.	230,710	295,711	286,003	9,708
Capital outlay	-	370,000	361,357	8,643
Administrative costs.	185,074	187,548	166,466	21,082
Utilities	22,823	22,452	14,520	7,932
Other operating expenses	1,500	3,000	1,712	1,288
Total operating expenses	<u>3,035,139</u>	<u>3,492,839</u>	<u>3,276,551</u>	<u>216,288</u>
Operating loss	<u>(405,139)</u>	<u>(491,339)</u>	<u>(184,611)</u>	<u>306,728</u>
Nonoperating revenues (expenses):				
Sale of notes	620,000	620,000	620,000	-
Debt service:				
Principal retirement	(246,846)	(374,461)	(374,461)	-
Interest and fiscal charges	<u>(15,404)</u>	<u>(23,368)</u>	<u>(23,368)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>357,750</u>	<u>222,171</u>	<u>222,171</u>	<u>-</u>
Net change in fund balance.	(47,389)	(269,168)	37,560	306,728
Fund balance at beginning of year	277,749	277,749	277,749	-
Prior year encumbrances appropriated	<u>47,389</u>	<u>47,389</u>	<u>47,389</u>	<u>-</u>
Fund balance at end of year	<u>\$ 277,749</u>	<u>\$ 55,970</u>	<u>\$ 362,698</u>	<u>\$ 306,728</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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating revenues:				
Charges for services	\$ 184,155	\$ 223,000	\$ 218,979	\$ (4,021)
Other operating revenues	35,359	42,818	42,045	(773)
Total operating revenues	<u>219,514</u>	<u>265,818</u>	<u>261,024</u>	<u>(4,794)</u>
Operating expenses:				
Personal services.	342,906	345,908	322,258	23,650
Contractual services.	145,660	139,495	123,041	16,454
Materials and supplies.	55,618	69,118	60,736	8,382
Capital outlay	88,604	88,604	88,292	312
Administrative costs.	31,076	37,798	35,588	2,210
Utilities	86,605	104,547	83,936	20,611
Other operating expenses	8,200	8,200	3,205	4,995
Total operating expenses	<u>758,669</u>	<u>793,670</u>	<u>717,056</u>	<u>76,614</u>
Operating loss	<u>(539,155)</u>	<u>(527,852)</u>	<u>(456,032)</u>	<u>71,820</u>
Nonoperating revenues (expenses):				
Intergovernmental.	84,097	101,836	100,000	(1,836)
Debt service:				
Principal retirement.	(10,000)	(10,000)	(10,000)	-
Interest and fiscal charges	(674)	(674)	(674)	-
Total nonoperating revenues (expenses)	<u>73,423</u>	<u>91,162</u>	<u>89,326</u>	<u>(1,836)</u>
Net loss before transfers.	(465,732)	(436,690)	(366,706)	69,984
Transfers in	<u>336,389</u>	<u>407,346</u>	<u>400,000</u>	<u>(7,346)</u>
Net change in fund balance.	(129,343)	(29,344)	33,294	62,638
Fund balance (deficit) at beginning of year.	(87,604)	(87,604)	(87,604)	-
Prior year encumbrances appropriated	<u>129,343</u>	<u>129,343</u>	<u>129,343</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (87,604)</u>	<u>\$ 12,395</u>	<u>\$ 75,033</u>	<u>\$ 62,638</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, 2006

	<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	\$ 50,000	\$ 42,711	\$ (7,289)
Total operating revenues	<u>40,000</u>	<u>50,000</u>	<u>42,711</u>	<u>(7,289)</u>
Operating expenses:				
Contractual services	38,018	112,094	40,400	71,694
Materials and supplies.	712	712	263	449
Utilities	1,946	4,370	4,188	182
Total operating expenses	<u>40,676</u>	<u>117,176</u>	<u>44,851</u>	<u>72,325</u>
Net change in fund balance.	(676)	(67,176)	(2,140)	65,036
Fund balance at beginning of year	98,061	98,061	98,061	-
Prior year encumbrances appropriated . .	<u>676</u>	<u>676</u>	<u>676</u>	<u>-</u>
Fund balance at end of year	<u>\$ 98,061</u>	<u>\$ 31,561</u>	<u>\$ 96,597</u>	<u>\$ 65,036</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, 2006

	<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	\$ 6,758	\$ 29,927	\$ 29,192	\$ (735)
Total operating revenues	<u>6,758</u>	<u>29,927</u>	<u>29,192</u>	<u>(735)</u>
Operating expenses:				
Contractual services	84,833	127,418	124,897	2,521
Materials and supplies.	-	20,000	167	19,833
Utilities	3,359	10,775	9,659	1,116
Total operating expenses	<u>88,192</u>	<u>158,193</u>	<u>134,723</u>	<u>23,470</u>
Net loss before transfers.	(81,434)	(128,266)	(105,531)	22,735
Transfers in	<u>28,242</u>	<u>125,073</u>	<u>122,000</u>	<u>(3,073)</u>
Net change in fund balance.	(53,192)	(3,193)	16,469	19,662
Fund balance (deficit) at beginning of year.	(43,802)	(43,802)	(43,802)	-
Prior year encumbrances appropriated . .	<u>53,192</u>	<u>53,192</u>	<u>53,192</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (43,802)</u>	<u>\$ 6,197</u>	<u>\$ 25,859</u>	<u>\$ 19,662</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, 2006

	<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	\$ 750,000	\$ 751,000	\$ 809,658	\$ 58,658
Other operating revenues	-	-	439	439
Total operating revenues	<u>750,000</u>	<u>751,000</u>	<u>810,097</u>	<u>59,097</u>
Operating expenses:				
Personal services.	469,576	516,575	392,638	123,937
Contractual services	221,531	217,539	92,111	125,428
Materials and supplies.	44,967	47,467	44,256	3,211
Administrative costs.	49,508	55,000	35,750	19,250
Other operating expenses	67	2,068	1,023	1,045
Total operating expenses	<u>785,649</u>	<u>838,649</u>	<u>565,778</u>	<u>272,871</u>
Net change in fund balance.	(35,649)	(87,649)	244,319	331,968
Fund balance at beginning of year	330,528	330,528	330,528	-
Prior year encumbrances appropriated	<u>35,649</u>	<u>35,649</u>	<u>35,649</u>	<u>-</u>
Fund balance at end of year	<u>\$ 330,528</u>	<u>\$ 278,528</u>	<u>\$ 610,496</u>	<u>\$ 331,968</u>

CITY OF WARREN, OHIO

**INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - INTERNAL SERVICE FUNDS**

Internal Service Funds

The internal service funds are used to account for the financing of goods or services provided by one department or agency to other 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
INTERNAL SERVICE FUNDS
 DECEMBER 31, 2006

	Life Insurance and Hospitalization	Workers Compensation	Data Processing	Risk Management	Totals
Assets:					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 1,331,078	\$ 4,760,120	\$ 371,963	\$ 739,486	\$ 7,202,647
Receivables (net of allowances for uncollectibles):					
Notes	-	620,000	-	-	620,000
Total current assets	<u>1,331,078</u>	<u>5,380,120</u>	<u>371,963</u>	<u>739,486</u>	<u>7,822,647</u>
Noncurrent assets:					
Capital assets:					
Depreciable capital assets, net	-	-	50,493	-	50,493
Total capital assets	<u>-</u>	<u>-</u>	<u>50,493</u>	<u>-</u>	<u>50,493</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>50,493</u>	<u>-</u>	<u>50,493</u>
Total assets	<u>\$ 1,331,078</u>	<u>\$ 5,380,120</u>	<u>\$ 422,456</u>	<u>\$ 739,486</u>	<u>\$ 7,873,140</u>
Liabilities:					
Current liabilities:					
Accounts payable	\$ 2,428	\$ 450	\$ 39,597	\$ 115	\$ 42,590
Contracts payable	-	-	-	1,220	1,220
Accrued wages and benefits	-	-	6,468	-	6,468
Due to other governments	-	440,887	980	-	441,867
Claims payable	679,681	-	-	-	679,681
Total current liabilities	<u>682,109</u>	<u>441,337</u>	<u>47,045</u>	<u>1,335</u>	<u>1,171,826</u>
Long-term liabilities:					
Compensated absences payable	-	-	86,004	-	86,004
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>86,004</u>	<u>-</u>	<u>86,004</u>
Total liabilities	<u>682,109</u>	<u>441,337</u>	<u>133,049</u>	<u>1,335</u>	<u>1,257,830</u>
Net Assets:					
Investment in capital assets, net of related debt	-	-	50,493	-	50,493
Unrestricted	648,969	4,938,783	238,914	738,151	6,564,817
Total net assets	<u>\$ 648,969</u>	<u>\$ 4,938,783</u>	<u>\$ 289,407</u>	<u>\$ 738,151</u>	<u>\$ 6,615,310</u>

CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Life Insurance and Hospitalization	Workers Compensation	Data Processing	Risk Management	Totals
Operating revenues:					
Charges for services	\$ 5,252,591	\$ 1,349,685	\$ 566,361	\$ 232,066	\$ 7,400,703
Other operating revenues.	-	-	9,299	-	9,299
Total operating revenues.	<u>5,252,591</u>	<u>1,349,685</u>	<u>575,660</u>	<u>232,066</u>	<u>7,410,002</u>
Operating expenses:					
Personal services	-	-	269,318	-	269,318
Contractual services	-	3,269	152,998	161,319	317,586
Materials and supplies	-	-	33,607	-	33,607
Administrative costs	-	440,887	27,538	-	468,425
Utilities	-	-	24,939	-	24,939
Claims.	5,379,887	329,226	-	-	5,709,113
Depreciation	-	-	3,772	-	3,772
Total operating expenses.	<u>5,379,887</u>	<u>773,382</u>	<u>512,172</u>	<u>161,319</u>	<u>6,826,760</u>
Operating income (loss)	<u>(127,296)</u>	<u>576,303</u>	<u>63,488</u>	<u>70,747</u>	<u>583,242</u>
Nonoperating revenues:					
Interest revenue	-	12,250	-	-	12,250
Total nonoperating revenues.	<u>-</u>	<u>12,250</u>	<u>-</u>	<u>-</u>	<u>12,250</u>
Net income (loss) before transfers.	(127,296)	588,553	63,488	70,747	595,492
Transfers out.	-	-	(88,184)	-	(88,184)
Changes in net assets	(127,296)	588,553	(24,696)	70,747	507,308
Net assets at beginning of year.	<u>776,265</u>	<u>4,350,230</u>	<u>314,103</u>	<u>667,404</u>	<u>6,108,002</u>
Net assets at end of year	<u>\$ 648,969</u>	<u>\$ 4,938,783</u>	<u>\$ 289,407</u>	<u>\$ 738,151</u>	<u>\$ 6,615,310</u>

CITY OF WARREN, OHIO

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	Life Insurance and Hospitalization	Workers Compensation	Data Processing	Risk Management	Totals
Cash flows from operating activities:					
Cash received from customers	\$ 5,253,174	\$ 1,349,685	\$ 566,361	\$ 232,066	\$ 7,401,286
Cash received from other operations	-	-	9,299	-	9,299
Cash payments for personal services	-	-	(251,290)	-	(251,290)
Cash payments for contractual services	-	(2,819)	(140,082)	(189,334)	(332,235)
Cash payments for materials and supplies	-	-	(33,491)	-	(33,491)
Cash payments for utilities	-	-	(24,939)	-	(24,939)
Cash payments for claims expense	(4,946,270)	(329,226)	-	-	(5,275,496)
Cash payments for administrative costs	-	(397,304)	(27,538)	-	(424,842)
Net cash provided by operating activities	<u>306,904</u>	<u>620,336</u>	<u>98,320</u>	<u>42,732</u>	<u>1,068,292</u>
Cash flows from noncapital financing activities:					
Transfers out to other funds	-	-	(88,184)	-	(88,184)
Net cash used in noncapital financing activities	<u>-</u>	<u>-</u>	<u>(88,184)</u>	<u>-</u>	<u>(88,184)</u>
Cash flows from investing activities:					
Cash used for internal note disbursement	-	(620,000)	-	-	(620,000)
Interest received	-	12,250	-	-	12,250
Principal payment received on internal notes	-	350,000	-	-	350,000
Net cash used in investing activities	<u>-</u>	<u>(257,750)</u>	<u>-</u>	<u>-</u>	<u>(257,750)</u>
Net increase in cash and cash equivalents	306,904	362,586	10,136	42,732	722,358
Cash and cash equivalents at beginning of year . . .	<u>1,024,174</u>	<u>4,397,534</u>	<u>361,827</u>	<u>696,754</u>	<u>6,480,289</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,331,078</u></u>	<u><u>\$ 4,760,120</u></u>	<u><u>\$ 371,963</u></u>	<u><u>\$ 739,486</u></u>	<u><u>\$ 7,202,647</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ (127,296)	\$ 576,303	\$ 63,488	\$ 70,747	\$ 583,242
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	-	-	3,772	-	3,772
Changes in assets and liabilities:					
(Increase) in accounts receivable	583	-	-	-	583
Increase in accounts payable	298	450	13,032	(29,235)	(15,455)
Increase (decrease) in contracts payable	-	-	-	1,220	1,220
Increase in accrued wages and benefits	-	-	(14)	-	(14)
Increase (decrease) in due to other governments	-	-	8	-	8
(Decrease) in compensated absences payable	-	-	18,034	-	18,034
Increase in claims payable	433,319	43,583	-	-	476,902
Net cash provided by operating activities	<u><u>\$ 306,904</u></u>	<u><u>\$ 620,336</u></u>	<u><u>\$ 98,320</u></u>	<u><u>\$ 42,732</u></u>	<u><u>\$ 1,068,292</u></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, 2006

	<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	\$ 5,000,000	\$ 5,000,000	\$ 5,253,174	\$ 253,174
Total operating revenues	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,253,174</u>	<u>253,174</u>
Operating expenses:				
Claims expense	5,000,000	5,000,000	4,948,007	51,993
Total operating expenses	<u>5,000,000</u>	<u>5,000,000</u>	<u>4,948,007</u>	<u>51,993</u>
Net change in fund balance	-	-	305,167	305,167
Fund balance at beginning of year	<u>1,024,174</u>	<u>1,024,174</u>	<u>1,024,174</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,024,174</u>	<u>\$ 1,024,174</u>	<u>\$ 1,329,341</u>	<u>\$ 305,167</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, 2006

	<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	\$ 1,087,750	\$ 1,087,750	\$ 1,349,685	\$ 261,935
Total operating revenues	<u>1,087,750</u>	<u>1,087,750</u>	<u>1,349,685</u>	<u>261,935</u>
Operating expenses:				
Contractual services	5,000	5,000	2,819	2,181
Claims expense	400,642	400,642	329,226	71,416
Administrative costs	400,000	400,000	397,304	2,696
Other operating expenses	295,000	295,000	-	295,000
Total operating expenses	<u>1,100,642</u>	<u>1,100,642</u>	<u>729,349</u>	<u>371,293</u>
Operating income (loss)	<u>(12,892)</u>	<u>(12,892)</u>	<u>620,336</u>	<u>633,228</u>
Nonoperating revenues:				
Investment earnings	12,250	12,250	12,250	-
Total nonoperating revenues	<u>12,250</u>	<u>12,250</u>	<u>12,250</u>	<u>-</u>
Net change in fund balance	(642)	(642)	632,586	633,228
Fund balance at beginning of year	4,746,892	4,746,892	4,746,892	-
Prior year encumbrances appropriated	<u>642</u>	<u>642</u>	<u>642</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,746,892</u>	<u>\$ 4,746,892</u>	<u>\$ 5,380,120</u>	<u>\$ 633,228</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 580,200	\$ 580,200	\$ 566,361	\$ (13,839)
Other operating revenues	19,800	19,800	9,299	(10,501)
Total operating revenues	<u>600,000</u>	<u>600,000</u>	<u>575,660</u>	<u>(24,340)</u>
Operating expenses:				
Personal services.	263,897	263,896	251,290	12,606
Contractual services	160,651	162,229	143,092	19,137
Materials and supplies.	23,642	23,642	15,173	8,469
Capital outlay	-	261,580	116,008	145,572
Administrative costs	28,630	29,000	27,538	1,462
Utilities	39,611	37,664	25,694	11,970
Total operating expenses	<u>516,431</u>	<u>778,011</u>	<u>578,795</u>	<u>199,216</u>
Operating income (loss)	<u>83,569</u>	<u>(178,011)</u>	<u>(3,135)</u>	<u>174,876</u>
Nonoperating revenues (expenses):				
Debt service:				
Principal retirement.	(48,976)	(48,976)	(48,987)	(11)
Interest and fiscal charges	(39,197)	(39,197)	(39,197)	-
Total nonoperating revenues	<u>(88,173)</u>	<u>(88,173)</u>	<u>(88,184)</u>	<u>(11)</u>
Net change in fund balance.	(4,604)	(266,184)	(91,319)	174,865
Fund balance at beginning of year	357,223	357,223	357,223	-
Prior year encumbrances appropriated	4,604	4,604	4,604	-
Fund balance at end of year	<u>\$ 357,223</u>	<u>\$ 95,643</u>	<u>\$ 270,508</u>	<u>\$ 174,865</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, 2006

	<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	\$ 250,000	\$ 250,000	\$ 232,066	\$ (17,934)
Total operating revenues	<u>250,000</u>	<u>250,000</u>	<u>232,066</u>	<u>(17,934)</u>
Operating expenses:				
Contractual services	257,098	257,098	189,334	67,764
Total operating expenses	<u>257,098</u>	<u>257,098</u>	<u>189,334</u>	<u>67,764</u>
Net change in fund balance	(7,098)	(7,098)	42,732	49,830
Fund balance at beginning of year	689,656	689,656	689,656	-
Prior year encumbrances appropriated	<u>7,098</u>	<u>7,098</u>	<u>7,098</u>	<u>-</u>
Fund balance at end of year	<u>\$ 689,656</u>	<u>\$ 689,656</u>	<u>\$ 739,486</u>	<u>\$ 49,830</u>

CITY OF WARREN, OHIO
INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - AGENCY FUNDS

Agency Funds

Agency funds maintain assets held by the City as an agent for individuals, private organizations and other governmental units. 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, 2006

	<u>Balance</u> <u>1/1/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2006</u>
Highway Patrol Fines				
Assets:				
Equity in pooled cash and cash equivalents	\$ -	\$ 39,980	\$ 39,980	\$ -
Accounts receivable	1,461	2,728	1,461	2,728
Total assets.	<u>\$ 1,461</u>	<u>\$ 42,708</u>	<u>\$ 41,441</u>	<u>\$ 2,728</u>
Liabilities:				
Accounts payable	\$ -	\$ 42,708	\$ 39,980	\$ 2,728
Deposits held and due to others	1,461	-	1,461	-
Total liabilities	<u>\$ 1,461</u>	<u>\$ 42,708</u>	<u>\$ 41,441</u>	<u>\$ 2,728</u>
Auditors Escrow				
Assets:				
Equity in pooled cash and cash equivalents	\$ 336,220	\$ 369,156	\$ 370,893	\$ 334,483
Total assets.	<u>\$ 336,220</u>	<u>\$ 369,156</u>	<u>\$ 370,893</u>	<u>\$ 334,483</u>
Liabilities:				
Accounts payable	\$ 32,497	\$ -	\$ 31,554	\$ 943
Deposits held and due to others	303,723	369,156	339,339	333,540
Total liabilities	<u>\$ 336,220</u>	<u>\$ 369,156</u>	<u>\$ 370,893</u>	<u>\$ 334,483</u>
Payroll				
Assets:				
Equity in pooled cash and cash equivalents	\$ 514,888	\$ 452,168	\$ 433,979	\$ 533,077
Total assets.	<u>\$ 514,888</u>	<u>\$ 452,168</u>	<u>\$ 433,979</u>	<u>\$ 533,077</u>
Liabilities:				
Accounts payable	\$ -	\$ 404,346	\$ -	\$ 404,346
Deposits held and due to others	514,888	47,822	433,979	128,731
Total liabilities	<u>\$ 514,888</u>	<u>\$ 452,168</u>	<u>\$ 433,979</u>	<u>\$ 533,077</u>
Municipal Court				
Assets:				
Cash with fiscal and escrow agents.	\$ 208,591	\$ 3,765,295	\$ 3,704,598	\$ 269,288
Total assets.	<u>\$ 208,591</u>	<u>\$ 3,765,295</u>	<u>\$ 3,704,598</u>	<u>\$ 269,288</u>
Liabilities:				
Accounts payable	\$ 92,800	\$ 110,089	\$ 92,800	\$ 110,089
Due to other governments	115,791	3,655,206	3,611,798	159,199
Total liabilities	<u>\$ 208,591</u>	<u>\$ 3,765,295</u>	<u>\$ 3,704,598</u>	<u>\$ 269,288</u>

Continued

CITY OF WARREN, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Balance</u> <u>1/1/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2006</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents	\$ 851,108	\$ 861,304	\$ 844,852	\$ 867,560
Cash with fiscal and escrow agents.	208,591	3,765,295	3,704,598	269,288
Accounts receivable	1,461	2,728	1,461	2,728
Total assets.	<u>\$ 1,061,160</u>	<u>\$ 4,629,327</u>	<u>\$ 4,550,911</u>	<u>\$ 1,139,576</u>
Liabilities:				
Accounts payable	\$ 125,297	\$ 557,143	\$ 164,334	\$ 518,106
Due to other governments	115,791	3,655,206	3,611,798	159,199
Deposits held and due to others	820,072	416,978	774,779	462,271
Total liabilities	<u>\$ 1,061,160</u>	<u>\$ 4,629,327</u>	<u>\$ 4,550,911</u>	<u>\$ 1,139,576</u>

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STATISTICAL SECTION

CITY OF WARREN, OHIO
STATISTICAL SECTION

This part of the City of Warren's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	135-143
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the income tax.	144-155
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	156-162
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	163-164
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	166-169

Sources: Sources are noted on the individual schedules. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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CITY OF WARREN, OHIO

NET ASSETS BY COMPONENT
LAST FOUR YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental Activities				
Invested in capital assets, net of related debt	\$ 30,967,884	\$ 29,524,698	\$ 26,382,293	\$ 19,496,371
Restricted for:				
Capital projects	570,073	768,172	541,032	357,350
Debt service	374,727	372,932	338,675	326,037
Street maintenance	982,767	611,593	463,622	-
State highway	177,075	148,916	100,897	-
Law enforcement	405,984	819,715	643,336	-
Courts	1,189,849	977,107	782,106	-
Community development and improvements	7,866,327	6,426,196	6,447,060	-
Police and fire pension	292,210	310,630	191,177	-
Public health	679,561	-	-	-
Other purposes	-	-	-	9,477,900
Unrestricted	<u>5,137,720</u>	<u>5,273,540</u>	<u>5,697,185</u>	<u>6,481,599</u>
Total governmental activities net assets	<u>\$ 48,644,177</u>	<u>\$ 45,233,499</u>	<u>\$ 41,587,383</u>	<u>\$ 36,139,257</u>
Business-type Activities				
Invested in capital assets, net of related debt	\$ 18,390,112	\$ 18,245,015	\$ 17,311,185	\$ 19,168,104
Unrestricted	<u>9,833,606</u>	<u>9,169,546</u>	<u>8,486,417</u>	<u>6,097,414</u>
Total business-type activities net assets	<u>\$ 28,223,718</u>	<u>\$ 27,414,561</u>	<u>\$ 25,797,602</u>	<u>\$ 25,265,518</u>
Total Primary Government				
Invested in capital assets, net of related debt	\$ 49,357,996	\$ 47,769,713	\$ 43,693,478	\$ 38,664,475
Restricted for:				
Capital projects	570,073	768,172	541,032	357,350
Debt service	374,727	372,932	338,675	326,037
Street maintenance	982,767	611,593	463,622	-
State highway	177,075	148,916	100,897	-
Law enforcement	405,984	819,715	643,336	-
Courts	1,189,849	977,107	782,106	-
Community development and improvements	7,866,327	6,426,196	6,447,060	-
Police and fire pension	292,210	310,630	191,177	-
Public health	679,561	-	-	-
Other purposes	-	-	-	9,477,900
Unrestricted	<u>14,971,326</u>	<u>14,443,086</u>	<u>14,183,602</u>	<u>12,579,013</u>
Total primary government net assets	<u>\$ 76,867,895</u>	<u>\$ 72,648,060</u>	<u>\$ 67,384,985</u>	<u>\$ 61,404,775</u>

Note: 2003 was the first year the City implemented GASB Statement No. 34, so comparative information before that date is not available.

CITY OF WARREN, OHIO

**CHANGES IN NET ASSETS
LAST FOUR YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Program Revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 1,459,245	\$ 1,210,264	\$ 1,225,507	\$ 1,279,189
Security of persons and property	1,506,767	1,368,960	1,412,462	1,567,813
Public health and welfare	150,522	157,623	130,904	120,659
Transportation	45,255	48,066	33,050	44,058
Community environment	1,135,168	526,502	663,501	617,335
Leisure time activities	16,087	13,646	17,259	27,456
Economic development	73,629	179,296	38,522	142,863
Operating grants and contributions:				
General government	-	40,248	-	191,227
Security of persons and property	87,594	257,611	236,524	243,964
Public health and welfare	715,000	-	-	-
Transportation	2,159,287	2,178,812	1,872,926	1,684,860
Economic development	2,077,372	2,673,342	2,054,645	3,021,318
Capital grants and contributions:				
General government	-	-	1,164,720	1,147,279
Transportation	670,191	2,017,348	2,766,371	-
Total governmental activities program revenues	<u>10,096,117</u>	<u>10,671,718</u>	<u>11,616,391</u>	<u>10,088,021</u>
Business-type activities:				
Charges for services:				
Sewer	8,265,798	8,743,627	7,653,073	6,800,830
Water	10,976,356	11,720,251	10,249,483	10,287,987
Sanitation	3,100,329	3,145,870	3,160,832	3,018,624
Other enterprise funds:				
Packard Music Hall	218,979	260,551	201,112	198,349
City Redevelopment	42,711	40,445	42,711	44,978
Downtown parking	29,192	4,805	36,022	86,804
Stormwater Utility	832,444	808,058	806,491	732,880
Capital grants and contributions				
Other enterprise funds:				
Packard Music Hall	100,000	-	-	-
Total business-type activities program revenues	<u>23,565,809</u>	<u>24,723,607</u>	<u>22,149,724</u>	<u>21,170,452</u>
Total primary government	<u>\$ 33,661,926</u>	<u>\$ 35,395,325</u>	<u>\$ 33,766,115</u>	<u>\$ 31,258,473</u>
Expenses:				
Governmental activities:				
General government	\$ 6,119,385	\$ 5,856,271	\$ 5,364,746	\$ 5,503,496
Security of persons and property	17,031,559	16,406,869	16,118,228	15,483,951
Public health and welfare	517,820	592,167	509,570	443,174
Transportation	3,834,782	3,272,353	3,447,063	3,581,813
Community environment	1,884,819	1,730,863	1,849,861	2,017,399
Leisure time activities	665,407	905,187	585,728	680,886
Economic development	2,595,480	2,831,518	2,071,529	2,189,572
Interest and fiscal charges	682,090	668,091	730,212	630,684
Total governmental activities expenses	<u>33,331,342</u>	<u>32,263,319</u>	<u>30,676,937</u>	<u>30,530,975</u>

-- Continued

CITY OF WARREN, OHIO

CHANGES IN NET ASSETS
LAST FOUR YEARS (CONTINUED)
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Business-type activities:				
Sewer	\$ 8,191,531	\$ 8,714,806	\$ 8,129,365	\$ 8,536,652
Water	10,769,899	10,654,024	10,240,694	10,385,641
Sanitation	3,004,744	3,042,898	2,890,149	2,822,181
Other enterprise funds				
Packard Music Hall	539,752	711,637	643,869	528,652
City Redevelopment	52,594	75,597	20,399	21,589
Downtown parking	74,573	142,539	154,335	159,800
Stormwater Utility	580,352	818,288	583,188	657,073
Total business-type activities expenses	<u>23,213,445</u>	<u>24,159,789</u>	<u>22,661,999</u>	<u>23,111,588</u>
Total primary government	<u>\$ 56,544,787</u>	<u>\$ 56,423,108</u>	<u>\$ 53,338,936</u>	<u>\$ 53,642,563</u>
Net (Expense) Revenue:				
Governmental activities	\$ (23,235,225)	\$ (21,591,601)	\$ (19,060,546)	\$ (20,442,954)
Business-type activities	352,364	563,818	(512,275)	(1,941,136)
Total primary government net expense	<u>\$ (22,882,861)</u>	<u>\$ (21,027,783)</u>	<u>\$ (19,572,821)</u>	<u>\$ (22,384,090)</u>
General Revenues and Other Changes in Net Assets:				
Governmental activities				
Taxes:				
Property taxes levied for:				
Debt service	\$ 1,405,834	\$ 1,261,822	\$ 1,218,505	\$ 1,256,977
Fire pension	147,074	129,146	126,166	130,145
Police pension	147,074	129,146	126,166	130,145
Income taxes levied for:				
General Purposes	20,214,764	19,432,428	18,830,130	18,788,667
Grants and entitlements				
not restricted to specific programs	2,894,066	3,312,509	3,080,849	2,896,927
Investment earnings	1,229,795	1,111,515	465,707	615,974
Miscellaneous	776,416	563,907	1,153,304	1,796,888
Special item				
Transfers	(169,120)	(702,756)	(492,155)	(645,036)
Total governmental activities	<u>26,645,903</u>	<u>25,237,717</u>	<u>24,508,672</u>	<u>24,970,687</u>
Business-type activities				
Investment earnings	53,205	30,745	9,940	201,577
Miscellaneous	234,468	319,640	542,264	767,730
Transfers	169,120	702,756	492,155	645,036
Total business-type activities	<u>456,793</u>	<u>1,053,141</u>	<u>1,044,359</u>	<u>1,614,343</u>
Total primary government	<u>\$ 27,102,696</u>	<u>\$ 26,290,858</u>	<u>\$ 25,553,031</u>	<u>\$ 26,585,030</u>
Change in Net Assets:				
Governmental activities	\$ 3,410,678	\$ 3,646,116	\$ 5,448,126	\$ 4,527,733
Business-type activities	809,157	1,616,959	532,084	(326,793)
Total primary government	<u>\$ 4,219,835</u>	<u>\$ 5,263,075</u>	<u>\$ 5,980,210</u>	<u>\$ 4,200,940</u>

Note: 2003 was the first year the City implemented GASB Statement No. 34, so comparative information before that date is not available.

CITY OF WARREN, OHIO

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General Fund:						
Reserved	\$ 267,692	\$ 131,711	\$ 598,009	\$ 602,878	\$ 55,505	\$ 306,771
Unreserved	<u>6,283,706</u>	<u>4,828,462</u>	<u>4,647,091</u>	<u>5,526,525</u>	<u>3,804,593</u>	<u>1,224,226</u>
Total general fund	<u>\$ 6,551,398</u>	<u>\$ 4,960,173</u>	<u>\$ 5,245,100</u>	<u>\$ 6,129,403</u>	<u>\$ 3,860,098</u>	<u>\$ 1,530,997</u>
All Other Governmental Funds:						
Reserved	\$ 8,466,851	\$ 6,076,124	\$ 5,602,035	\$ 6,443,384	\$ 6,562,027	\$ 8,956,799
Unreserved, reported in:						
Special revenue funds	2,256,060	3,331,847	3,141,354	4,289,027	3,450,874	1,278,903
Debt service fund	1,441	8,466	577	4,803	4,642	4,642
Capital projects fund	<u>62,827</u>	<u>51,707</u>	<u>(48,071)</u>	<u>(1,362,610)</u>	<u>(2,031,708)</u>	<u>(1,006,640)</u>
Total all other governmental funds	<u>\$10,787,179</u>	<u>\$ 9,468,144</u>	<u>\$ 8,695,895</u>	<u>\$ 9,374,604</u>	<u>\$ 7,985,835</u>	<u>\$ 9,233,704</u>

<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$ 545,555	\$ 21,228	\$ 518,032	\$ 114,120
<u>1,647,182</u>	<u>1,883,572</u>	<u>1,896,277</u>	<u>2,420,997</u>
<u>\$ 2,192,737</u>	<u>\$ 1,904,800</u>	<u>\$ 2,414,309</u>	<u>\$ 2,535,117</u>
\$ 7,074,465	\$ 8,863,081	\$ 7,580,971	\$ 5,430,087
2,883,704	1,698,812	1,325,954	1,480,862
27,684	1,052	237,186	6,079
<u>(218,885)</u>	<u>(1,488,064)</u>	<u>(933,952)</u>	<u>627,594</u>
<u>\$ 9,766,968</u>	<u>\$ 9,074,881</u>	<u>\$ 8,210,159</u>	<u>\$ 7,544,622</u>

CITY OF WARREN, OHIO

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues					
Income taxes	\$ 20,138,026	\$ 19,610,734	\$ 18,567,076	\$ 18,825,568	\$ 18,423,033
Property and other taxes	1,657,168	1,485,169	1,456,326	1,493,148	1,493,335
Charges for services	1,693,234	2,187,422	2,055,303	2,120,940	2,158,369
Licenses and permits	2,466,676	1,852,130	1,839,742	1,726,971	1,678,306
Fines and forfeitures	1,594,451	1,441,968	1,422,329	1,733,026	1,511,535
Intergovernmental	7,831,448	10,574,125	11,200,065	9,223,005	10,797,033
Special assessments	44,629	42,597	19,828	100,189	9,777
Investment income	1,164,258	962,886	357,172	428,636	472,571
Rental income	168,256	36,830	34,314	53,048	47,115
Other	1,491,416	563,907	1,232,073	1,796,889	2,919,419
Total revenues	<u>38,249,562</u>	<u>38,757,768</u>	<u>38,184,228</u>	<u>37,501,420</u>	<u>39,510,493</u>
Expenditures					
Current:					
General government	7,533,078	7,824,849	7,610,099	7,300,180	7,067,691
Security of persons and property	17,233,644	16,259,126	15,940,459	15,028,195	14,768,585
Public health and welfare	493,377	588,693	585,532	417,382	432,401
Transportation	2,062,179	2,278,123	2,745,117	2,365,061	2,638,201
Community environment	1,886,410	1,783,381	1,806,298	1,611,897	1,776,919
Leisure time activity	675,183	762,761	885,871	626,762	563,994
Economic development	2,508,773	2,764,286	1,984,304	2,198,894	1,604,649
Capital outlay	1,927,685	3,017,762	6,029,700	3,411,525	6,887,754
Intergovernmental					
Debt service:					
Principal retirement	2,045,411	2,007,728	1,615,655	969,409	1,336,361
Interest and fiscal charges	606,431	640,178	700,193	653,635	986,695
Bond issuance cost	-	-	-	146,364	-
Total expenditures	<u>36,972,171</u>	<u>37,926,887</u>	<u>39,903,228</u>	<u>34,729,304</u>	<u>38,063,250</u>
Excess of revenues over (under) expenditures	<u>1,277,391</u>	<u>830,881</u>	<u>(1,719,000)</u>	<u>2,772,116</u>	<u>1,447,243</u>
Other Financing Sources (Uses)					
Sale of refunding bonds	-	-	-	6,045,000	-
Sale of bonds	-	-	-	1,231,000	-
Sale of notes	1,700,000	-	-	-	-
Premium on bonds	-	-	-	45,818	-
Payment to refunding bond escrow agent	-	-	-	(6,548,575)	-
Capital lease transaction	29,847	-	557,708	7,902	9,688
Sale of capital assets	-	-	-	-	-
Transfers in	1,941,380	2,228,086	3,027,653	3,642,789	2,959,352
Transfers (out)	(2,038,358)	(2,571,645)	(3,429,373)	(3,974,247)	(3,296,767)
Loss on write off of loans receivable	-	-	-	-	-
Total other financing sources (uses)	<u>1,632,869</u>	<u>(343,559)</u>	<u>155,988</u>	<u>449,687</u>	<u>(327,727)</u>
Net change in fund balances	<u>\$ 2,910,260</u>	<u>\$ 487,322</u>	<u>\$ (1,563,012)</u>	<u>\$ 3,221,803</u>	<u>\$ 1,119,516</u>
Debt service as a percentage of noncapital expenditures	7.17%	6.98%	5.80%	5.09%	6.10%

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$ 15,413,120	\$ 14,275,386	\$ 14,031,496	\$ 13,426,085	\$ 13,398,785
1,514,882	1,551,934	2,011,995	2,060,172	2,356,107
1,714,490	1,869,173	1,933,471	1,975,399	2,542,427
1,407,022	1,464,433	1,519,125	1,338,647	874,622
1,133,342	1,262,522	1,168,795	1,388,009	1,113,945
9,820,979	9,069,513	9,281,582	7,688,710	6,577,131
10,526	29,470	1,954	13,422	10,927
509,357	461,352	395,244	558,269	551,262
45,818	129,890	123,283	106,758	63,291
973,075	613,317	915,883	511,877	368,627
<u>32,542,611</u>	<u>30,726,990</u>	<u>31,382,828</u>	<u>29,067,348</u>	<u>27,857,124</u>
6,926,161	6,449,633	6,386,935	6,133,328	6,038,109
12,931,874	11,677,787	12,926,018	11,511,145	11,691,884
375,277	313,128	339,617	347,371	355,612
2,122,212	2,231,622	2,091,105	1,954,228	1,972,657
1,577,698	1,289,926	1,617,439	1,632,107	1,573,074
274,719	239,038	560,031	540,848	607,954
1,467,464	1,639,421	2,632,464	1,311,737	1,785,832
3,433,672	4,327,789	3,969,685	8,214,605	3,456,747
1,172,939	1,158,308	939,880	876,135	722,390
869,533	850,140	877,039	877,500	853,913
-	-	-	-	-
<u>31,151,549</u>	<u>30,176,792</u>	<u>32,340,213</u>	<u>33,399,004</u>	<u>29,058,172</u>
<u>1,391,062</u>	<u>550,198</u>	<u>(957,385)</u>	<u>(4,331,656)</u>	<u>(1,201,048)</u>
-	-	-	-	-
-	-	1,309,800	-	2,310,000
-	1,361,137	-	-	-
-	-	-	-	-
-	-	-	-	-
-	261,251	-	-	-
3,106,571	3,386,826	2,527,433	3,961,378	2,229,204
(3,895,018)	(4,059,640)	(2,528,159)	(2,696,617)	(2,639,840)
(1,812,450)	-	-	-	-
<u>(2,600,897)</u>	<u>949,574</u>	<u>1,309,074</u>	<u>1,264,761</u>	<u>1,899,364</u>
<u>\$ (1,209,835)</u>	<u>\$ 1,499,772</u>	<u>\$ 351,689</u>	<u>\$ (3,066,895)</u>	<u>\$ 698,316</u>
6.56%	6.66%	5.62%	5.25%	5.42%

CITY OF WARREN, OHIO

ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

Year	Real Property		Public Utility Property		Tangible Personal Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2006	\$ 431,539,380	\$ 1,232,969,657	\$ 19,583,030	\$ 78,332,120	\$ 48,898,902	\$ 139,711,149
2005	396,779,290	1,133,655,114	20,160,950	22,910,170	60,904,321	243,617,284
2004	395,601,480	1,130,289,943	17,397,860	19,770,295	62,347,140	249,388,560
2003	394,126,290	1,126,075,114	18,187,880	20,668,045	61,982,078	247,928,312
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

Source: Trumbull County Auditor's Office

- (1) This amount is calculated based on the following percentages:
 Real property is assessed at thirty-five percent of actual value.
 Public utility is assessed at eighty-eight percent of actual value.
 Tangible personal is assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory included in tangible personal property.

Total

Assessed Value	Estimated Actual Value	Ratio
\$ 500,021,312	\$ 1,451,012,926	34.46%
477,844,561	1,400,182,569	34.13%
475,346,480	1,399,448,798	33.97%
474,296,248	1,394,671,472	34.01%
467,902,378	1,389,530,901	33.67%
484,806,215	1,428,656,110	33.93%
480,460,312	1,411,707,547	34.03%
453,261,204	1,329,745,158	34.09%
446,417,137	1,309,747,172	34.08%
436,354,729	1,274,246,721	34.24%

CITY OF WARREN, OHIO

DIRECT AND OVERLAPPING PROPERTY TAX RATES
(RATE PER \$1,000 OF ASSESSED VALUE)
LAST TEN YEARS

Collection Year	City Direct Rates				Overlapping Rates			
	General Obligation Debt	Police Pension	Fire Pension	Total Rate	Trumbull County	School District	Vocational School	Warren Township
2006	2.90	0.30	0.30	3.50	11.10	58.45	2.40	13.00
2005	2.90	0.30	0.30	3.50	10.35	59.65	2.40	13.00
2004	2.90	0.30	0.30	3.50	10.35	59.65	2.40	11.50
2003	2.90	0.30	0.30	3.50	10.35	52.55	2.40	11.50
2002	2.90	0.30	0.30	3.50	10.35	52.55	2.40	11.50
2001	2.90	0.30	0.30	3.50	10.35	52.38	2.40	11.50
2000	2.90	0.30	0.30	3.50	10.35	51.94	2.40	11.50
1999	2.90	0.30	0.30	3.50	10.35	52.64	2.40	11.50
1998	2.90	0.30	0.30	3.50	9.30	53.35	2.40	10.50
1997	2.90	0.30	0.30	3.50	9.30	53.45	2.40	10.50

Source: Trumbull County Auditor's Office

Overlapping Rates - Continued

<u>Library</u>	<u>Total Tax Rates</u>	<u>Total Direct and Overlapping Rates</u>
0.40	85.35	88.85
0.40	85.80	89.30
0.40	84.30	87.80
0.40	77.20	80.70
0.40	77.20	80.70
0.40	77.03	80.53
0.40	76.59	80.09
0.40	77.29	80.79
0.40	75.95	79.45
0.40	76.05	79.55

CITY OF WARREN, OHIO

PRINCIPAL TAXPAYERS
REAL ESTATE PROPERTY TAX
CURRENT YEAR AND FOUR YEARS AGO

December 31, 2006			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Assessed Value
Sams Real Estate Business	\$ 2,637,010	1	0.61%
Rydyl LLC	2,483,150	2	0.58%
Simon-Northbury	2,015,760	3	0.47%
River Road Investments	1,975,790	4	0.46%
Lowes Home Center	1,771,070	5	0.41%
Trumbull Plaza	1,731,840	6	0.40%
Delphi Automotive Systems LLC	1,594,600	7	0.37%
Warren Plaza	1,452,680	8	0.34%
Jacklin Properties LLC	1,451,460	9	0.34%
Warren Consolidated	1,387,930	10	0.32%
Total, Top Ten Principal Real Estate Property Taxpayers	<u>\$ 18,501,290</u>		<u>4.30%</u>
Total City Real Property Tax Assessed Valuation	<u>\$ 431,539,380</u>		

December 31, 2002			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Assessed Value
P&S Equities	\$ 2,698,930	1	0.71%
Delphi Automotive Systems LLC	1,916,670	2	0.51%
Simon-Northbury	1,752,740	3	0.46%
River Road Investments	1,563,310	4	0.41%
Lowes Home Center	1,541,470	5	0.41%
WCI Steel	1,496,150	6	0.40%
Nationwide Health	1,333,120	7	0.35%
Warren Plaza	1,179,430	8	0.31%
Howland Associates	1,137,710	9	0.30%
Trumbull Plaza	1,064,530	10	0.28%
Total, Top Ten Principal Real Estate Property Taxpayers	<u>\$ 15,684,060</u>		<u>4.14%</u>
Total City Real Property Tax Assessed Valuation	<u>\$ 377,707,860</u>		

Source: Trumbull County Auditor's Office

Note: Information prior to 2002 was not available.

CITY OF WARREN, OHIO
PRINCIPAL TAXPAYERS
PUBLIC UTILITY PROPERTY TAX
CURRENT YEAR AND FOUR YEARS AGO

December 31, 2006			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Assessed Value
Ohio Edison Co.	\$ 9,999,850	1	51.06%
United Telephone	4,492,560	2	22.94%
East Ohio Gas Co.	1,765,660	3	9.02%
American Transmission	1,471,980	4	7.52%
Youngstown-Warren MSA	177,640	5	0.91%
Sprintcom	159,260	6	0.81%
Norfolk Southern Combined	125,130	7	0.64%
Youngstown Belt Railroad	72,390	8	0.37%
Qwest Communications	68,120	9	0.35%
CSX Transportation	65,730	10	0.34%
Total, Top Ten Principal Public Utility Property Taxpayers	\$ 18,398,320		93.96%
Total City Public Utility Property Tax Assessed Valuation	\$ 19,583,030		

December 31, 2002			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Assessed Value
Ohio Edison Co.	\$ 10,094,660	1	57.34%
United Telephone	4,784,270	2	27.18%
East Ohio Gas Co.	1,783,170	3	10.13%
American Transmission	1,820,380	4	10.34%
Total, Top Four Principal Public Utility Property Taxpayers	\$ 18,482,480		104.99%
Total City Public Utility Property Tax Assessed Valuation	\$ 17,604,360		

Source: Trumbull County Auditor's Office

Note: Information prior to 2002 was not available.

Note: Certain adjustments were made to the 2002 assessed valuation of Ohio Edison that are not reflected in the City's public utility assessed valuation at year-end.

CITY OF WARREN, OHIO

PRINCIPAL TAXPAYERS
TANGIBLE PERSONAL PROPERTY TAX
CURRENT YEAR AND FOUR YEARS AGO

December 31, 2006			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Assessed Value
GE Lighting Inc.	\$ 4,252,840	1	8.70%
Novelis Corporation	3,835,530	2	7.84%
WCI Steel Inc.	2,932,360	3	6.00%
Excel Extrusions Inc.	2,305,360	4	4.71%
AVI Food Systems	1,539,320	5	3.15%
Sims Buick GMC Truck Inc.	1,522,940	6	3.11%
Diane Sauer Chevrolet Inc.	1,427,540	7	2.92%
Trumbull Industries Inc.	1,298,710	8	2.66%
Specialty Pipe & Tube Inc.	1,125,640	9	2.30%
Delphi Automotive Systems LLC	1,018,700	10	2.08%
Total, Top Ten Principal Tangible Personal Property Taxpayers	<u>\$ 21,258,940</u>		<u>43.47%</u>
Total City Tangible Personal Property Tax Assessed Valuation	<u>\$ 48,898,902</u>		

December 31, 2002			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Assessed Value
Alcan Aluminum Corp	\$ 7,024,010	1	9.68%
Delphi Automotive Systems LLC	6,561,790	2	9.04%
GE Lighting Inc.	3,826,440	3	5.27%
WCI Steel Inc.	3,360,240	4	4.63%
Time Warner	1,915,610	5	2.64%
AVI Food Systems	1,824,600	6	2.51%
Trumbull Industries	1,574,380	7	2.17%
Tamarkin Co.	1,039,340	8	1.43%
Eastern Ohio Newspaper	1,033,180	9	1.42%
Kenilworth Steel Co.	948,080	10	1.31%
Total, Top Ten Principal Tangible Personal Property Taxpayers	<u>\$ 29,107,670</u>		<u>40.10%</u>
Total City Tangible Personal Property Tax Assessed Valuation	<u>\$ 72,590,158</u>		

Source: Trumbull County Auditor's Office

Note: Information prior to 2002 was not available.

CITY OF WARREN, OHIO

REAL AND PUBLIC UTILITY 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 Tax Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Tax Levy</u>
2006	\$ 1,577,768	\$ 1,474,794	93.47%	\$ 71,382	\$ 1,546,176	98.00%	\$ 213,940	13.56%
2005	1,458,232	1,375,610	94.33%	57,309	1,432,919	98.26%	183,622	12.59%
2004	1,444,415	1,363,730	94.41%	63,714	1,427,444	98.83%	157,103	10.88%
2003	1,441,977	1,373,142	95.23%	67,022	1,440,164	99.87%	164,882	11.43%
2002	1,382,548	1,312,330	94.92%	64,438	1,376,768	99.58%	169,323	12.25%
2001	1,407,161	1,341,960	95.37%	59,286	1,401,246	99.58%	194,425	13.82%
2000	1,410,785	1,333,773	94.54%	61,208	1,394,981	98.88%	189,985	13.47%
1999	1,310,301	1,211,862	92.49%	52,619	1,264,481	96.50%	150,681	11.50%
1998	1,284,789	1,217,951	94.80%	55,067	1,273,018	99.08%	98,910	7.70%
1997	1,266,732	1,218,076	96.16%	47,729	1,265,805	99.93%	103,310	8.16%

Source: Trumbull County Auditor's Office

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 Tax Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Tax Levy</u>
2006	\$ 171,146	\$ 155,732	90.99%	\$ 26,447	\$ 182,179	106.45%	\$ 91,581	53.51%
2005	213,165	211,882	99.40%	13,870	225,752	105.90%	90,910	42.65%
2004	218,215	212,989	97.61%	10,414	223,403	102.38%	84,485	38.72%
2003	216,937	205,165	94.57%	9,799	214,964	99.09%	42,505	19.59%
2002	253,789	241,310	95.08%	34,484	275,794	108.67%	33,089	13.04%
2001	284,209	270,497	95.18%	20,881	291,378	102.52%	47,705	16.79%
2000	268,923	264,056	98.19%	7,455	271,511	100.96%	48,003	17.85%
1999	274,265	262,372	95.66%	13,164	275,536	100.46%	43,517	15.87%
1998	275,933	255,500	92.59%	3,054	258,554	93.70%	40,865	14.81%
1997	260,797	246,390	94.48%	32,180	278,570	106.81%	30,141	11.56%

Source: Trumbull County Auditor's Office

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 Tax Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Tax Levy</u>
2006	\$ 62,835	\$ 14,713	23.42%	\$ 4,968	\$ 19,681	31.32%	\$ 401,745	639.37%
2005	90,383	22,103	24.45%	9,239	31,342	34.68%	358,665	396.83%
2004	36,256	17,179	47.38%	9,300	26,479	73.03%	273,406	754.10%
2003	35,309	9,507	26.93%	17,597	27,104	76.76%	314,870	891.76%
2002	76,589	14,790	19.31%	40,275	55,065	71.90%	286,141	373.61%
2001	28,122	7,808	27.76%	15,362	23,170	82.39%	359,743	1279.22%
2000	142,383	42,463	29.82%	10,543	53,006	37.23%	284,546	199.85%
1999	26,666	15,710	58.91%	21,354	37,064	138.99%	234,723	880.23%
1998	17,159	12,543	73.10%	18,490	31,033	180.86%	271,620	1582.96%
1997	12,762	16,173	126.73%	11,111	27,284	213.79%	289,433	2267.93%

Source: Trumbull County Auditor's Office

CITY OF WARREN, OHIO

INCOME TAX REVENUE BASE AND COLLECTIONS
LAST EIGHT YEARS

Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits
2006	2.00%	\$ 20,768,808	\$ 16,148,224	77.75%	\$ 2,332,716	11.23%
2005	2.00%	19,846,297	15,106,710	76.12%	2,392,468	12.05%
2004	2.00%	18,824,408	15,336,812	81.47%	1,437,867	7.64%
2003	2.00%	19,304,428	15,698,928	81.32%	1,533,275	7.94%
2002	2.00%	18,717,334	15,837,958	84.62%	1,071,978	5.73%
2001 (1)	2.00%	15,812,065	13,615,102	86.11%	821,133	5.19%
2000	1.50%	14,696,557	12,273,247	83.51%	1,154,591	7.86%
1999	1.50%	14,067,525	11,896,493	84.57%	947,376	6.73%

Source: The City of Warren Income Tax Department

Note: Information prior to 1999 was not available.

(1) The income tax was at 1.5% from January-June 2001 and 2% from July-December 2001.

	Taxes from Individuals	Percentage of Taxes from Individuals
\$	2,287,868	11.02%
	2,347,119	11.83%
	2,049,729	10.89%
	2,072,225	10.73%
	1,807,398	9.66%
	1,375,830	8.70%
	1,268,718	8.63%
	1,223,657	8.70%

CITY OF WARREN, OHIO

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Year	Governmental Activities						Business-Type Activities
	General Obligation Bonds	Reinvestment Partnership Corporation Loan	OWDA Loan	HUD 108 Loan	Ohio Department of Development Note	Capital Lease Obligation	General Obligation Bonds
2006	\$ 7,480,560	\$ 755,000	\$ 534,831	\$ 1,700,000	\$ 183,805	\$ 418,207	\$ 3,671,500
2005	9,205,995	810,000	675,294	-	202,000	444,755	4,155,000
2004	10,928,630	860,000	810,635	-	-	496,639	4,630,000
2003	12,251,810	905,000	941,040	-	-	10,105	5,424,000
2002	11,965,320	945,000	1,066,689	-	-	7,447	5,880,000
2001	13,096,180	985,000	1,187,755	-	-	-	6,540,000
2000	14,156,145	985,000	1,300,759	-	-	-	7,170,000
1999	15,182,795	985,000	-	-	-	-	7,790,000
1998	15,797,875	-	-	-	-	-	8,375,000
1997	16,674,010	-	-	-	-	-	8,945,000

Sources:

- (a) See notes to the financial statements regarding the City's outstanding debt information.
- (b) See Schedule " Demographic and Economic Statistics - Last Ten Years" for personal income and population.

Business-Type Activities (Continued)

Revenue Bonds	OWDA Loans	Capital Leases	(a) Total Primary Government	(b) Total Personal Income	Percentage of Personal Income	(b) Population	Per Capita
\$ 9,515,000	\$ 24,032,121	\$ 304,233	\$ 48,595,257	\$ 1,241,208,988	3.92%	45,796	\$ 1,061
9,895,000	21,771,589	4,809	47,164,442	1,241,208,988	3.80%	45,796	1,030
10,260,000	22,988,827	8,179	50,982,910	1,208,870,119	4.22%	46,223	1,103
10,610,000	20,878,602	11,290	51,031,847	1,201,227,984	4.25%	46,608	1,095
10,945,000	15,668,286	14,163	46,491,905	1,150,195,000	4.04%	46,100	1,009
10,965,000	15,200,410	-	47,974,345	1,130,146,052	4.24%	46,466	1,032
11,040,000	15,969,302	-	50,621,206	1,132,257,264	4.47%	46,832	1,081
11,110,000	16,675,368	-	51,743,163	1,595,822,130	3.24%	47,845	1,081
11,220,000	16,907,157	-	52,300,032	1,097,525,242	4.77%	48,458	1,079
11,380,000	14,899,253	-	51,898,263	1,079,363,429	4.81%	49,033	1,058

CITY OF WARREN, OHIO

RATIO OF GENERAL BONDED DEBT TO ASSESSED
VALUE AND BONDED DEBT PER CAPITA
LAST TEN YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Estimated Actual Value of Taxable Property (2)</u>	<u>Bonded Debt (3)</u>	<u>Ratio of Bonded Debt to Estimated Actual Value of Property</u>	<u>Bonded Debt Per Capita</u>
2006	45,796	\$ 1,451,012,926	\$ 7,480,560	0.52%	\$ 163
2005	45,796	1,400,182,569	9,205,995	0.66%	201
2004	46,223	1,399,448,798	10,928,630	0.78%	236
2003	46,608	1,394,671,472	12,251,810	0.88%	263
2002	46,100	1,389,530,901	11,965,320	0.86%	260
2001	46,466	1,428,656,110	13,096,180	0.92%	282
2000	46,832	1,411,707,547	14,156,145	1.00%	302
1999	47,845	1,329,745,158	15,182,795	1.14%	317
1998	48,458	1,309,747,172	15,797,875	1.21%	326
1997	49,033	1,274,246,721	16,674,010	1.31%	340

Sources:

- (1) See Schedule " Demographic and Economic Statistics - Last Ten Years" for population.
- (2) Trumbull County Auditor's Office.
- (3) Includes all general obligation bonded debt.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF WARREN, OHIO

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2006

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
City of Warren	\$ 7,480,560	100.00%	\$ 7,480,560
Overlapping debt:			
Trumbull County	15,978,379	13.34%	2,131,516
Warren City School District	36,355,000	87.80%	31,919,690
Howland Local School District	113,000	13.89%	15,696
LaBrae Local School District	7,363,994	9.47%	697,370
Lakeview Local School District	3,102,568	0.20%	6,205
Total direct and overlapping debt	<u>\$ 70,393,501</u>		<u>\$ 42,251,037</u>

Source: Ohio Municipal Advisory Council

CITY OF WARREN, OHIO

COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN YEARS

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Assesed value	\$ 500,021,312	\$ 477,844,561	\$ 475,346,480	\$ 484,904,328
Legal debt margin:				
Debt limitation - 10.5% of assesed value	52,502,238	50,173,679	49,911,380	50,914,954
Debt applicable to limitation:				
Total bonded debt	20,667,060	23,255,995	25,818,630	28,620,810
Exemptions:				
Debt service fund balance	(36,117)	(33,214)	(24,975)	(47,438)
Debt supported by enterprise fund operations	<u>(13,186,500)</u>	<u>(14,050,000)</u>	<u>(14,890,000)</u>	<u>(16,034,000)</u>
Total exemptions	<u>(13,222,617)</u>	<u>(14,083,214)</u>	<u>(14,914,975)</u>	<u>(16,081,438)</u>
Total debt applicable to limitation	<u>7,444,443</u>	<u>9,172,781</u>	<u>10,903,655</u>	<u>12,539,372</u>
Total legal debt margin within 10.5% limitation	<u>\$ 45,057,795</u>	<u>\$ 41,000,898</u>	<u>\$ 39,007,725</u>	<u>\$ 38,375,582</u>
Unvoted debt limitation - 5.5% of assesed valuation	\$ 27,501,172	\$ 26,281,451	\$ 26,144,056	\$ 26,669,738
Debt applicable to limitation:				
Total bonded debt	20,667,060	23,255,995	25,818,630	28,620,810
Exemptions:				
Debt service fund balance	(36,117)	(33,214)	(24,975)	(47,438)
Debt supported by enterprise fund operations	<u>(13,186,500)</u>	<u>(14,050,000)</u>	<u>(14,890,000)</u>	<u>(16,034,000)</u>
Total exemptions	<u>(13,222,617)</u>	<u>(14,083,214)</u>	<u>(14,914,975)</u>	<u>(16,081,438)</u>
Total debt within 5.5% limitations	<u>7,444,443</u>	<u>9,172,781</u>	<u>10,903,655</u>	<u>12,539,372</u>
Unvoted debt margin within 5.5% limitation	<u>\$ 20,056,729</u>	<u>\$ 17,108,670</u>	<u>\$ 15,240,401</u>	<u>\$ 14,130,366</u>

Source: City of Warren financial records

2002	2001	2000	1999	1998	1997
\$ 467,902,378	\$ 484,806,215	\$ 480,460,312	\$ 453,261,204	\$ 446,417,137	\$ 436,354,729
49,129,750	50,904,653	50,448,333	47,592,426	46,873,799	45,817,247
28,790,320	30,601,180	32,366,145	34,082,795	35,392,875	36,999,010
(38,596)	(106,769)	(68,428)	(1,052)	(237,186)	(6,079)
<u>(16,825,000)</u>	<u>(17,505,000)</u>	<u>(18,210,000)</u>	<u>(18,900,000)</u>	<u>(19,595,000)</u>	<u>(20,325,000)</u>
<u>(16,863,596)</u>	<u>(17,611,769)</u>	<u>(18,278,428)</u>	<u>(18,901,052)</u>	<u>(19,832,186)</u>	<u>(20,331,079)</u>
11,926,724	12,989,411	14,087,717	15,181,743	15,560,689	16,667,931
<u>\$ 37,203,026</u>	<u>\$ 37,915,242</u>	<u>\$ 36,360,616</u>	<u>\$ 32,410,683</u>	<u>\$ 31,313,110</u>	<u>\$ 29,149,316</u>
\$ 25,734,631	\$ 26,664,342	\$ 26,425,317	\$ 24,929,366	\$ 24,552,943	\$ 23,999,510
28,790,320	30,601,180	32,366,145	34,082,795	35,392,875	36,999,010
(38,596)	(106,769)	(68,428)	(1,052)	(237,186)	(6,079)
<u>(16,825,000)</u>	<u>(17,505,000)</u>	<u>(18,210,000)</u>	<u>(18,900,000)</u>	<u>(19,595,000)</u>	<u>(20,325,000)</u>
<u>(16,863,596)</u>	<u>(17,611,769)</u>	<u>(18,278,428)</u>	<u>(18,901,052)</u>	<u>(19,832,186)</u>	<u>(20,331,079)</u>
11,926,724	12,989,411	14,087,717	15,181,743	15,560,689	16,667,931
<u>\$ 13,807,907</u>	<u>\$ 13,674,931</u>	<u>\$ 12,337,600</u>	<u>\$ 9,747,623</u>	<u>\$ 8,992,254</u>	<u>\$ 7,331,579</u>

CITY OF WARREN, OHIO

PLEGDED REVENUE BOND COVERAGE
LAST TEN YEARS

WATER REVENUE BONDS:

<u>Year</u>	<u>Operating Revenue</u>	<u>Operating Expenses (1)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements (2)</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2006	\$ 11,088,516	\$ 8,864,527	\$ 2,223,989	\$ 380,000	\$ 501,272	\$ 881,272	2.52
2005	11,825,204	8,730,522	3,094,682	365,000	517,697	882,697	3.51
2004	10,560,858	8,581,674	1,979,184	350,000	533,097	883,097	2.24
2003	10,665,756	8,631,104	2,034,652	335,000	547,670	882,670	2.31
2002	9,438,057	7,798,305	1,639,752	20,000	548,520	568,520	2.88
2001	8,784,860	7,619,648	1,165,212	75,000	551,632	626,632	1.86
2000	7,749,739	7,205,496	544,243	70,000	554,503	624,503	0.87
1999	7,768,877	7,292,035	476,842	110,000	558,903	668,903	0.71
1998	7,481,114	6,848,084	633,030	160,000	517,900	677,900	0.93
1997	7,658,723	6,482,272	1,176,451	200,000	345,168	545,168	2.16

(1) Total operating expenses are exclusive of depreciation.

(2) Includes principal and interest of bonds only.

CITY OF WARREN, OHIO

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Year	Population (1)	Personal Income (3)	Per Capita Personal Income (2)	Unemployment Rates (2)			
				City of Warren	Trumbull County	Ohio	United States
2006	45,796	\$ 1,241,208,988	\$ 27,103	6.9%	6.3%	5.5%	4.6%
2005	45,796	1,241,208,988	27,103	7.4%	6.7%	5.9%	5.1%
2004	46,223	1,208,870,119	26,153	8.3%	7.5%	6.2%	5.5%
2003	46,608	1,201,227,984	25,773	7.7%	7.3%	6.2%	6.0%
2002	46,100	1,150,195,000	24,950	6.8%	6.9%	5.7%	5.8%
2001	46,466	1,130,146,052	24,322	6.0%	6.2%	4.4%	4.7%
2000	46,832	1,132,257,264	24,177	5.3%	4.9%	4.0%	4.0%
1999	47,845	1,595,822,130	33,354	5.5%	5.3%	4.3%	4.2%
1998	48,458	1,097,525,242	22,649	5.9%	6.0%	4.3%	4.5%
1997	49,033	1,079,363,429	22,013	5.8%	5.6%	4.6%	4.9%

Sources:

- (1) U.S. Census Bureau
- (2) Ohio Job & Family Services, Office of Workforce Development
- (3) Population times per capita personal income

CITY OF WARREN

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2006		
	Income Tax Withholding	Rank	Percentage of Total City Employment
Delphi Automotive Systems LLC	\$ 2,070,239	1	12.82%
Trumbull Memorial Hospital	1,107,739	2	6.86%
Trumbull County Auditor	859,278	3	5.32%
Warren City Schools Board of Education	752,231	4	4.66%
St. Elizabeth Medical Center	734,013	5	4.55%
City of Warren	455,187	6	2.82%
Ohio State, Dept. of Adm Services	453,200	7	2.81%
GE Lighting, Inc.	438,595	8	2.72%
General Motors Corp.	287,993	9	1.78%
WCI Steel	258,582	10	1.60%
Total	\$ 7,417,057		45.93%
Total 2006 City Income Tax Withholding	<u>\$ 16,148,224</u>		

Employer	1997		
	Income Tax Withholding	Rank	Percentage of Total City Employment
General Motors Corp.	\$ 2,619,052	1	22.40%
Trumbull Memorial Hospital	766,621	2	6.56%
Trumbull County Auditor	442,925	3	3.79%
Warren City Schools Board of Education	396,667	4	3.39%
WCI Steel	387,914	5	3.32%
GE Lighting, Inc.	385,532	6	3.30%
St. Elizabeth Medical Center	384,681	7	3.29%
Ohio State, Dept. of Adm Services	278,746	8	2.38%
City of Warren	269,119	9	2.30%
CSD, LTD	147,185	10	1.26%
Total	\$ 6,078,442		51.99%
Total 1997 City Income Tax Withholding	<u>\$ 11,691,261</u>		

Note: Information on the number of employees for the top ten principal employers was not available. Principal employers were ranked based on the amount of income tax withholdings per year.

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CITY OF WARREN, OHIO

FULL-TIME-EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	2006	2005	2004	2003	2002	2001	2000	1999
General Government								
Council	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Mayor	4.00	4.00	4.00	5.00	5.00	5.00	3.00	5.00
Finance	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Income Tax	8.00	7.00	9.00	9.00	10.00	7.00	7.00	8.00
Law	10.00	10.00	10.00	10.00	10.00	9.00	10.00	10.00
Civil Service	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Purchasing	2.00	2.00	2.00	2.00	2.00	1.00	1.00	2.00
Human Resources	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Municipal Court	33.00	32.00	34.00	34.00	30.00	34.00	34.00	38.00
Judges	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Operations	50.00	46.00	51.00	50.00	49.00	47.00	40.00	48.00
Engineering	14.00	13.00	13.00	13.00	13.00	14.00	11.00	17.00
Security of Persons and Property								
Police	102.00	95.00	95.00	95.00	95.00	88.00	80.00	96.00
Fire	78.00	77.00	78.00	79.00	78.00	70.00	64.00	77.00
Public Health and Welfare								
Health Services	13.00	14.00	14.00	13.00	13.00	13.00	12.00	14.00
Economic Development								
Community Development	6.00	6.00	6.00	6.00	7.00	9.00	9.00	9.00
Packard Music Hall	7.00	5.00	5.00	5.00	5.00	3.00	3.00	5.00
Data Processing	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Utility Services								
Water	83.00	82.00	80.00	80.00	81.00	80.00	83.00	84.00
Sewer/Stormwater	48.00	47.00	48.00	46.00	46.00	48.00	52.00	44.00
Sanitation	15.00	15.00	14.00	15.00	16.00	15.00	16.00	15.00
Total	<u>504.00</u>	<u>486.00</u>	<u>494.00</u>	<u>493.00</u>	<u>491.00</u>	<u>474.00</u>	<u>456.00</u>	<u>503.00</u>

Source: City of Warren records

<u>1998</u>	<u>1997</u>
13.00	12.00
6.00	7.00
6.00	6.00
8.00	8.00
12.00	12.00
4.00	4.00
2.00	2.00
3.00	3.00
40.00	40.00
2.00	2.00
52.00	53.00
17.00	18.00
101.00	105.00
77.00	77.00
14.00	14.00
7.00	7.00
4.00	5.00
3.00	3.00
82.00	81.00
45.00	47.00
18.00	26.00
<u>516.00</u>	<u>532.00</u>

CITY OF WARREN, OHIO

**OPERATING INDICATORS BY FUNCTION
CURRENT YEAR**

Function	2006
Security of Persons and Property	
Police:	
Physical Arrests	3,942
Parking Violations	797
Traffic Violations	5,949
Fire:	
Calls for Service	1,304
Fire Safety Inspections	1,076
Leisure Time Activities	
Enclosed Shelter Rentals	87
Log Cabin Rentals	20
Pavilion Rentals	257
Transportation	
Street Resurfacing (Miles)	10
Potholes Repaired	638
Water	
New Connections	39
Water Main Breaks	86
Average Daily Consumption (thousands of gallons)	13,092
Sewer	
Average Daily Consumption (thousands of gallons)	16,216
Sanitation	
Refuse Collected (tons daily)	92

Source: City of Warren Departments.

Note: Information prior to 2006 was not available.

CITY OF WARREN, OHIO

CAPITAL ASSETS STATISTICS BY FUNCTION
CURRENT YEAR

Function	2006
Security of Persons and Property	
Police:	
Stations	1
Patrol Units (Marked)	33
Fire:	
Stations	3
Fire Pumpers	3
Reserve Fire Pumpers	2
Ladder Trucks	2
Heavy Rescue Truck	1
Leisure Time Activities	
Park Acreage	251.11
Packard Park	
Hardball Fields	1
Softball Fields	3
Tennis Courts	6
Perkins Park	
Hardball Fields	6
Softball Fields	2
Burbank Park	
Little League Fields	2
Deemer Park	
Tennis Courts	4
Transportation	
Streets (Paved Miles)	184.309
Traffic Signals	59
Water	
Water Mains (miles)	307
Fire Hydrants	1,915
Maximum Daily Capacity (thousands of gallons)	22,700
Sewer	
Sanitary Sewers (miles)	196.943
Storm Sewers (miles)	123.230
Maximum Daily Capacity (thousands of gallons)	40,000
Sanitation	
Collection Trucks	9

Source: City of Warren Departments.

Note: Information prior to 2006 was not available.

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Mary Taylor, CPA
Auditor of State

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
AUGUST 21, 2007**