

**CITY OF WARREN
TRUMBULL COUNTY**

SUPPLEMENTAL REPORTS

DECEMBER 31, 2005



**Auditor of State
Betty Montgomery**

Members of Council
City of Warren
391 Mahoning Avenue
Warren, Ohio 44483

We have reviewed the *Independent Auditors' Report* of the City of Warren, Trumbull County, prepared by Julian & Grube, Inc. for the audit period January 1, 2005 through December 31, 2005. 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.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

October 10, 2006

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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, 2005, and have issued our report thereon dated August 18, 2006. 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.
August 18, 2006

CITY OF WARREN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	CASH (A) FEDERAL DISBURSEMENTS
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASSED THROUGH THE OHIO DEPARTMENT OF DEVELOPMENT			
Small Cities Community Development Block Grant (1998)	14.218	N/A	\$ 2,071
Small Cities Community Development Block Grant (1999)	14.218	N/A	48,833
Small Cities Community Development Block Grant (2000)	14.218	N/A	156,386
Small Cities Community Development Block Grant (2001)	14.218	N/A	35,856
Small Cities Community Development Block Grant (2002)	14.218	N/A	30,723
Small Cities Community Development Block Grant (2003)	14.218	N/A	102,912
Small Cities Community Development Block Grant (2004)	14.218	N/A	582,108
Small Cities Community Development Block Grant (2005)	14.218	N/A	852,171
Total Small Cities Community Development Block Grant			<u>1,811,060</u>
HOME Investment Partnerships Program (2001)	14.239	N/A	128,168
HOME Investment Partnerships Program (2002)	14.239	N/A	75,719
HOME Investment Partnerships Program (2003)	14.239	N/A	239,267
HOME Investment Partnerships Program (2004)	14.239	N/A	259,301
HOME Investment Partnerships Program (2005)	14.239	N/A	102,155
Total HOME Investment Partnerships Program			<u>804,610</u>
Total U.S. Department of Housing and Urban Development			<u>2,615,670</u>
U.S. DEPARTMENT OF JUSTICE			
<i>Direct Programs:</i>			
Federal Equitable Sharing Agreement	16.000	N/A	90,621
Edward Byrne Memorial Justice Assistance Grant	16.738	2005-DJ-BX-1424	50,253
<i>Passed through Ohio Attorney General's Office:</i>			
Crime Victim Assistance	16.575	2005VAGENE511	22,733
Crime Victim Assistance	16.575	2006VAGENE511	7,432
Total Crime Victim Assistance			<u>30,165</u>
Total U.S. Department of Justice			<u>171,039</u>
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	1,329,129
Warren Greenway Biketrial ODOT Project	20.205	77201	42,272
Total Highway Planning and Construction			<u>1,371,401</u>
<i>Passed through Ohio Department of Public Safety, Governor's Highway Safety Office:</i>			
State and Community Highway Safety	20.600	5025.0	19,790
State and Community Highway Safety	20.600	LEO-2006-78-01-70-00524-00	2,433
Total State and Community Highway Safety			<u>22,223</u>
Total U.S. Department of Transportation			<u>1,393,624</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY PASSED THROUGH THE OHIO EMERGENCY MANAGEMENT AGENCY			
FEMA Grant	83.544	155-80892-00	19,504
Total Federal Emergency Management Agency			<u>19,504</u>
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-05	26,000
<i>Passed through Trumbull County Health Department:</i>			
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	78-1-001-2-BI-05	22,337
Total U.S. Department of Health and Human Services			<u>48,337</u>
Total Federal Financial Assistance			<u>\$ 4,248,174</u>

- (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, 2005, the gross amount of loans outstanding under this program was \$1,681,200.
- (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 (matching 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, Ohio (the "City"), which collectively comprise the City's basic financial statements as of and for the year ended December 31, 2005, and have issued our report thereon dated August 18, 2006. 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting 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 misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated August 18, 2006.

Mayor and Members of Council
City of Warren

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-COW-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the City in a separate letter dated August 18, 2006.

This report is intended solely for the information and use of the management and Mayor and City 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.
August 18, 2006



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 Its 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 its major federal program for the year ended December 31, 2005. The City’s major federal program is 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 program 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 its major federal program for the year ended December 31, 2005.

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 a certain other matter involving the internal control that we have reported to the management of the City in a separate letter dated August 18, 2006.

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.
August 18, 2006

**CITY OF WARREN
TRUMBULL COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2005**

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)?	Yes
<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 Program	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, 2005**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2005-COW-001

Ohio Revised Code Section 5705.39 requires that the total appropriations from each fund should not exceed total estimated resources.

It was noted during the audit that the total appropriations exceeded total estimated resources in the following funds:

<u>Fund</u>	<u>Excess</u>
General Capital Projects	\$ 48,071
Water Pollution Control	340,435
Downtown Parking	57,362

With appropriations exceeding estimated resources the City is appropriating monies that are not in the treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

We recommend that the City comply with the Ohio Revised Code by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated resources will be greater than initially anticipated, the City should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources. In addition, the City should monitor its budgetary process on a regular basis.

Client Response: The City Auditor is attempting to prepare modifications to amended certificates throughout the year and certify them to the County Auditor in a more timely manner.

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, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005

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, 2005

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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
Fax: (330) 841-2676

August 18, 2006

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, 2005, is hereby submitted. This report is prepared in conformance with generally accepted accounting principles (GAAP) in the United States of America as set forth by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City Auditor's office. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The CAFR is presented in the following three sections:

1. *Introductory Section* — This section introduces the reader to the report and contains a title page, table of contents, this transmittal letter, an organizational chart of the City government, a list of principal City officials, and the 2004 Certificate of Achievement for Excellence in Financial Reporting. This section is unaudited.
2. *Financial Section* — Based on the standards prescribed by the new GASB Statement No. 34, this section includes the independent auditor's report, management's discussion and analysis, the basic financial statements and notes, the combining statements for non-major funds, and other relevant supplemental financial statements and schedules for 2005.
3. *Statistical Section* — This section, which is unaudited, presents selected financial, economic, and demographic information relative to the City.

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, 2005. 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, 2005 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 11,600 manufacturing plants, 10,700 wholesale distribution centers and 18 Fortune 500 corporate world headquarters are located within 75 miles of the City. Residents derive significant benefit from and have easy access to exceptional employment, educational, recreational, medical, and cultural facilities within and surrounding the greater Youngstown-Warren metropolitan area. Home to a diversified base of industrial and commercial activity, employment within the City is primarily concentrated in the production of steel, automotive and 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 of Commerce, 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.

In 2005, the city allocated Enterprise Zone tax abatements to two expanding firms: Diane Sauer Chevrolet and Consolidated Container Company. These agreements resulted in investments of nearly \$6 million, including \$1.75 million in improvements to existing buildings, \$2.6 million in new construction, and \$1.6 million in machinery and equipment. These abatements will result in the preservation of 86 jobs. In addition, these two firms have pledged to increase workforce numbers with at least 20 jobs added over three years.

Diane Sauer Chevrolet has served the Warren area market since 1958. This award-winning dealership is the largest Chevrolet dealership in Trumbull County, and recently relocated to Chestnut and South Streets in downtown Warren. Projected to make over \$5 million in new investments, over 70 jobs will be retained and 5 employees added as a result of the move.

With 57 manufacturing facilities across North America, Consolidated Container Company is one of the leading providers of blow-molded plastic packaging products in the nation. The firm acquired Steel Valley Plastics (Warren Commerce Park) in 2005, and will expand the facility with two additional manufacturing lines, for a total investment of nearly \$2.2 million.

Nine small business loans were approved through the City of Warren Revolving Loan Fund and Urban Development Action Grant programs in 2005, totaling \$372,000 of new investment. A further two loans were approved by the Reinvestment Partnership Program, providing another \$100,000 in investment. These 12 loans secured 12 jobs and created 27 new jobs.

Since 2002, over \$2 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. In 2005, over \$500,000 was spent on the exterior restoration of two historic landmarks – the Kinsman House and Erie Company Land Title Office. Currently, over \$600,000 is being spent on the construction of a stage house and additional site improvements at the Warren Community Amphitheatre, and \$1.2 million in federal funding has been allocated to further construction of the Warren Riverwalk. These projects are part of the City of Warren’s plan to provide first-class cultural and recreational opportunities for its residents, as well as ancillary educational assets for area schools and universities, all while supporting economic and community development in the city’s historic downtown district.

MAJOR INITIATIVES – CURRENT AND FUTURE PROJECTS

Throughout 2005, 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 2005, the fire department purchased a new rapid deployment shelter to be used in conjunction with decontamination during hazardous material responses. This shelter can also be used for mass casualty events as well as serving as a command post during extended operations. A robotic fire engine was also acquired which was purchased with a Community Development Block Grant. This piece of equipment has greatly enhanced our public education program. A new program for training was instituted, train the trainer, where a few officers will be trained and they will in turn train the rest of the department. This has proved to be successful, not only has it proven to be a motivational tool, it has also been very cost effective.

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 in phase II of the project.

The Building Department issued building permits for construction work totaling \$32,376,107.34. The department was responsible for inspections of those projects as well as the demolition of 36 structures in 2005. For the 2006 year, things will be even busier. The Warren City Schools will start their construction projects where all new city schools will be built. There will be 4 new K-8 buildings and one new high school. It is expected that two of the K-8 and the high school will begin construction in 2006. This will increase building permit fees, but will also require more inspections in addition to the current level of activity in road resurfacing and construction.

UTILITY SERVICE

The year of 2005 was a very successful one for the Water Department. With the completion of the large meter change out project, an estimated increase in revenue from the new meters is \$800,000. This would put the payback period for the project at less than two years. With the success of the large meter project, the department is ready in 2006 to start the small meter change out project and expect the same type of payback period. The small meter project is estimated at \$5,000,000 and will be financed with an OWDA loan. These two projects and other cost containment initiatives have enabled the department to remain as having the fourth lowest rate in Trumbull County. The plans for 2006 include updating the billing and collection software and promoting a direct debit system of payment for customers.

The Water Filtration Plant continues to make improvements, with the completion of the final stages of the new ammonia feed system and the centrifuge dewatering system, the plant has met expectations and approval of the Ohio EPA. This plant is the first in the State of Ohio to use a centrifuge system of dewatering sludge making the plant self sufficient. The Ohio EPA has approved the sodium hypochlorite feed system to replace the gas chlorine feed system; this project is scheduled for 2006. These improvements will keep the Warren Water Plant in a position to meet or exceed the anticipated future EPA rules and regulations.

The Environmental Services Department has continued to improve service to its customers over the years; the department began retro fitting the fleet of collection trucks from a semi automated vehicle to a fully automated vehicle in 2004 and finished the conversion in 2005. With this conversion, they have been able to collect more households with each vehicle, reducing the number of route and increasing efficiency. 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.

GENERAL GOVERNMENT

The Packard Music Hall saw even more improvements in 2005, continuing to increase the number of events and the days of use. There were 139 events at the hall, which is 14 more than the prior year, and the hall is on pace to eclipse that again in 2006. The Packard Music Hall saw 81% usage with 131,512 in attendance. The box office continues to increase the numbers of events that are using it, with only 63% 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 is planned for 2006 to actually allow for online purchases with the actual site line by seat assignment. The Packard Music Hall Foundation continues to grow and make improvements to the hall. The foundation has purchased a show for 2006, which will be the first adventure in promoting the hall.

The City launched the new version of its web site in 2005 and took the responsibility of the content on internally through the Data Processing Department personnel. It had been being provided by an independent third party with some delays in updating the information. The site can now be updated and enhanced daily. Many of the new features have been a valuable addition to the site. Some of the features include news and current events calendars, attractions and things to do, useful links, City Council meeting notices, minutes, summaries of meetings and online access to ordinances, pages for economic and community development, engineering and building department permit applications, pages for seniors and kids activities and useful links and assistance for city employees. The web site is updated 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, 2004. This was the third 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

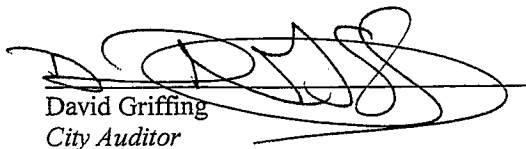
The publication of this CAFR represents an important achievement in the ability of the City of Warren to provide significantly enhanced financial information and accountability to the citizens of the City of Warren, its elected officials, City management and investors. This report continues the aggressive 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 this year; we have brought in an Independent Accounting Firm to replace the State Auditor's Office. Although it is a transition year with new personnel and a late start to the audit, it has been much easier than anticipated and the firm of Julian and Grube, Inc. has done a nice job of completing the process in a timely manner. 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 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, 2005

ELECTED OFFICIALS

Executive Branch:

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

Legislative Branch:

Council Member – Council President	Robert Marchese
Council Member – 1 st Ward	Virginia Bufano
Council Member – 2 nd Ward	Alford Novak
Council Member – 3 rd Ward	John Homlitas
Council Member – 4 th Ward	Robert Holmes III
Council Member – 5 th Ward	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	Felipe Romain, Jr.
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, 2004

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.



Carla E. Perry

President

Jeffrey R. Emmer

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 Auditors' 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, 2005, 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, 2005, 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 August 18, 2006, 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 F3 through F16 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 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 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.
August 18, 2006

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 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, 2005. 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 2005 are as follows:

- The total net assets of the City increased \$5,465,075. Net assets of governmental activities increased \$3,848,116 or 9.25% over 2004 and net assets of business-type activities increased \$1,616,959 or 6.27% over 2004.
- General revenues accounted for \$25,940,473 or 70.46% of total governmental activities revenue. Program specific revenues accounted for \$10,873,718 or 29.54% of total governmental activities revenue.
- The City had \$32,263,319 in expenses related to governmental activities; \$10,873,718 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$21,389,601 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$25,940,473.
- The general fund had revenues and other financing sources of \$28,933,246 in 2005. This represents an increase of \$656,872 from 2004 revenues and other financing sources. The expenditures and other financing uses of the general fund, which totaled \$29,218,173 in 2005, increased \$57,496 from 2004. The net decrease in fund balance for the general fund was \$284,927 or 5.43%.
- 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 2005 by \$1,616,959.
- In the general fund, the actual revenues and other financing sources were \$1,097,510 higher than in the final budget and actual expenditures and other financing uses were \$1,217,790 less than the amount in the final budget. Budgeted revenues and other financing sources increased \$491,722 from the original to the final budget. Budgeted expenditures and other financing uses increased \$2,896,385 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, 2005 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 2005?" 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 F17-F19 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 F10.

Governmental Funds

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

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 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 F20 - F24 of this report.

Proprietary Funds

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

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages F35 - F68 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 2005 and 2004:

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

Net Assets

	Governmental Activities 2005	Business-type Activities 2005	Governmental Activities 2004	Business-type Activities 2004	2005 Total	2004 Total
<u>Assets</u>						
Current and other assets	\$ 27,406,381	\$ 11,948,317	\$ 26,402,863	\$ 10,507,890	\$ 39,354,698	\$ 36,910,753
Capital assets	<u>39,850,742</u>	<u>54,421,413</u>	<u>38,618,197</u>	<u>55,393,388</u>	<u>94,272,155</u>	<u>94,011,585</u>
Total assets	<u>67,257,123</u>	<u>66,369,730</u>	<u>65,021,060</u>	<u>65,901,278</u>	<u>133,626,853</u>	<u>130,922,338</u>
<u>Liabilities</u>						
Current liabilities	3,607,354	2,057,158	3,681,298	1,593,426	5,664,512	5,274,724
Long-term liabilities	<u>18,214,270</u>	<u>36,898,011</u>	<u>19,752,379</u>	<u>38,510,250</u>	<u>55,112,281</u>	<u>58,262,629</u>
Total liabilities	<u>21,821,624</u>	<u>38,955,169</u>	<u>23,433,677</u>	<u>40,103,676</u>	<u>60,776,793</u>	<u>63,537,353</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	29,524,698	18,245,015	26,382,293	17,311,185	47,769,713	43,693,478
Restricted	10,435,261	-	9,507,905	-	10,435,261	9,507,905
Unrestricted	<u>5,475,540</u>	<u>9,169,546</u>	<u>5,697,185</u>	<u>8,486,417</u>	<u>14,645,086</u>	<u>14,183,602</u>
Total net assets	<u>\$ 45,435,499</u>	<u>\$ 27,414,561</u>	<u>\$ 41,587,383</u>	<u>\$ 25,797,602</u>	<u>\$ 72,850,060</u>	<u>\$ 67,384,985</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2005, the City's assets exceeded liabilities by \$72,850,060, an increase of 8.11% from 2004. At year-end, net assets were \$45,435,499 and \$27,414,561 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net assets. At year-end, capital assets represented 70.55% of total assets, compared to 71.81% at December 31, 2004. 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, 2005, were \$29,524,698 and \$18,245,015 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, 2005, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net assets, \$10,435,261, 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 \$5,475,540 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 2005 and 2004.

CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

	Change in Net Assets					
	Governmental	Business-type	Governmental	Business-type	2005	2004
	Activities	Activities	Activities	Activities	Total	Total
	<u>2005</u>	<u>2005</u>	<u>2004</u>	<u>2004</u>		
Revenues						
Program revenues:						
Charges for services	\$ 3,504,357	\$ 24,723,607	\$ 3,521,205	\$ 22,149,724	\$ 28,227,964	\$ 25,670,929
Operating grants and contributions	5,150,013	-	4,164,095	-	5,150,013	4,164,095
Capital grants and contributions	<u>2,219,348</u>	<u>-</u>	<u>3,931,091</u>	<u>-</u>	<u>2,219,348</u>	<u>3,931,091</u>
Total program revenues	<u>10,873,718</u>	<u>24,723,607</u>	<u>11,616,391</u>	<u>22,149,724</u>	<u>35,597,325</u>	<u>33,766,115</u>
General revenues:						
Property taxes	1,520,114	-	1,470,837	-	1,520,114	1,470,837
Income taxes	19,432,428	-	18,830,130	-	19,432,428	18,830,130
Unrestricted grants and entitlements	3,312,509	-	3,080,849	-	3,312,509	3,080,849
Investment earnings	1,111,515	30,745	465,707	9,940	1,142,260	475,647
Miscellaneous	<u>563,907</u>	<u>319,640</u>	<u>1,153,304</u>	<u>542,264</u>	<u>883,547</u>	<u>1,695,568</u>
Total general revenues	<u>25,940,473</u>	<u>350,385</u>	<u>25,000,827</u>	<u>552,204</u>	<u>26,290,858</u>	<u>25,553,031</u>
Total revenues	<u>36,814,191</u>	<u>25,073,992</u>	<u>36,617,218</u>	<u>22,701,928</u>	<u>61,888,183</u>	<u>59,319,146</u>
Expenses:						
General government	5,856,271	-	5,364,746	-	5,856,271	5,364,746
Security of persons and property	16,406,869	-	16,118,228	-	16,406,869	16,118,228
Public health and welfare	592,167	-	509,570	-	592,167	509,570
Transportation	3,272,353	-	3,447,063	-	3,272,353	3,447,063
Community environment	1,730,863	-	1,849,861	-	1,730,863	1,849,861
Leisure time activity	905,187	-	585,728	-	905,187	585,728
Economic development	2,831,518	-	2,071,529	-	2,831,518	2,071,529
Interest and fiscal charges	668,091	-	730,212	-	668,091	730,212
Sewer	-	8,714,806	-	8,129,365	8,714,806	8,129,365
Water	-	10,654,024	-	10,240,694	10,654,024	10,240,694
Sanitation	-	3,042,898	-	2,890,149	3,042,898	2,890,149
Packard Music Hall	-	711,637	-	643,869	711,637	643,869
City Redevelopment	-	75,597	-	20,399	75,597	20,399
Downtown Parking	-	142,539	-	154,335	142,539	154,335
Stormwater Utility	-	818,288	-	583,188	818,288	583,188
Total expenses	<u>32,263,319</u>	<u>24,159,789</u>	<u>30,676,937</u>	<u>22,661,999</u>	<u>56,423,108</u>	<u>53,338,936</u>
Increase (decrease) before transfers	4,550,872	914,203	5,940,281	39,929	5,465,075	5,980,210
Transfers	<u>(702,756)</u>	<u>702,756</u>	<u>(492,155)</u>	<u>492,155</u>	<u>-</u>	<u>-</u>
Change in net assets	3,848,116	1,616,959	5,448,126	532,084	5,465,075	5,980,210
Net assets at beginning of year	<u>41,587,383</u>	<u>25,797,602</u>	<u>36,139,257</u>	<u>25,265,518</u>	<u>67,384,985</u>	<u>61,404,775</u>
Net assets at end of year	<u>\$ 45,435,499</u>	<u>\$ 27,414,561</u>	<u>\$ 41,587,383</u>	<u>\$ 25,797,602</u>	<u>\$ 72,850,060</u>	<u>\$ 67,384,985</u>

CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

Governmental Activities

Governmental activities net assets increased \$3,848,116 in 2005 compared to an increase of \$5,448,126 in 2004. This increase is a result of slightly decreasing charges for services, capital grants and contributions, capital asset additions, a reduction in debt obligations and a tighter control of expenses.

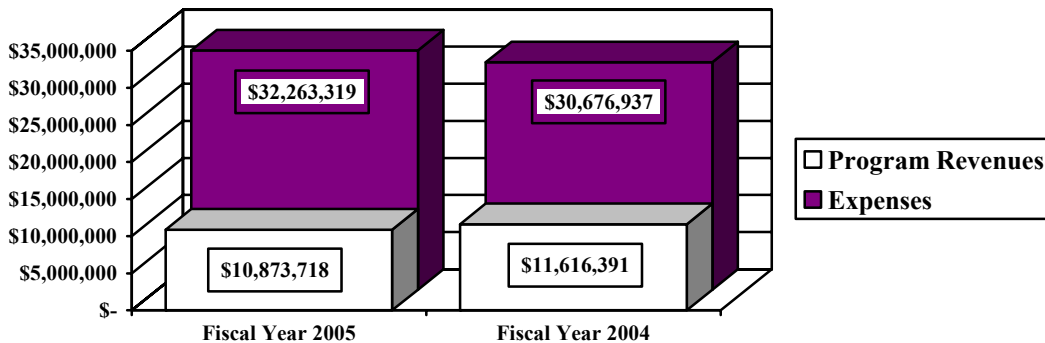
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$16,406,869 and \$16,118,228 of the total expenses of the City during 2005 and 2004, respectively. These expenses were partially funded by \$1,368,960 in 2005 compared to \$1,412,462 in 2004 in direct charges to users of the services. Transportation expenses totaled \$3,272,353 during 2005 and \$3,447,063 during 2004. During 2005, transportation expenses were partially funded by \$2,178,812 in operating grants and contributions and \$48,066 in charges to users of services.

The state and federal government contributed to the City a total of \$5,150,013 and \$4,164,095 during 2005 and 2004, respectively, in operating grants and contributions. The decrease in operating grants is due to a decrease in monies received for economic development programs. Capital grants and contributions totaled \$2,219,348 during 2005, a 43.54% decrease from 2004. These revenues are restricted to a particular program or purpose. \$2,219,348 of the total capital grants and contributions subsidized transportation programs.

General revenues totaled \$25,940,473, and amounted to 70.46% of total governmental revenues during 2005. These revenues primarily consist of property and income tax revenue of \$20,952,542. 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 \$3,312,509. These revenues sources combine for 65.91% 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

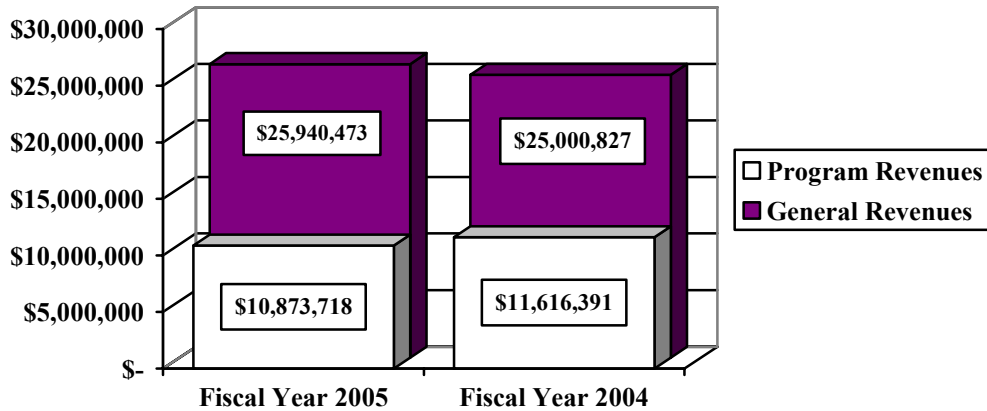
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

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>2005</u>	<u>2005</u>	<u>2004</u>	<u>2004</u>
Program Expenses:				
General government	\$ 5,856,271	\$ 4,605,759	\$ 5,364,746	\$ 2,974,519
Security of persons and property	16,406,869	14,780,298	16,118,228	14,469,242
Public health and welfare	592,167	434,544	509,570	378,666
Transportation	3,272,353	(1,173,873)	3,447,063	(1,225,284)
Community environment	1,730,863	1,204,361	1,849,861	1,186,360
Leisure time activity	905,187	891,541	585,728	568,469
Economic development	2,831,518	(21,120)	2,071,529	(21,638)
Interest and fiscal charges	<u>668,091</u>	<u>668,091</u>	<u>730,212</u>	<u>730,212</u>
Total	<u>\$ 32,263,319</u>	<u>\$ 21,389,601</u>	<u>\$ 30,676,937</u>	<u>\$19,060,546</u>

The dependence upon general revenues for governmental activities is apparent, with 66.30% and 61.95% of expenses supported through taxes and other general revenues in 2005 and 2004, respectively.

Governmental Activities – General and Program Revenues



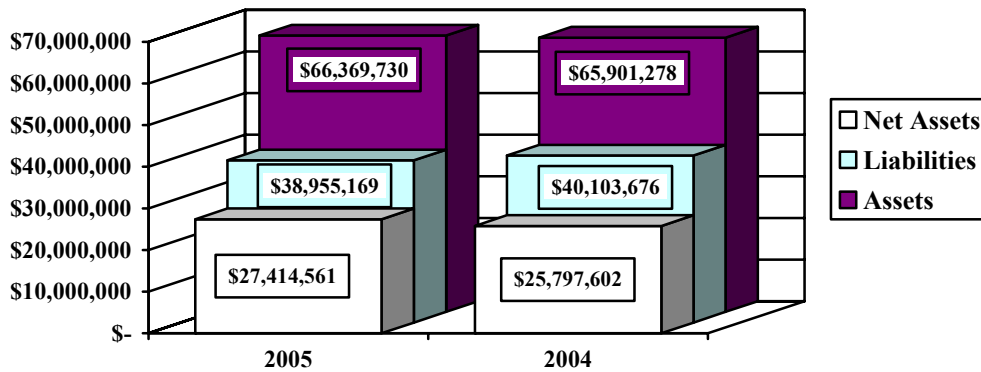
CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
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 \$24,723,607, general revenues of \$350,385, transfers in of \$702,756, and expenses of \$24,159,789 for 2005. 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 F20) reported a combined fund balance of \$14,428,317 which is \$487,322 above last year's total of \$13,940,995. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2005 for all major and nonmajor governmental funds.

	Fund Balances 12/31/05	Fund Balances 12/31/04	Increase (Decrease)
Major funds:			
General	\$ 4,960,173	\$ 5,245,100	\$ (284,927)
Other nonmajor governmental funds	9,468,144	8,695,895	772,249
Total	<u>\$ 14,428,317</u>	<u>\$ 13,940,995</u>	<u>\$ 487,322</u>

CITY OF WARREN, OHIO

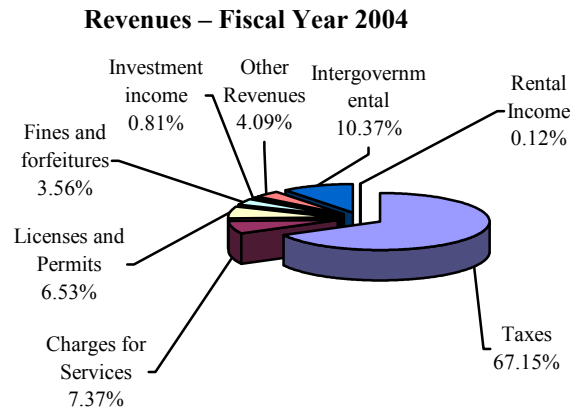
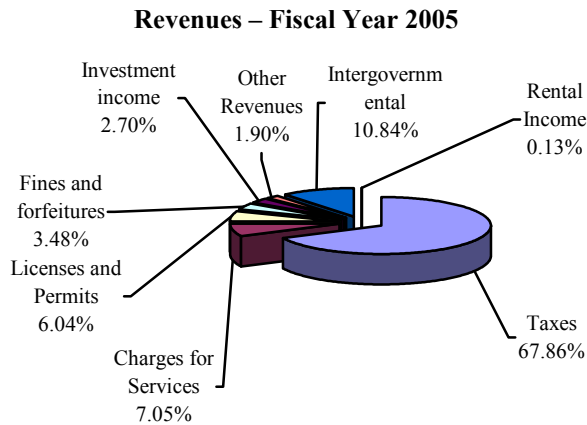
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

General Fund

The City's general fund balance decreased \$284,927 primarily due to decreasing expenses and increasing revenues offset by increasing other financing uses and decreasing other financing sources. The table that follows assists in illustrating the revenues of the general fund.

	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 19,610,734	\$ 18,567,076	5.62 %
Charges for services	2,036,636	2,038,980	(0.11) %
Licenses and permits	1,746,119	1,806,582	(3.35) %
Fines and forfeitures	1,004,567	983,730	2.12 %
Intergovernmental	3,132,859	2,867,692	9.25 %
Investment income	781,597	225,368	246.81 %
Rental income	36,830	34,314	7.33 %
Other	549,694	1,129,762	(51.34) %
Total	<u>\$ 28,899,036</u>	<u>\$ 27,653,504</u>	4.50 %

Tax revenue represents 67.86% of all general fund revenue in 2005. The increase in investment income is due to a more aggressive approach to investing and accrued interest on investments. The decrease in other income is the result of workers compensation refunds and insurance reimbursements received in 2004 in the amount of approximately \$800,000. All other revenue remained comparable to 2004.



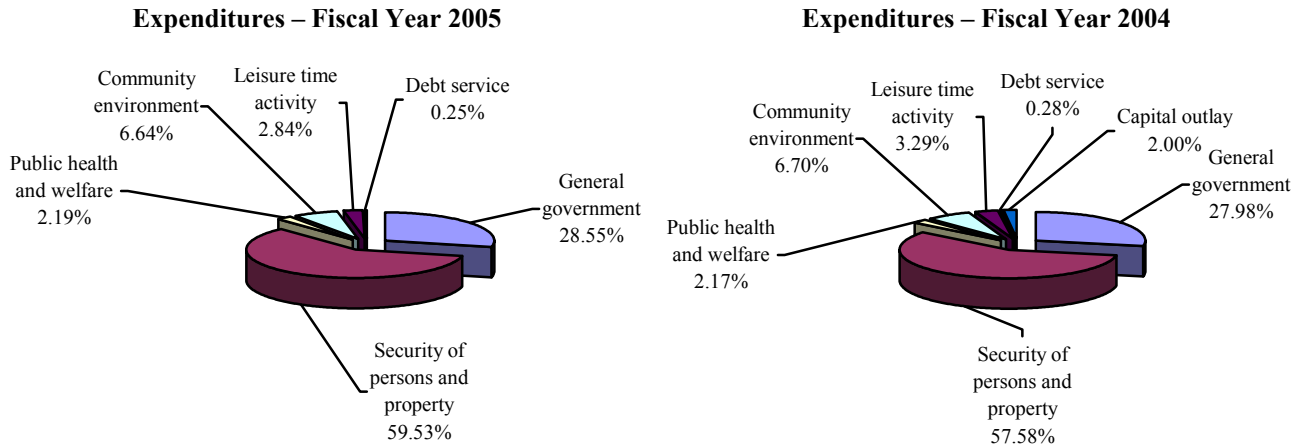
CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

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

	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 7,667,518	\$ 7,540,429	1.69 %
Security of persons and property	15,983,397	15,520,223	2.98 %
Public health and welfare	588,693	585,532	0.54 %
Community environment	1,783,381	1,806,298	(1.27) %
Leisure time activity	762,761	885,871	(13.90) %
Capital outlay	-	538,401	(100.00) %
Debt service	<u>66,214</u>	<u>75,601</u>	(12.42) %
 Total	 <u>\$ 26,851,964</u>	 <u>\$ 26,952,355</u>	 (0.37) %

The most significant decrease was in the area of capital outlay. The decrease in capital outlay is from the City entering into capital leases in 2004 for copier equipment and a new fire truck. There were no capital leases entered into during 2005. The decrease in leisure time activity is due to decreased 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, 2005 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 \$2,896,385 from \$27,939,570 to \$30,835,955. This increase was primarily related to an increase in transfers out to other funds which were not included in the original budget. Actual revenues and other financing sources of \$28,650,784 were more than final budgeted revenues of \$27,553,274. Charges for services, fines and forfeitures, investment income, and rental income were less than anticipated. The other change was between the final budgeted expenditures and actual expenditures. Actual expenditures came in \$1,217,790 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

At the end of fiscal 2005, the City had \$94,272,155 (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, \$39,850,742 was reported in governmental activities and \$54,421,413 was reported in business-type activities. See Note 10 to the basic financial statements for detail. The following table shows fiscal 2005 balances compared to 2004:

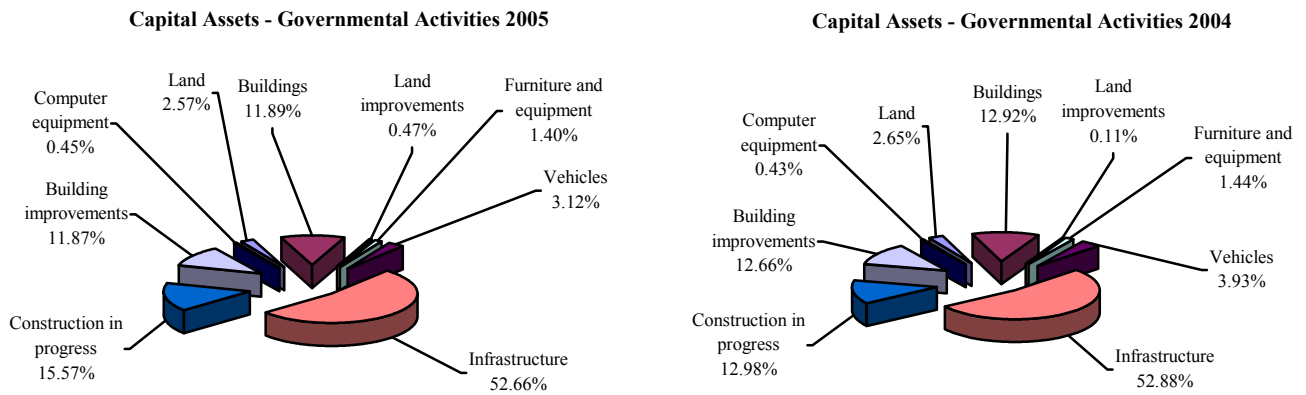
CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 1,024,184	\$ 1,024,184	\$ 384,399	\$ 384,399	\$ 1,408,583	\$ 1,408,583
Construction in progress	6,205,452	5,014,246	14,933,537	13,621,997	21,138,989	18,636,243
Land improvements	186,459	38,767	-	-	186,459	38,767
Buildings	4,739,832	4,987,938	11,339,960	13,450,145	16,079,792	18,438,083
Buildings improvements	4,729,554	4,889,390	169,827	189,249	4,899,381	5,078,639
Computer equipment	180,077	167,440	14,445	45,405	194,522	212,845
Furniture and equipment	556,332	555,588	675,881	770,543	1,232,213	1,326,131
Vehicles	1,245,213	1,517,545	653,364	589,729	1,898,577	2,107,274
Infrastructure	<u>20,983,639</u>	<u>20,423,099</u>	<u>26,250,000</u>	<u>26,341,921</u>	<u>47,233,639</u>	<u>46,765,020</u>
Totals	<u>\$ 39,850,742</u>	<u>\$ 38,618,197</u>	<u>\$ 54,421,413</u>	<u>\$ 55,393,388</u>	<u>\$ 94,272,155</u>	<u>\$94,011,585</u>

The following graphs show the breakdown of governmental capital assets by category for 2005 and 2004.



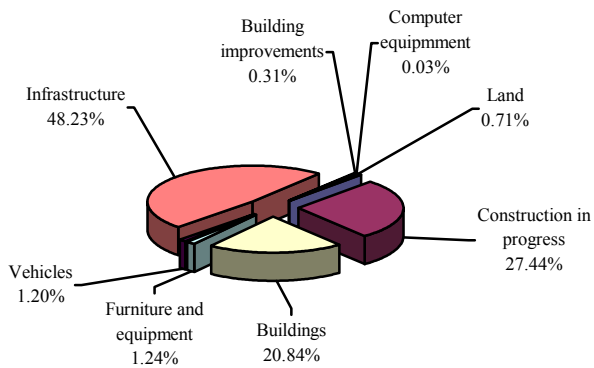
The City's largest capital asset category is infrastructure which includes roads, sidewalks, and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents 52.66% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2005 and 2004.

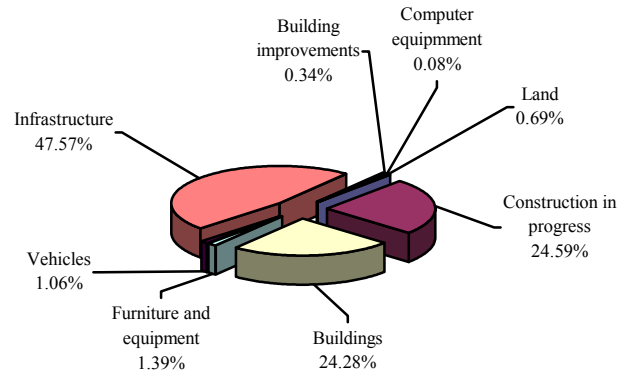
CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

Capital Assets - Business-Type Activities 2005



Capital Assets - Business-Type Activities 2004



The City's largest business-type capital asset category is infrastructure that primarily includes water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 48.23% of the City's total business-type capital assets.

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2005 and 2004 (See Note 13 to the basic financial statements for detail):

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
General obligation bonds	\$ 8,995,137	\$ 10,690,995
Reinvestment partnership corporation loan	810,000	860,000
OWDA loans	675,294	810,635
Police and fire pension liability	2,848,984	2,896,852
Capital lease obligation	444,755	496,639
Compensated absences	4,440,100	3,997,258
Total long-term obligations	<u>\$ 18,214,270</u>	<u>\$ 19,752,379</u>
	<u>Business-type Activities</u>	
	<u>2005</u>	<u>2004</u>
General obligation bonds	\$ 3,765,691	\$ 4,009,346
Revenue bonds	9,895,000	10,260,000
OWDA loan	21,771,589	22,988,827
Capital lease obligation	4,809	8,179
Compensated absences	1,460,922	1,243,898
Total long-term obligations	<u>\$ 36,898,011</u>	<u>\$ 38,510,250</u>

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 UNAUDITED

Economic Conditions and Next Year's General Fund Budget Outlook

The City's Administration considers the impact of various economic factors when establishing the fiscal year 2005 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 2005 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 2006 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 2006 decreased slightly by \$198,726, or 0.7%, from final 2005 budgeted revenues and other financing sources due to a reduction in estimated income tax receipts. This reduction is expected based on the increase in tax collections in 2005 due to the efforts of the tax department to enforce compliance and the subsequent collection of prior year taxes that will not be realized in 2006. The 2006 general fund budget is \$27,752,000.

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, 2005

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents.	\$ 14,613,383	\$ 7,497,730	\$ 22,111,113
Receivables (net of allowances for uncollectibles):			
Income taxes	3,336,447	-	3,336,447
Real and other taxes	1,712,649	-	1,712,649
Accounts	588,368	3,243,339	3,831,707
Loans	4,072,454	-	4,072,454
Accrued interest	356,781	-	356,781
Special assessments	354,183	4,481	358,664
Internal balances	95,544	(95,544)	-
Due from other governments	2,113,107	-	2,113,107
Materials and supplies inventory.	48,203	76,003	124,206
Deferred charges	115,262	240,180	355,442
Restricted assets:			
Investments	-	982,128	982,128
Capital assets:			
Land and construction in progress.	7,229,636	15,317,936	22,547,572
Depreciable capital assets, net	32,621,106	39,103,477	71,724,583
Total capital assets.	39,850,742	54,421,413	94,272,155
 Total assets.	 67,257,123	 66,369,730	 133,626,853
 Liabilities:			
Accounts payable.	642,794	876,928	1,519,722
Contracts payable.	141,451	341,281	482,732
Accrued wages and benefits	655,219	249,946	905,165
Due to other governments	525,191	37,492	562,683
Deferred revenue.	1,330,570	-	1,330,570
Accrued interest payable.	65,767	551,511	617,278
Claims payable.	246,362	-	246,362
Long-term liabilities:			
Due within one year	3,080,624	2,741,431	5,822,055
Due in more than one year	15,133,646	34,156,580	49,290,226
 Total liabilities	 21,821,624	 38,955,169	 60,776,793
 Net assets:			
Invested in capital assets, net of related debt	29,524,698	18,245,015	47,769,713
Restricted for:			
Capital projects.	768,172	-	768,172
Debt service	372,932	-	372,932
Street maintenance	611,593	-	611,593
State highway	148,916	-	148,916
Law enforcement.	819,715	-	819,715
Courts	977,107	-	977,107
Community developments and improvements	6,426,196	-	6,426,196
Police and fire pension	310,630	-	310,630
Unrestricted.	5,475,540	9,169,546	14,645,086
 Total net assets	 \$ 45,435,499	 \$ 27,414,561	 \$ 72,850,060

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WARREN, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 5,856,271	\$ 1,210,264	\$ 40,248	\$ -
Security of persons and property	16,406,869	1,368,960	257,611	-
Public health and welfare	592,167	157,623	-	-
Transportation.	3,272,353	48,066	2,178,812	2,219,348
Community environment.	1,730,863	526,502	-	-
Leisure time activity.	905,187	13,646	-	-
Economic development	2,831,518	179,296	2,673,342	-
Interest and fiscal charges.	668,091	-	-	-
Total governmental activities	32,263,319	3,504,357	5,150,013	2,219,348
Business-type Activities:				
Sewer	8,714,806	8,743,627	-	-
Water	10,654,024	11,720,251	-	-
Other enterprise funds:				
Sanitation	3,042,898	3,145,870	-	-
Packard Music Hall	711,637	260,551	-	-
City Redevelopment	75,597	40,445	-	-
Downtown Parking.	142,539	4,805	-	-
Stormwater Utility	818,288	808,058	-	-
Total business-type activities	24,159,789	24,723,607	-	-
Total primary government.	\$ 56,423,108	\$ 28,227,964	\$ 5,150,013	\$ 2,219,348

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
 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
\$ (4,605,759)	\$ -	\$ (4,605,759)
(14,780,298)	-	(14,780,298)
(434,544)	-	(434,544)
1,173,873	-	1,173,873
(1,204,361)	-	(1,204,361)
(891,541)	-	(891,541)
21,120	-	21,120
(668,091)	-	(668,091)
<u>(21,389,601)</u>	<u>-</u>	<u>(21,389,601)</u>
-	28,821	28,821
-	1,066,227	1,066,227
-	102,972	102,972
-	(451,086)	(451,086)
-	(35,152)	(35,152)
-	(137,734)	(137,734)
-	(10,230)	(10,230)
<u>-</u>	<u>563,818</u>	<u>563,818</u>
<u>(21,389,601)</u>	<u>563,818</u>	<u>(20,825,783)</u>
1,261,822	-	1,261,822
129,146	-	129,146
129,146	-	129,146
19,432,428	-	19,432,428
3,312,509	-	3,312,509
1,111,515	30,745	1,142,260
563,907	319,640	883,547
<u>25,940,473</u>	<u>350,385</u>	<u>26,290,858</u>
<u>(702,756)</u>	<u>702,756</u>	<u>-</u>
3,848,116	1,616,959	5,465,075
<u>41,587,383</u>	<u>25,797,602</u>	<u>67,384,985</u>
<u>\$ 45,435,499</u>	<u>\$ 27,414,561</u>	<u>\$ 72,850,060</u>

CITY OF WARREN, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 2,905,443	\$ 5,227,651	\$ 8,133,094
Receivables (net of allowance for uncollectibles):			
Income taxes	3,336,447	-	3,336,447
Real and other taxes	-	1,712,649	1,712,649
Accounts	558,890	28,895	587,785
Loans.	-	4,072,454	4,072,454
Accrued interest	356,781	-	356,781
Special assessments.	28,490	325,693	354,183
Due from other governments	1,080,213	1,032,894	2,113,107
Materials and supplies inventory	7,362	40,841	48,203
Total assets	<u>\$ 8,273,626</u>	<u>\$ 12,441,077</u>	<u>\$ 20,714,703</u>
Liabilities:			
Accounts payable.	\$ 451,152	\$ 133,597	\$ 584,749
Contracts payable.	-	141,451	141,451
Accrued wages and benefits	594,959	53,778	648,737
Compensated absences payable.	10,019	-	10,019
Due to other governments	118,849	8,066	126,915
Deferred revenue	2,138,474	2,636,041	4,774,515
Total liabilities	<u>3,313,453</u>	<u>2,972,933</u>	<u>6,286,386</u>
Fund Balances:			
Reserved for encumbrances	124,349	1,933,189	2,057,538
Reserved for materials and supplies inventory.	7,362	40,841	48,203
Reserved for loans	-	4,072,454	4,072,454
Reserved for tax advance.	-	29,640	29,640
Unreserved, undesignated, reported in:			
General fund.	4,828,462	-	4,828,462
Special revenue funds	-	3,331,847	3,331,847
Debt service fund	-	8,466	8,466
Capital projects funds	-	51,707	51,707
Total fund balances	<u>4,960,173</u>	<u>9,468,144</u>	<u>14,428,317</u>
Total liabilities and fund balances	<u>\$ 8,273,626</u>	<u>\$ 12,441,077</u>	<u>\$ 20,714,703</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, 2005

Total governmental fund balances		\$ 14,428,317
<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.		39,796,477
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Delinquent property taxes	\$ 352,439	
Income taxes	1,010,894	
Accounts	473,950	
Special assessments	354,183	
Intergovernmental revenues	1,090,093	
Investment income	<u>162,386</u>	
Total		3,443,945
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	(8,995,137)	
Loans payable	(1,485,294)	
Fire and pension liability	(2,848,984)	
Compensated absences	(4,362,111)	
Capital lease payable	<u>(444,755)</u>	
Total		(18,136,281)
In the statement of activities interest is accrued on outstanding bonds, notes and loans payable, whereas in governmental funds, interest expenditures are reported when due.		(65,767)
Bond issuance costs reported as an expenditure in the funds are allocated as an expense over the life of the debt on a full accrual basis.		115,262
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.		6,108,002
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		<u>(254,456)</u>
Net assets of governmental activities		<u><u>\$ 45,435,499</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, 2005

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Income taxes	\$ 19,610,734	\$ -	\$ 19,610,734
Property and other taxes	-	1,485,169	1,485,169
Charges for services	2,036,636	150,786	2,187,422
Licenses and permits	1,746,119	106,011	1,852,130
Fines and forfeitures	1,004,567	437,401	1,441,968
Intergovernmental	3,132,859	7,441,266	10,574,125
Special assessments	-	42,597	42,597
Investment income	781,597	181,289	962,886
Rental income	36,830	-	36,830
Other	549,694	14,213	563,907
Total revenues	<u>28,899,036</u>	<u>9,858,732</u>	<u>38,757,768</u>
Expenditures:			
Current:			
General government	7,667,518	157,331	7,824,849
Security of persons and property	15,983,397	275,729	16,259,126
Public health and welfare	588,693	-	588,693
Transportation	-	2,278,123	2,278,123
Community environment	1,783,381	-	1,783,381
Leisure time activity	762,761	-	762,761
Economic development	-	2,764,286	2,764,286
Capital outlay	-	3,017,762	3,017,762
Debt service:			
Principal retirement	44,798	1,962,930	2,007,728
Interest and fiscal charges	21,416	618,762	640,178
Total expenditures	<u>26,851,964</u>	<u>11,074,923</u>	<u>37,926,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,047,072</u>	<u>(1,216,191)</u>	<u>830,881</u>
Other financing sources (uses):			
Transfers in	34,210	2,193,876	2,228,086
Transfers out	(2,366,209)	(205,436)	(2,571,645)
Total other financing sources (uses)	<u>(2,331,999)</u>	<u>1,988,440</u>	<u>(343,559)</u>
Net change in fund balances	(284,927)	772,249	487,322
Fund balances at beginning of year	<u>5,245,100</u>	<u>8,695,895</u>	<u>13,940,995</u>
Fund balances at end of year	<u>\$ 4,960,173</u>	<u>\$ 9,468,144</u>	<u>\$ 14,428,317</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, 2005

Net change in fund balances - total governmental funds		\$ 487,322
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital asset additions	\$ 3,502,785	
Current year depreciation	<u>(2,256,652)</u>	
Total		1,246,133
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.		
		(9,815)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	34,945	
Income taxes	(178,306)	
Accounts	(24,710)	
Special assessments	(3,983)	
Intergovernmental revenues	107,745	
Investment income	<u>134,342</u>	
Total		70,033
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement net assets.		
		2,007,728
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expenses when due.		
Accrued interest	13,500	
Bond premium	4,581	
Deferred charges on refunding	(31,358)	
Bond issuance costs	<u>(14,636)</u>	
Total		(27,913)
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.		
		(483,515)
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.		
		<u>558,143</u>
Change in net assets of governmental activities		<u><u>\$ 3,848,116</u></u>

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, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes.	\$ 18,423,617	\$ 17,570,050	\$ 19,505,573	\$ 1,935,523
Charges for services	1,923,666	2,064,500	2,036,636	(27,864)
Licenses and permits.	1,637,298	1,985,700	1,733,451	(252,249)
Fines and forfeitures.	953,706	1,055,500	1,009,714	(45,786)
Intergovernmental	2,943,389	3,027,324	3,116,244	88,920
Investment income	583,560	880,200	617,830	(262,370)
Rental income	34,787	40,000	36,830	(3,170)
Other	529,217	930,000	560,296	(369,704)
Total revenues.	<u>27,029,240</u>	<u>27,553,274</u>	<u>28,616,574</u>	<u>1,063,300</u>
Expenditures:				
Current:				
General government	10,698,826	8,359,054	7,841,789	517,265
Security of persons and property	14,528,012	16,660,835	16,188,643	472,192
Public health and welfare.	745,680	700,535	663,330	37,205
Community environment	1,862,423	1,916,717	1,792,908	123,809
Leisure time activity	104,629	832,605	765,286	67,319
Total expenditures	<u>27,939,570</u>	<u>28,469,746</u>	<u>27,251,956</u>	<u>1,217,790</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(910,330)</u>	<u>(916,472)</u>	<u>1,364,618</u>	<u>2,281,090</u>
Other financing sources (uses):				
Transfers in	32,312	-	34,210	34,210
Transfers out	-	(2,366,209)	(2,366,209)	-
Total other financing sources (uses)	<u>32,312</u>	<u>(2,366,209)</u>	<u>(2,331,999)</u>	<u>34,210</u>
Net change in fund balance	(878,018)	(3,282,681)	(967,381)	2,315,300
Fund balance at beginning of year	2,441,170	2,441,170	2,441,170	-
Prior year encumbrances appropriated.	896,017	896,017	896,017	-
Fund balance at end of year	<u>\$ 2,459,169</u>	<u>\$ 54,506</u>	<u>\$ 2,369,806</u>	<u>\$ 2,315,300</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF WARREN, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Business-type Activities -Enterprise Funds</u>			Total
	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor</u>	Business-Type Activities - Enterprise Funds
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 991,827	\$ 5,664,722	\$ 841,181	\$ 7,497,730
Receivables (net of allowance for uncollectibles):				
Accounts	1,170,633	1,320,544	752,162	3,243,339
Special assessments	565	3,858	58	4,481
Notes	-	-	-	-
Materials and supplies inventory	-	76,003	-	76,003
Deferred charges	71,622	168,558	-	240,180
Total current assets	<u>2,234,647</u>	<u>7,233,685</u>	<u>1,593,401</u>	<u>11,061,733</u>
Noncurrent assets:				
Restricted assets:				
Investments	-	982,128	-	982,128
Capital assets:				
Land and construction in progress	2,041,195	12,915,745	360,996	15,317,936
Depreciable capital assets, net	14,885,589	21,495,339	2,722,549	39,103,477
Total capital assets	<u>16,926,784</u>	<u>34,411,084</u>	<u>3,083,545</u>	<u>54,421,413</u>
Total noncurrent assets	<u>16,926,784</u>	<u>35,393,212</u>	<u>3,083,545</u>	<u>55,403,541</u>
Total assets	<u>\$ 19,161,431</u>	<u>\$ 42,626,897</u>	<u>\$ 4,676,946</u>	<u>\$ 66,465,274</u>
Liabilities:				
Current liabilities:				
Accounts payable	\$ 218,565	\$ 358,940	\$ 299,423	\$ 876,928
Contracts payable	258,806	82,475	-	341,281
Accrued wages and benefits	72,125	136,439	41,382	249,946
Due to other governments	10,819	20,466	6,207	37,492
Claims payable	-	-	-	-
Note payable	-	-	350,000	350,000
Current portion of general obligation bonds	473,500	-	10,000	483,500
Current portion of revenue bonds	-	380,000	-	380,000
Current portion of OWDA loans	1,020,619	392,830	-	1,413,449
Current portion of capital lease obligations	-	3,650	-	3,650
Current portion of compensated absences	147,190	244,146	69,496	460,832
Accrued interest payable	340,657	201,882	8,972	551,511
Total current liabilities	<u>2,542,281</u>	<u>1,820,828</u>	<u>785,480</u>	<u>5,148,589</u>
Long-term liabilities:				
General obligation bonds	3,477,676	-	21,000	3,498,676
Revenue bonds	-	9,298,515	-	9,298,515
OWDA loans	10,766,632	9,591,508	-	20,358,140
Capital lease obligations	-	1,159	-	1,159
Compensated absences	289,560	589,145	121,385	1,000,090
Total long-term liabilities	<u>14,533,868</u>	<u>19,480,327</u>	<u>142,385</u>	<u>34,156,580</u>
Total liabilities	<u>17,076,149</u>	<u>21,301,155</u>	<u>927,865</u>	<u>39,305,169</u>
Net assets:				
Invested in capital assets, net of related debt	1,015,533	14,526,937	2,702,545	18,245,015
Unrestricted	1,069,749	6,798,805	1,046,536	8,915,090
Total net assets	<u>\$ 2,085,282</u>	<u>\$ 21,325,742</u>	<u>\$ 3,749,081</u>	<u>27,160,105</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds				<u>254,456</u>
Net assets of business-type activities				<u>\$ 27,414,561</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Governmental
Activities -
Internal
Service Funds**

\$	6,480,289
	583
	-
	350,000
	-
	-
	<u>6,830,872</u>
	-
	-
	54,265
	<u>54,265</u>
	54,265
\$	<u>6,885,137</u>

\$	58,045
	-
	6,482
	398,276
	246,362
	-
	-
	-
	-
	-
	-
	<u>709,165</u>
	-
	-
	-
	67,970
	<u>67,970</u>
	777,135
	54,265
	<u>6,053,737</u>
\$	<u>6,108,002</u>

CITY OF WARREN, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Business-type Activities - Enterprise Funds</u>			Total
	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor</u>	Business-Type Activities - Enterprise Funds
Operating revenues:				
Charges for services	\$ 8,738,819	\$ 11,720,251	\$ 4,259,726	\$ 24,718,796
Other	191,202	104,953	23,485	319,640
Total operating revenues	<u>8,930,021</u>	<u>11,825,204</u>	<u>4,283,211</u>	<u>25,038,436</u>
Operating expenses:				
Personal services	2,712,351	5,351,723	1,901,276	9,965,350
Contract services	1,292,627	1,134,708	1,984,445	4,411,780
Materials and supplies	706,561	956,386	310,579	1,973,526
Administrative costs.	674,436	594,225	280,123	1,548,784
Utilities	499,954	607,053	116,793	1,223,800
Claims.	-	-	-	-
Other	6,306	86,427	11,291	104,024
Depreciation	2,056,878	1,081,198	204,975	3,343,051
Total operating expenses	<u>7,949,113</u>	<u>9,811,720</u>	<u>4,809,482</u>	<u>22,570,315</u>
Operating income (loss)	<u>980,908</u>	<u>2,013,484</u>	<u>(526,271)</u>	<u>2,468,121</u>
Nonoperating revenues (expenses):				
Interest revenue.	-	30,745	-	30,745
Special assessments.	4,808	-	3	4,811
Loss on disposal of capital assets.	(106,127)	-	-	(106,127)
Interest expense and fiscal charges	(706,998)	(964,292)	(13,306)	(1,684,596)
Total nonoperating revenues (expenses)	<u>(808,317)</u>	<u>(933,547)</u>	<u>(13,303)</u>	<u>(1,755,167)</u>
Income (loss) before transfers and capital contributions	172,591	1,079,937	(539,574)	712,954
Capital contributions	-	-	271,013	271,013
Transfers in	2,328	-	429,415	431,743
Transfers out	-	-	-	-
Changes in net assets	174,919	1,079,937	160,854	1,415,710
Net assets at beginning of year.	<u>1,910,363</u>	<u>20,245,805</u>	<u>3,588,227</u>	
Net assets at end of year	<u>\$ 2,085,282</u>	<u>\$ 21,325,742</u>	<u>\$ 3,749,081</u>	
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				<u>201,249</u>
Changes in net assets of business-type activities				<u>\$ 1,616,959</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Governmental
Activities -
Internal
Service Funds**

\$	7,240,832
	<u>11,246</u>
	<u>7,252,078</u>
	222,034
	313,414
	21,062
	430,810
	26,134
	5,401,562
	-
	<u>3,773</u>
	<u>6,418,789</u>
	<u>833,289</u>
	14,287
	-
	-
	<u>-</u>
	<u>14,287</u>
	847,576
	-
	-
	<u>(88,184)</u>
	759,392
	<u>5,348,610</u>
\$	<u><u>6,108,002</u></u>

CITY OF WARREN, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Business-type Activities - Enterprise Funds			Total
	Sewer	Water	Nonmajor	Business-Type Activities - Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	\$ 8,702,453	\$ 11,402,974	\$ 4,192,700	\$ 24,298,127
Cash received from other operations.	467,115	104,953	23,485	595,553
Cash payments for personal services	(2,722,917)	(5,178,089)	(1,850,309)	(9,751,315)
Cash payments for contract services	(1,364,875)	(1,000,835)	(1,977,509)	(4,343,219)
Cash payments for materials and supplies	(525,776)	(880,047)	(285,322)	(1,691,145)
Cash payments for utilities.	(499,954)	(607,053)	(116,793)	(1,223,800)
Cash payments for claims	-	-	-	-
Cash payments for administrative costs	(674,436)	(594,225)	(280,123)	(1,548,784)
Cash payments for other expenses	(6,306)	(86,427)	(11,291)	(104,024)
Net cash provided by (used in) operating activities.	<u>3,375,304</u>	<u>3,161,251</u>	<u>(305,162)</u>	<u>6,231,393</u>
Cash flows from noncapital financing activities:				
Special assessments.	4,792	-	-	4,792
Transfers in from other funds	2,328	-	429,415	431,743
Transfers out from other funds	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>7,120</u>	<u>-</u>	<u>429,415</u>	<u>436,535</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets.	(793,051)	(938,032)	(325,131)	(2,056,214)
Principal retirement	(1,428,937)	(749,862)	(460,000)	(2,638,799)
Loan issuance	128,191	-	-	128,191
Note issuance	-	-	350,000	350,000
Interest and fiscal charges	(713,953)	(931,028)	(15,162)	(1,660,143)
Net cash used in capital and related financing activities.	<u>(2,807,750)</u>	<u>(2,618,922)</u>	<u>(450,293)</u>	<u>(5,876,965)</u>
Cash flows from investing activities:				
Cash used for internal note disbursements.	-	-	-	-
Interest received	-	20,821	-	20,821
Principal payments received on internal notes	-	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>20,821</u>	<u>-</u>	<u>20,821</u>
Net increase (decrease) in cash and cash equivalents	574,674	563,150	(326,040)	811,784
Cash and cash equivalents at beginning of year	417,153	5,101,572	1,167,221	6,685,946
Cash and cash equivalents at end of year	<u>\$ 991,827</u>	<u>\$ 5,664,722</u>	<u>\$ 841,181</u>	<u>\$ 7,497,730</u>

**Governmental
Activities -
Internal
Service Funds**

\$	7,240,249
	11,246
	(243,602)
	(309,921)
	(22,208)
	(26,134)
	(5,386,929)
	(304,131)
	-
	<u>958,570</u>
	-
	-
	<u>(88,184)</u>
	<u>(88,184)</u>
	-
	-
	-
	-
	-
	<u>-</u>
	(350,000)
	14,287
	<u>450,000</u>
	<u>114,287</u>
	984,673
	5,495,616
\$	<u><u>6,480,289</u></u>

-- continued

CITY OF WARREN, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Business-type Activities - Enterprise Funds			Total
	Sewer	Water	Nonmajor	Business-Type Activities - Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 980,908	\$ 2,013,484	\$ (526,271)	\$ 2,468,121
Adjustments:				
Depreciation	2,056,878	1,081,198	204,975	3,343,051
Changes in assets and liabilities:				
(Increase) decrease in materials and supplies inventory	26,671	(40,370)	-	(13,699)
(Increase) decrease in accounts receivable	239,547	(317,277)	(67,714)	(145,444)
Decrease in special assessments.	-	468	688	1,156
Increase in accounts payable	97,416	274,314	33,783	405,513
Increase (decrease) in accrued wages and benefits	(427)	(887)	(1,374)	(2,688)
Increase (decrease) in due to other governments.	(15,614)	(24,333)	(1,694)	(41,641)
Increase (decrease) in compensated absences payable.	(10,075)	174,654	52,445	217,024
Increase in claims payable	-	-	-	-
Net cash provided by (used in) operating activities	\$ 3,375,304	\$ 3,161,251	\$ (305,162)	\$ 6,231,393

Non-cash capital transactions:

At December 31, 2005, the Sewer fund purchased \$258,806 in capital assets on account.

At December 31, 2005 and December 31, 2004, the Water fund purchased \$85,425 and \$218,219, respectively, in capital assets on account.

At December 31, 2005 and December 31, 2004, the nonmajor enterprise funds purchased \$46,494 and \$22,530, respectively, in capital assets on account.

The Sewer fund received capital contributions from governmental activities, which were fully depreciated, in the amount of \$155,591.

The nonmajor enterprise funds received \$271,013 in capital contributions from other funds.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Governmental
Activities -
Internal
Service Funds**

\$	833,289
	3,773
	-
	(21,321)
	25,215
	220
	126,610
	(21,719)
	12,503
	<hr/>
\$	<u>958,570</u>

CITY OF WARREN, OHIO

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2005**

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 851,108
Cash with fiscal and escrow agents	208,591
Receivables:	
Accounts	<u>1,461</u>
Total assets.	<u><u>\$ 1,061,160</u></u>
Liabilities:	
Accounts payable	\$ 125,297
Due to other governments.	630,679
Deposits held and due to others.	<u>305,184</u>
Total liabilities	<u><u>\$ 1,061,160</u></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, 2005

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, 2005

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, 2005

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

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

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's fiduciary funds are agency funds 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, 2005

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, 2005

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

Property taxes for which there is an enforceable legal claim as of December 31, 2005, but which were levied to finance year 2006 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 2005.

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, 2005

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 2005, 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 2005. 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, 2005.

Following Ohio statutes, the Council has, by resolution, specified the funds to receive an allocation of interest earnings. During fiscal year 2005, interest revenue in the general fund amounted to \$781,597 which includes \$610,730 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, 2005

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, 2005

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, 2005**

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 Balances

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

N. Interfund Activity

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

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

O. Fund Balance Reserves

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

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

CITY OF WARREN, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

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

P. 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.

Q. 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.

R. 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.

S. 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.

T. 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 2005, the City has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures", and GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assts and for Insurance Recoveries".

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 3 - ACCOUNTABILITY & COMPLIANCE - (Continued)

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries.

The implementation of GASB Statement No. 40 and GASB Statement No. 42 did not have an effect on the basic financial statements of the City, however additional note disclosure can be found in Note 4.

B. Compliance

The following funds had appropriations in excess of estimated resources contrary to Ohio Revised Code Section 5705.39:

<u>Fund Type/Fund</u>	<u>Excess</u>
<u>Nonmajor Governmental Fund:</u>	
General Capital Projects	\$ 48,071
<u>Nonmajor Enterprise Funds:</u>	
Packard Music Hall	87,604
Downtown Parking	43,802

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;

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Deposits with Financial Institutions

At December 31, 2005, the carrying amount of all City deposits was \$11,269,846, exclusive of the \$6,312,248 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, 2005, \$12,466,135 of the City’s bank balance of \$12,866,135 was exposed to custodial risk as discussed below, while \$400,000 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the City’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City.

B. Investments

As of December 31, 2005, the City had the following investments and maturities:

Investment type	Fair Value	Investment Maturities			
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months
Federal Home Loan Bank	\$ 4,411,670	\$ -	\$ 3,458,265	\$ -	\$ 953,405
Federal Home Loan Mortgage Corp	983,770	-	983,770	-	-
STAR Ohio	26,949	26,949	-	-	-
Repurchase Agreements	6,312,248	6,312,248	-	-	-
U.S. Government Money Markets	1,148,457	1,148,457	-	-	-
	<u>\$ 12,883,094</u>	<u>\$ 7,487,654</u>	<u>\$ 4,442,035</u>	<u>\$ -</u>	<u>\$ 953,405</u>

The weighted average maturity of investments is .40 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.

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.

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, 2005:

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Federal Home Loan Bank	\$ 4,411,670	34.24
Federal Home Loan Mortgage Corp	983,770	7.64
STAR Ohio	26,949	0.21
Repurchase Agreements	6,312,248	49.00
U.S. Government Money Markets	1,148,457	8.91
	<u>\$ 12,883,094</u>	<u>100.00</u>

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, 2005:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 11,269,846
Investments	<u>12,883,094</u>
Total	<u>\$ 24,152,940</u>

<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 14,613,383
Business type activities	8,479,858
Agency funds	<u>1,059,699</u>
Total	<u>\$ 24,152,940</u>

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2005, consisted of the following, as reported in the fund financial statements:

<u>Transfers to</u>	<u>Transfers from:</u>			<u>Total</u>
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Internal Service</u>	
General	\$ -	\$ 34,210	\$ -	\$ 34,210
Nonmajor				
Governmental	1,941,209	164,483	88,184	2,193,876
Sewer	-	2,328	-	2,328
Nonmajor Enterprise	<u>425,000</u>	<u>4,415</u>	<u>-</u>	<u>429,415</u>
	<u>\$ 2,366,209</u>	<u>\$ 205,436</u>	<u>\$ 88,184</u>	<u>\$ 2,659,829</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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

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 2004. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20, with the remainder payable June 20. In certain instances, state statute permits earlier or later payment dates to be established.

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

The County Treasurer collects property taxes on behalf of all taxing districts in the City, including the City of Warren. The County Auditor periodically remits to the City its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively. The assessed value upon which the 2004 levy (collected in 2005) was based was \$477,844,561. 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, 2005. 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 2006 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, 2005. Income tax revenue for 2005 was \$19,610,734. 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, 2005**

NOTE 8 - RECEIVABLES

Receivables at December 31, 2005, 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, 2005, 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	\$ 3,336,447
Real and other taxes	1,712,649
Accounts	588,368
Accrued interest	356,781
Special assessments	354,183
Due from other governments	2,113,107

Business-type Activities:

Accounts	3,243,339
Special assessments	4,481

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 and Reinvestment Partnership Corporation. The loans bear interest at annual rates ranging between 4 and 9 percent. The loans are to be repaid over period ranging from 5 to 20 years.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005, was as follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>12/31/2004</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/2005</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,024,184	\$ -	\$ -	\$ 1,024,184
Construction in progress	<u>5,014,246</u>	<u>3,275,980</u>	<u>(2,084,774)</u>	<u>6,205,452</u>
Total capital assets, not being depreciated	<u>6,038,430</u>	<u>3,275,980</u>	<u>(2,084,774)</u>	<u>7,229,636</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	516,618	155,971	-	672,589
Buildings	10,235,124	-	-	10,235,124
Buildings and improvements	5,136,245	-	-	5,136,245
Computer equipment	735,854	72,944	-	808,798
Furniture and equipment	1,534,676	94,499	-	1,629,175
Vehicles	5,005,484	59,362	(297,724)	4,767,122
Infrastructure	<u>32,580,695</u>	<u>1,928,803</u>	<u>-</u>	<u>34,509,498</u>
Total capital assets, being depreciated	<u>55,744,696</u>	<u>2,311,579</u>	<u>(297,724)</u>	<u>57,758,551</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(477,851)	(8,279)	-	(486,130)
Buildings	(5,247,186)	(248,106)	-	(5,495,292)
Buildings and improvements	(246,855)	(159,836)	-	(406,691)
Computer equipment	(568,414)	(60,307)	-	(628,721)
Furniture and equipment	(979,088)	(93,755)	-	(1,072,843)
Vehicles	(3,487,939)	(321,879)	287,909	(3,521,909)
Infrastructure	<u>(12,157,596)</u>	<u>(1,368,263)</u>	<u>-</u>	<u>(13,525,859)</u>
Total accumulated depreciation	<u>(23,164,929)</u>	<u>(2,260,425)</u>	<u>287,909</u>	<u>(25,137,445)</u>
Total capital assets, being depreciated, net	<u>32,579,767</u>	<u>51,154</u>	<u>(9,815)</u>	<u>32,621,106</u>
Governmental activities capital assets, net	<u>\$ 38,618,197</u>	<u>\$ 3,327,134</u>	<u>\$ (2,094,589)</u>	<u>\$ 39,850,742</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 10 - CAPITAL ASSETS - (Continued)

<u>Business-type Activities:</u>	Balance <u>12/31/2004</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/2005</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 384,399	\$ -	\$ -	\$ 384,399
Construction in progress	<u>13,621,997</u>	<u>1,556,405</u>	<u>(244,865)</u>	<u>14,933,537</u>
Total capital assets, not being depreciated	<u>14,006,396</u>	<u>1,556,405</u>	<u>(244,865)</u>	<u>15,317,936</u>
<i>Capital assets, being depreciated:</i>				
Buildings	53,707,191	11,561	-	53,718,752
Building improvements	243,497	-	-	243,497
Water and sewer lines	43,819,614	534,975	-	44,354,589
Computer equipment	228,678	-	(35,194)	193,484
Furniture and equipment	1,665,346	205,458	(42,675)	1,828,129
Vehicles	<u>3,164,825</u>	<u>569,260</u>	<u>(162,017)</u>	<u>3,572,068</u>
Total capital assets, being depreciated	<u>102,829,151</u>	<u>1,321,254</u>	<u>(239,886)</u>	<u>103,910,519</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(40,257,046)	(2,121,746)	-	(42,378,792)
Building improvements	(54,248)	(19,422)	-	(73,670)
Water and sewer lines	(17,477,693)	(626,896)	-	(18,104,589)
Computer equipment	(183,273)	(17,691)	21,925	(179,039)
Furniture and equipment	(894,803)	(300,120)	42,675	(1,152,248)
Vehicles	<u>(2,575,096)</u>	<u>(412,767)</u>	<u>69,159</u>	<u>(2,918,704)</u>
Total accumulated depreciation	<u>(61,442,159)</u>	<u>(3,498,642)</u>	<u>133,759</u>	<u>(64,807,042)</u>
Total capital assets, being depreciated, net	<u>41,386,992</u>	<u>(2,177,388)</u>	<u>(106,127)</u>	<u>39,103,477</u>
Business-type activities capital assets, net	<u>\$ 55,393,388</u>	<u>\$ (620,983)</u>	<u>\$ (350,992)</u>	<u>\$ 54,421,413</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 10 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

General government	\$ 274,384
Security of persons and property	188,806
Public health and welfare	23,498
Transportation	1,544,256
Leisure time activity	152,512
Economic development	73,196
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>3,773</u>
Total depreciation expense - governmental activities	<u><u>\$ 2,260,425</u></u>

NOTE 11 - VACATION AND SICK LEAVE LIABILITY

Vacation and sick leave accumulated by governmental fund type employees has been recorded in the statement of net assets to the extent the liability was due at year-end. Vacation and sick leave earned by proprietary funds type employees is expensed when earned and has been recorded in the fund.

Upon termination of City service, a fully vested employee is entitled to a percentage of their accumulated sick leave based on their years of service. At December 31, 2005, vested benefits for vacation leave for governmental fund type employees, totaled \$2,897,016 and vested benefits for sick leave, totaled \$1,543,084. For proprietary fund types, vested benefits for vacation leave totaled \$837,039 and vested benefits for sick leave totaled \$623,883 at December 31, 2005. Included in the vested benefits for sick leave figures is an additional liability to accrue and record termination (severance) payments for employees expected to become eligible to retire in the future in accordance with GASB Statement No. 16.

NOTE 12 - LEASES

A. Governmental Capital Leases - Lessee Disclosure

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 \$39,833 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 in fiscal year 2005 totaled \$44,798 paid by the general fund and \$7,086 paid by the Street Maintenance special revenue fund.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 12 - LEASES - (Continued)

The governmental assets acquired through capital leases are as follows:

	<u>Equipment</u>	<u>Vehicles</u>
Asset	\$ 39,833	\$ 528,720
Less: accumulated depreciation	<u>(14,708)</u>	<u>(158,616)</u>
Total	<u>\$ 25,125</u>	<u>\$ 370,104</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, 2005:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2006	\$ 74,904
2007	72,411
2008	69,023
2009	64,654
2010	63,874
2011 - 2013	<u>191,622</u>
Total	536,488
Less: amount representing interest	<u>(91,733)</u>
Present value of net minimum lease payments	<u>\$444,755</u>

B. Proprietary Capital Leases - Lessee Disclosure

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 the \$16,118 represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the Water enterprise fund. Principal payments in fiscal year 2005 totaled \$3,370.

The proprietary assets acquired through capital leases are as follows:

	<u>Equipment</u>
Asset	\$ 16,118
Less: accumulated depreciation	<u>(11,283)</u>
Total	<u>\$ 4,835</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 12 - LEASES - (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2005:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2006	\$ 3,902
2007	<u>1,177</u>
Total	5,079
Less: amount representing interest	<u>(270)</u>
Present value of net minimum lease payments	<u>\$ 4,809</u>

C. Operating Lease - Lessor Disclosure

On November 15, 1993, the City entered into a lease agreement with Avalon South Management, Inc. for the lease of the City owned golf course. The lease is for a 15 year term and calls for an annual fee for the management, operation and maintenance of the golf course based upon a percentage of gross receipts as defined by the agreement.

The carrying value of the property follows:

	<u>Land</u>	<u>Building</u>
Asset	\$ 9,000	\$ 219,756
Less: accumulated depreciation	<u>-</u>	<u>(68,674)</u>
Total	<u>\$ 9,000</u>	<u>\$ 151,082</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 13 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2005, the following changes occurred in governmental activities long-term obligations:

Governmental Activities:	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 12/31/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/05</u>	<u>Amounts Due in One Year</u>
<u>General Obligation Bonds</u>							
Correctional facility	4.50-5.85%	12/01/2010	\$ 573,510	\$ -	\$ (122,515)	\$ 450,995	\$ 128,935
Various purpose refunding, series 2003	2.00-4.00%	12/01/2013	5,521,000	-	(550,000)	4,971,000	555,500
Various purpose, series 2003	2.00-2.40%	12/01/2013	1,059,000	-	(175,000)	884,000	176,000
Multi purpose refunding, series 1996	3.80-6.25%	12/01/2011	2,175,000	-	(325,000)	1,850,000	350,000
Land acquisition	3.85-4.75%	11/01/2007	510,000	-	(160,000)	350,000	170,000
Communication system	3.85-4.75%	11/01/2007	1,030,000	-	(330,000)	700,000	345,000
Energy conservation	4.20%	12/01/2005	<u>60,120</u>	<u>-</u>	<u>(60,120)</u>	<u>-</u>	<u>-</u>
Total general obligations bonds			<u>10,928,630</u>	<u>-</u>	<u>(1,722,635)</u>	<u>9,205,995</u>	<u>1,725,435</u>
<u>Other Long-Term Obligations</u>							
Reinvestment partnership corporation loan	6.09%	8/01/2016	860,000	-	(50,000)	810,000	55,000
OWDA loan	3.75%	1/01/2010	810,635	-	(135,341)	675,294	140,463
Police and fire pension liability		5/01/2035	2,896,852	-	(47,868)	2,848,984	49,923
Capital lease obligation			496,639	-	(51,884)	444,755	54,542
Compensated absences			<u>3,997,258</u>	<u>1,456,664</u>	<u>(1,013,822)</u>	<u>4,440,100</u>	<u>1,055,261</u>
Total other long-term obligations			<u>9,061,384</u>	<u>1,456,664</u>	<u>(1,298,915)</u>	<u>9,219,133</u>	<u>1,355,189</u>
Total governmental activities long-term obligations			19,990,014	<u>\$ 1,456,664</u>	<u>\$ (3,021,550)</u>	18,425,128	<u>\$ 3,080,624</u>
Add: Unamortized premium on bond issue			40,663			36,082	
Less: Unamortized deferred charges on refundings			<u>(278,298)</u>			<u>(246,940)</u>	
Total reported on the Statement of Net Assets			<u>\$ 19,752,379</u>			<u>\$ 18,214,270</u>	

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

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

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the City's future annual debt service principal and interest requirements for the 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>
2006	\$ 49,923	\$ 120,557	\$ 170,480
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 - 2015	335,650	516,750	852,400
2016 - 2020	414,199	438,202	852,401
2021 - 2025	511,128	341,273	852,401
2026 - 2030	630,737	221,661	852,398
2031 - 2035	685,272	74,220	759,492
Total	<u>\$ 2,848,984</u>	<u>\$ 2,172,507</u>	<u>\$ 5,021,491</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, 2005 the balance of the land acquisition bonds was \$350,000.

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 \$700,000.

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 \$450,995. These bonds are scheduled to mature December 1, 2010.

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

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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, 2005 was \$4,971,000.

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:

<u>Year Ended</u> <u>December 31,</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 1,725,435	\$ 351,368	\$ 2,076,803
2007	1,694,890	288,263	1,983,153
2008	1,117,074	223,216	1,340,290
2009	1,021,492	187,211	1,208,703
2010	1,064,604	150,325	1,214,929
2011 - 2013	<u>2,582,500</u>	<u>189,014</u>	<u>2,771,514</u>
Total	<u>\$ 9,205,995</u>	<u>\$ 1,389,397</u>	<u>\$ 10,595,392</u>

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

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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

Year Ended <u>December 31,</u>	<u>Loan Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 55,000	\$ 50,296	\$ 105,296
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 - 2015	420,000	117,979	537,979
2016	<u>100,000</u>	<u>6,590</u>	<u>106,590</u>
Total	<u>\$ 810,000</u>	<u>\$ 343,866</u>	<u>\$ 1,153,866</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, 2005, the City had outstanding borrowings of \$675,294. The loan agreement requires semi-annual payments. The principal and interest payments will be made out of the debt service fund.

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

Year Ended <u>December 31,</u>	<u>OWDA Loan Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 140,463	\$ 24,019	\$ 164,482
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>\$ 675,294</u>	<u>\$ 64,876</u>	<u>\$ 740,170</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

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 12/31/2004	Additions	Reductions	Balance at 12/31/2005	Amounts Due in One Year
<u>General Obligation Bonds</u>							
Refunding sewer improvements	2.00-4.00%	12/01/2003	\$ 4,589,000	\$ -	\$ (465,000)	\$ 4,124,000	\$ 473,500
Packard Hall various improvements	2.00-2.40%	12/01/2008	41,000	-	(10,000)	31,000	10,000
Total general obligations bonds			<u>4,630,000</u>	<u>-</u>	<u>(475,000)</u>	<u>4,155,000</u>	<u>483,500</u>
<u>Revenue Bonds</u>							
Water system	3.80-5.00%	12/1/2022	10,260,000	-	(365,000)	9,895,000	380,000
Total revenue bonds			<u>10,260,000</u>	<u>-</u>	<u>(365,000)</u>	<u>9,895,000</u>	<u>380,000</u>
Total enterprise bonds			<u>14,890,000</u>	<u>-</u>	<u>(840,000)</u>	<u>14,050,000</u>	<u>863,500</u>
<u>OWDA Loans</u>							
Sewer system	10.16%	1/01/2012	4,176,794	-	(398,900)	3,777,894	439,426
Buckeye	3.54%	7/01/2014	837,288	-	(71,136)	766,152	73,677
Warren commerce park - phase I	4.80%	1/01/2017	121,498	-	(11,084)	110,414	11,622
Wastewater treatment plant and pump station improvements	3.04%	1/01/2017	726,444	-	(48,574)	677,870	50,061
Biosolids facility	3.04%	7/01/2017	5,034,909	-	(342,035)	4,692,874	349,850
Griswold street sanitary sewer	4.12%	7/01/2018	1,090,693	-	(58,965)	1,031,728	61,420
Warren commerce park - phase II	3.98%	1/01/2019	486,306	-	(25,361)	460,945	26,380
Warren commerce park - phase II	3.79%	1/01/2019	149,065	-	(7,882)	141,183	8,183
Downtown combined sewer	3.25%	1/01/2027	-	128,191	-	128,191	392,830
Water system improvements	3.95%	7/01/2023	10,365,830	-	(381,492)	9,984,338	-
Total OWDA loans			<u>22,988,827</u>	<u>128,191</u>	<u>(1,345,429)</u>	<u>21,771,589</u>	<u>1,413,449</u>
Total bonds and loans			<u>37,878,827</u>	<u>128,191</u>	<u>(2,185,429)</u>	<u>35,821,589</u>	<u>2,276,949</u>
<u>Other Long-Term Obligations</u>							
Capital lease obligation	4.50-5.85%		8,179	-	(3,370)	4,809	3,650
Compensated absences	4.20%		1,243,898	640,476	(423,452)	1,460,922	460,832
Total other long-term obligations			<u>1,252,077</u>	<u>640,476</u>	<u>(426,822)</u>	<u>1,465,731</u>	<u>464,482</u>
Total business-type activities			39,130,904	<u>\$ 768,667</u>	<u>\$ (2,612,251)</u>	37,287,320	<u>\$ 2,741,431</u>
Add: Unamortized premium on bond issue			29,295			25,995	
Less: Unamortized deferred charges on refundings			<u>(649,949)</u>			<u>(415,304)</u>	
Total reported on the Statement of Net Assets			<u>\$ 38,510,250</u>			<u>\$ 36,898,011</u>	

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

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 an 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, 2005 the balance of the bonds was \$31,000.

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 were used for the advance refunding of the 1990 sewer system improvement bonds. The proceeds were used to purchase SLGS that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds are not included in the City's outstanding debt since the City has satisfied its obligations through the advance refunding.

On November 13, 2003, the City issued \$5,043,000 in sewer system improvements refunding bonds to currently refund the callable portion of the 1993 sewer system improvement refunding bonds (principal \$5,215,000; interest rate 4.50%). The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets. The principal balance of the sewer system improvements refunded bonds at December 31, 2005 was \$4,124,000.

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 were used for the advance refunding of the 1992 water system improvement bonds. The proceeds were used to purchase SLGS that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds are not included in the City's outstanding debt since the City has satisfied its obligations through the advance refunding. The principal balance of the water system revenue bonds at December 31, 2005 was \$9,895,000.

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, 2005

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, 2005, the City has outstanding borrowings of \$21,771,589. 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 and Water System Improvement projects financed through OWDA loans are not closed out as of December 31, 2005. Future annual debt service principal and interest requirements for these loans, which have balances at December 31, 2005 of \$4,692,874, \$128,191, and \$9,984,338, 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
2006	\$ 863,500	\$ 628,330	\$ 1,491,830	\$ 670,769	\$ 500,942	\$ 1,171,711
2007	891,000	601,373	1,492,373	724,073	447,636	1,171,709
2008	914,000	572,659	1,486,659	782,244	389,466	1,171,710
2009	935,500	541,386	1,476,886	845,755	325,847	1,171,602
2010	973,500	507,177	1,480,677	915,123	256,589	1,171,712
2011 - 2015	4,362,500	1,863,673	6,226,173	2,449,521	393,906	2,843,427
2016 - 2020	3,470,000	947,250	4,417,250	578,701	39,369	618,070
2021 - 2022	1,640,000	124,000	1,764,000	-	-	-
Total	<u>\$ 14,050,000</u>	<u>\$ 5,785,848</u>	<u>\$ 19,835,848</u>	<u>\$ 6,966,186</u>	<u>\$ 2,353,755</u>	<u>\$ 9,319,941</u>

NOTE 14 - INTERNAL NOTE PAYABLE

The City had the following internal note activity for fiscal year 2005:

	Interest Rate	Issue Date	Maturity Date	Balance at 12/31/04	Additions	Reductions	Balance at 12/31/05
<u>Sanitation Enterprise Fund</u>							
<i>General Obligation Notes</i>							
Environmental Services							
Vehicle Acquisition	3.175%	4/10/04	4/10/05	\$ 450,000	\$ -	\$ (450,000)	\$ -
Environmental Services							
Vehicle Acquisition	3.500%	4/10/05	4/10/06	\$ -	\$ 350,000	\$ -	\$ 350,000
Total				<u>\$ 450,000</u>	<u>\$ 350,000</u>	<u>\$ (450,000)</u>	<u>\$ 350,000</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 14 - INTERNAL NOTE PAYABLE - (Continued)

The note payable at December 31, 2005 is an internal City of Warren note that represents amounts borrowed from other funds of the City. The note is 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 "note receivable" on the fund financial statements for the principal amounts outstanding at December 31, 2005. 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 \$246,362 reported in the internal service fund at December 31, 2005, 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, 2005

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	2005	\$ 233,859	\$ 5,098,637	\$ (5,086,134)	\$ 246,362
	2004	242,539	5,273,516	(5,282,196)	233,859
Risk management	2005	-	183,692	(183,692)	-
	2004	-	143,334	(143,334)	-
Workers' compensation	2005	270,625	397,304	(270,625)	397,304
	2004	337,094	270,625	(337,094)	270,625

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 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

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

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5% of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1% of their annual covered salary; members in public safety contributed 9%. The City's contribution rate for pension benefits for 2005 was 9.55%, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$1,945,341, \$1,814,412, and \$1,713,293, respectively; 100% has been contributed for 2004 and 2003. 80.69% has been contributed for 2005. The City and plan members did not make any contributions to the member-directed plan for 2005.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10.0% of their annual covered salary to fund pension obligations while the City is required to contribute 11.75% for police officers and 16.25% for firefighters. Contributions are authorized by State statute. The City's contributions to the fund for the police and firefighters were \$1,846,341 and \$1,719,189, and \$1,660,776 for the years ended December 31, 2005, 2004, and 2003. The full amount has been contributed for 2004 and 2003. 90.53% for police and 82.08% for firefighters has been contributed for 2005 with the remainder being reported as a liability.

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 2005 local government employer contribution rate was 13.55% of covered payroll (16.70% for public safety and law enforcement); 4.00% of covered payroll was the portion that was used to fund health care.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00%, 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 6.3% based on additional annual pay increases. Health care premiums were assumed to increase 1.00% and 6.00% annually for the next eight years and 4.00% annually after nine years.

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

The number of active contributing participants in the traditional and combined plans was 376,109 as of December 31, 2005. The number of active participants for both plans used in the December 31, 2004 actuarial valuation was 355,287. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$574,270. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004 (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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

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

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

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.

CITY OF WARREN, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 17 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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. 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.

The City's actual contributions for 2005 that were used to fund postemployment benefits was \$344,741 for police and \$315,887 for firefighters. The OP&F's total health care expense for the year ended December 31, 2004 (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004 (the latest information available), was 13,812 for police and 10,528 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).

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

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

Net Change in Fund Balance	<u>General</u>
Budget basis	\$ (967,381)
Net adjustment for revenue accruals	282,462
Net adjustment for expenditure accruals	(174,509)
Adjustment for encumbrances	<u>574,501</u>
GAAP basis	<u>\$ (284,927)</u>

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, 2005.

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.

**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.

FEMA Fund

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

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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 18,423,617	\$ 17,570,050	\$ 19,505,573	\$ 1,935,523
Charges for services	1,923,666	2,064,500	2,036,636	(27,864)
Licenses, permits and fees	1,637,298	1,985,700	1,733,451	(252,249)
Fines and forfeitures	953,706	1,055,500	1,009,714	(45,786)
Intergovernmental	2,943,389	3,027,324	3,116,244	88,920
Investment income	583,560	880,200	617,830	(262,370)
Rental income	34,787	40,000	36,830	(3,170)
Other	529,217	930,000	560,296	(369,704)
Total revenues	<u>27,029,240</u>	<u>27,553,274</u>	<u>28,616,574</u>	<u>1,063,300</u>
Expenditures:				
Current:				
General government				
City council				
Personal services	253,806	253,806	251,386	2,420
Contractual services	33,724	33,724	30,657	3,067
Materials and supplies.	3,800	3,800	3,356	444
Capital outlay	-	2,500	2,120	380
Total city council	<u>291,330</u>	<u>293,830</u>	<u>287,519</u>	<u>6,311</u>
Municipal court				
Personal services	1,714,984	1,668,387	1,648,410	19,977
Contractual services	99,335	114,335	100,652	13,683
Materials and supplies.	22,265	24,003	16,518	7,485
Total municipal court.	<u>1,836,584</u>	<u>1,806,725</u>	<u>1,765,580</u>	<u>41,145</u>
Victims of crimes				
Personal services	-	49,097	47,021	2,076
Materials and supplies.	-	1,261	996	265
Total victims of crimes	<u>-</u>	<u>50,358</u>	<u>48,017</u>	<u>2,341</u>
Operations - general				
Personal services	245,818	199,937	195,551	4,386
Contractual services	31,302	27,300	24,901	2,399
Materials and supplies.	263	250	209	41
Total operations - general	<u>277,383</u>	<u>227,487</u>	<u>220,661</u>	<u>6,826</u>
Operations - maintenance				
Personal services	1,086,609	911,204	864,411	46,793
Contractual services	540,478	407,446	361,515	45,931
Materials and supplies.	87,276	71,871	66,589	5,282
Capital outlay	588,270	273,493	270,615	2,878
Total operations - maintenance.	<u>2,302,633</u>	<u>1,664,014</u>	<u>1,563,130</u>	<u>100,884</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Mayor				
Personal services	\$ 395,983	\$ 395,983	\$ 321,174	\$ 74,809
Contractual services	21,810	21,810	19,189	2,621
Materials and supplies.	6,590	7,090	5,460	1,630
Total mayor.	<u>424,383</u>	<u>424,883</u>	<u>345,823</u>	<u>79,060</u>
Purchasing				
Personal services	171,686	171,686	164,751	6,935
Contractual services	17,725	22,725	17,922	4,803
Materials and supplies.	2,600	2,600	1,259	1,341
Total purchasing	<u>192,011</u>	<u>197,011</u>	<u>183,932</u>	<u>13,079</u>
Finance				
Personal services	440,817	448,517	440,781	7,736
Contractual services	42,400	44,900	43,763	1,137
Materials and supplies.	9,619	7,195	6,125	1,070
Capital outlay	1,505	3,929	3,929	-
Total finance	<u>494,341</u>	<u>504,541</u>	<u>494,598</u>	<u>9,943</u>
Human resources				
Personal services	273,635	273,635	266,848	6,787
Contractual services	46,878	46,878	38,539	8,339
Materials and supplies.	1,500	1,500	801	699
Total human resources	<u>322,013</u>	<u>322,013</u>	<u>306,188</u>	<u>15,825</u>
Law department				
Personal services	772,701	766,701	761,381	5,320
Contractual services	49,395	92,395	74,734	17,661
Materials and supplies.	5,873	5,873	4,784	1,089
Capital outlay	-	3,500	2,941	559
Total law department.	<u>827,969</u>	<u>868,469</u>	<u>843,840</u>	<u>24,629</u>
Civil service				
Personal services	10,584	12,622	12,606	16
Contractual services	18,350	18,350	2,703	15,647
Materials and supplies.	250	250	79	171
Total civil service.	<u>29,184</u>	<u>31,222</u>	<u>15,388</u>	<u>15,834</u>
Administrative support				
Contractual services	1,271,673	1,271,673	1,115,357	156,316
Materials and supplies.	10,670	14,670	10,086	4,584
Capital outlay	15,686	27,401	27,381	20
Other	1,832,323	66,114	55,723	10,391
Total administrative support	<u>3,130,352</u>	<u>1,379,858</u>	<u>1,208,547</u>	<u>171,311</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Income tax				
Personal services	\$ 446,284	\$ 446,284	\$ 424,385	\$ 21,899
Contractual services	99,710	99,710	92,302	7,408
Materials and supplies.	14,859	32,859	32,089	770
Capital outlay	9,790	9,790	9,790	-
Total income tax	<u>570,643</u>	<u>588,643</u>	<u>558,566</u>	<u>30,077</u>
 Total general government	 <u>10,698,826</u>	 <u>8,359,054</u>	 <u>7,841,789</u>	 <u>517,265</u>
Security of persons and property				
Police				
Personal services	6,764,041	7,902,042	7,675,982	226,060
Contractual services	1,296,802	1,401,802	1,346,496	55,306
Materials and supplies.	165,251	161,298	143,499	17,799
Capital outlay	47,360	66,313	65,141	1,172
Total police.	<u>8,273,454</u>	<u>9,531,455</u>	<u>9,231,118</u>	<u>300,337</u>
Fire				
Personal services	5,942,655	6,774,095	6,633,307	140,788
Contractual services	197,986	211,546	195,159	16,387
Materials and supplies.	94,573	96,073	87,378	8,695
Capital outlay	19,344	19,344	19,344	-
Total fire	<u>6,254,558</u>	<u>7,101,058</u>	<u>6,935,188</u>	<u>165,870</u>
Bio-Terrorism				
Contractual services	-	3,847	1,702	2,145
Materials and supplies.	-	8,003	4,163	3,840
Capital outlay	-	16,472	16,472	-
Total fire	<u>-</u>	<u>28,322</u>	<u>22,337</u>	<u>5,985</u>
 Total security of persons and property .	 <u>14,528,012</u>	 <u>16,660,835</u>	 <u>16,188,643</u>	 <u>472,192</u>
Public health and welfare				
Health				
Personal services	340,384	364,711	344,273	20,438
Contractual services	42,086	45,562	40,111	5,451
Materials and supplies.	36,823	26,872	27,710	(838)
Other.	294,941	226,060	221,383	4,677
Total health	<u>714,234</u>	<u>663,205</u>	<u>633,477</u>	<u>29,728</u>
Dental				
Contractual services	25,505	31,383	25,712	5,671
Materials and supplies.	5,941	5,947	4,141	1,806
Total dental.	<u>31,446</u>	<u>37,330</u>	<u>29,853</u>	<u>7,477</u>
 Total public health and welfare	 <u>745,680</u>	 <u>700,535</u>	 <u>663,330</u>	 <u>37,205</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Community environment				
Environmental health				
Personal services	\$ 539,167	\$ 586,807	\$ 545,327	\$ 41,480
Contractual services	16,335	17,738	16,142	1,596
Materials and supplies.	6,983	7,892	6,329	1,563
Other.	9,247	10,072	9,280	792
Total environmental health	<u>571,732</u>	<u>622,509</u>	<u>577,078</u>	<u>45,431</u>
Weed control				
Personal services	547	553	553	-
Contractual services	13,258	14,713	13,409	1,304
Total weed control	<u>13,805</u>	<u>15,266</u>	<u>13,962</u>	<u>1,304</u>
Mosquito control				
Contractual services	391	425	395	30
Materials and supplies.	1,411	1,433	1,429	4
Total mosquito control	<u>1,802</u>	<u>1,858</u>	<u>1,824</u>	<u>34</u>
Engineering building and plant department				
Personal services	997,529	999,529	947,529	52,000
Contractual services	245,015	244,405	227,223	17,182
Materials and supplies.	17,540	21,950	19,965	1,985
Other	15,000	11,200	5,327	5,873
Total engineering building and plant department.	<u>1,275,084</u>	<u>1,277,084</u>	<u>1,200,044</u>	<u>77,040</u>
Total community environment.	<u>1,862,423</u>	<u>1,916,717</u>	<u>1,792,908</u>	<u>123,809</u>
Leisure time activity				
Operations - parks				
Personal services	-	467,402	436,328	31,074
Contractual services	42,292	233,017	213,453	19,564
Materials and supplies.	18,958	83,107	67,795	15,312
Capital outlay	43,329	43,329	43,250	79
Other.	50	5,750	4,460	1,290
Total operations - parks.	<u>104,629</u>	<u>832,605</u>	<u>765,286</u>	<u>67,319</u>
Total leisure time activity	<u>104,629</u>	<u>832,605</u>	<u>765,286</u>	<u>67,319</u>
Total expenditures.	<u>27,939,570</u>	<u>28,469,746</u>	<u>27,251,956</u>	<u>1,217,790</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, 2005

	<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.	\$ (910,330)	\$ (916,472)	\$ 1,364,618	\$ 2,281,090
Other financing sources (uses):				
Transfers in	32,312	-	34,210	34,210
Transfers out	-	(2,366,209)	(2,366,209)	-
Total other financing sources (uses). . .	<u>32,312</u>	<u>(2,366,209)</u>	<u>(2,331,999)</u>	<u>34,210</u>
Net change in fund balance	(878,018)	(3,282,681)	(967,381)	2,315,300
Fund balance at beginning of year	2,441,170	2,441,170	2,441,170	-
Prior year encumbrances appropriated .	<u>896,017</u>	<u>896,017</u>	<u>896,017</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,459,169</u>	<u>\$ 54,506</u>	<u>\$ 2,369,806</u>	<u>\$ 2,315,300</u>

CITY OF WARREN, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	<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.	\$ 4,302,600	\$ 8,466	\$ 916,585	\$ 5,227,651
Receivables (net of allowances of uncollectibles):				
Real and other taxes	281,068	1,431,581	-	1,712,649
Accounts	28,895	-	-	28,895
Loans receivable.	4,072,454	-	-	4,072,454
Special assessments	295,982	29,711	-	325,693
Due from other governments	951,385	81,509	-	1,032,894
Materials and supplies inventory	40,841	-	-	40,841
Total assets.	<u>\$ 9,973,225</u>	<u>\$ 1,551,267</u>	<u>\$ 916,585</u>	<u>\$ 12,441,077</u>
Liabilities:				
Accounts payable	\$ 126,635	\$ -	\$ 6,962	\$ 133,597
Contracts payable	-	-	141,451	141,451
Accrued wages and benefits.	53,778	-	-	53,778
Due to other governments	8,066	-	-	8,066
Deferred revenue.	1,117,988	1,518,053	-	2,636,041
Total liabilities	<u>1,306,467</u>	<u>1,518,053</u>	<u>148,413</u>	<u>2,972,933</u>
Fund balances:				
Reserved for encumbrances.	1,216,724	-	716,465	1,933,189
Reserved for materials and supplies inventory	40,841	-	-	40,841
Reserved for loans	4,072,454	-	-	4,072,454
Reserved for tax advance	4,892	24,748	-	29,640
Unreserved, undesignated, reported in:				
Special revenue funds	3,331,847	-	-	3,331,847
Debt service fund	-	8,466	-	8,466
Capital projects funds	-	-	51,707	51,707
Total fund balances	<u>8,666,758</u>	<u>33,214</u>	<u>768,172</u>	<u>9,468,144</u>
Total liabilities and fund equity	<u>\$ 9,973,225</u>	<u>\$ 1,551,267</u>	<u>\$ 916,585</u>	<u>\$ 12,441,077</u>

CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Property and other local taxes	\$ 254,582	\$ 1,230,587	\$ -	\$ 1,485,169
Charges for services	150,786	-	-	150,786
Licenses and permits.	106,011	-	-	106,011
Fines and forfeitures.	437,401	-	-	437,401
Intergovernmental	5,058,810	163,108	2,219,348	7,441,266
Special assessments	8,257	34,340	-	42,597
Investment income.	181,289	-	-	181,289
Other.	14,213	-	-	14,213
Total revenues.	<u>6,211,349</u>	<u>1,428,035</u>	<u>2,219,348</u>	<u>9,858,732</u>
Expenditures:				
Current:				
General government	133,049	24,282	-	157,331
Security of persons and property	275,729	-	-	275,729
Transportation	2,278,123	-	-	2,278,123
Economic development.	2,764,286	-	-	2,764,286
Capital outlay	525,554	-	2,492,208	3,017,762
Debt service:				
Principal retirement	104,954	1,857,976	-	1,962,930
Interest and fiscal charges.	177,348	441,414	-	618,762
Total expenditures.	<u>6,259,043</u>	<u>2,323,672</u>	<u>2,492,208</u>	<u>11,074,923</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(47,694)</u>	<u>(895,637)</u>	<u>(272,860)</u>	<u>(1,216,191)</u>
Other financing sources (uses):				
Transfers in	790,000	903,876	500,000	2,193,876
Transfers out	<u>(205,436)</u>	<u>-</u>	<u>-</u>	<u>(205,436)</u>
Total other financing sources (uses)	<u>584,564</u>	<u>903,876</u>	<u>500,000</u>	<u>1,988,440</u>
Net change in fund balance	536,870	8,239	227,140	772,249
Fund balances at beginning of year	<u>8,129,888</u>	<u>24,975</u>	<u>541,032</u>	<u>8,695,895</u>
Fund balances at end of year.	<u>\$ 8,666,758</u>	<u>\$ 33,214</u>	<u>\$ 768,172</u>	<u>\$ 9,468,144</u>

CITY OF WARREN, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2005

	<u>Court Computerization</u>	<u>Street Maintenance</u>	<u>Drivers Alcohol Treatment</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 114,825	\$ 62,709	\$ 95,739
Receivables (net of allowances for uncollectibles):			
Real and other taxes.	-	-	-
Accounts	8,330	-	379
Loans	-	-	-
Special assessments.	-	-	-
Due from other governments	-	786,059	-
Materials and supplies inventory	-	5,589	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 123,155</u>	<u>\$ 854,357</u>	<u>\$ 96,118</u>
Liabilities:			
Accounts payable	\$ 1,089	\$ 39,587	\$ 8,737
Accrued wages and benefits	-	42,596	-
Due to other governments	-	6,389	-
Deferred revenue.	-	489,273	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>1,089</u>	<u>577,845</u>	<u>8,737</u>
Fund Equity:			
Reserved for encumbrances	1,902	-	-
Reserved for materials and supplies inventory	-	5,589	-
Reserved for loans.	-	-	-
Reserved for tax advance	-	-	-
Unreserved:			
Undesignated.	120,164	270,923	87,381
	<hr/>	<hr/>	<hr/>
Total fund equity	<u>122,066</u>	<u>276,512</u>	<u>87,381</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity.	<u>\$ 123,155</u>	<u>\$ 854,357</u>	<u>\$ 96,118</u>

<u>Drug Law Enforcement</u>	<u>Law Enforcement Trust</u>	<u>Enforcement and Education</u>	<u>Federal Forfeitures</u>	<u>Probation - Municipal Court</u>	<u>Special Projects - Courts</u>
\$ 102,786	\$ 148,768	\$ 10,898	\$ 471,709	\$ 184,633	\$ 482,488
-	-	-	-	-	-
-	-	192	-	4,272	13,188
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 102,786</u>	<u>\$ 148,768</u>	<u>\$ 11,090</u>	<u>\$ 471,709</u>	<u>\$ 188,905</u>	<u>\$ 495,676</u>
\$ -	\$ -	\$ -	\$ 2,019	\$ 2,208	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,019</u>	<u>2,208</u>	<u>-</u>
-	5,758	-	92,270	-	3,964
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>102,786</u>	<u>143,010</u>	<u>11,090</u>	<u>377,420</u>	<u>186,697</u>	<u>491,712</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>\$ 102,786</u>	<u>\$ 148,768</u>	<u>\$ 11,090</u>	<u>\$ 471,709</u>	<u>\$ 188,905</u>	<u>\$ 495,676</u>

Continued

CITY OF WARREN, OHIO

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
 DECEMBER 31, 2005

	<u>Legal Research - Courts</u>	<u>Police Pension</u>	<u>Fire Pension</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 170,134	\$ 130,925	\$ 99,753
Receivables (net of allowances for uncollectibles):			
Real and other taxes.	-	140,534	140,534
Accounts	2,534	-	-
Loans	-	-	-
Special assessments.	-	-	-
Due from other governments	-	8,443	8,443
Materials and supplies inventory	-	-	-
Total assets	<u>\$ 172,668</u>	<u>\$ 279,902</u>	<u>\$ 248,730</u>
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued wages and benefits	-	-	-
Due to other governments	-	-	-
Deferred revenue.	-	146,531	146,531
Total liabilities	<u>-</u>	<u>146,531</u>	<u>146,531</u>
Fund Equity:			
Reserved for encumbrances	-	-	-
Reserved for materials and supplies inventory	-	-	-
Reserved for loans.	-	-	-
Reserved for tax advance	-	2,446	2,446
Unreserved:			
Undesignated.	<u>172,668</u>	<u>130,925</u>	<u>99,753</u>
Total fund equity	<u>172,668</u>	<u>133,371</u>	<u>102,199</u>
Total liabilities and fund equity.	<u>\$ 172,668</u>	<u>\$ 279,902</u>	<u>\$ 248,730</u>

<u>CDBG</u>	<u>Guarantee Loan</u>	<u>Highway Construction</u>	<u>Motor Vehicle Levy</u>	<u>Home Investment</u>	<u>FEMA</u>	<u>Total</u>
\$ 517,625	\$ 140,633	\$ 86,998	\$ 20,188	\$ 1,461,789	\$ -	\$ 4,302,600
-	-	-	-	-	-	281,068
-	-	-	-	-	-	28,895
1,681,200	493,369	-	-	1,897,885	-	4,072,454
295,982	-	-	-	-	-	295,982
40,940	-	63,735	28,502	15,263	-	951,385
-	-	7,844	27,408	-	-	40,841
<u>\$ 2,535,747</u>	<u>\$ 634,002</u>	<u>\$ 158,577</u>	<u>\$ 76,098</u>	<u>\$ 3,374,937</u>	<u>\$ -</u>	<u>\$ 9,973,225</u>
\$ 48,650	\$ -	\$ 9,661	\$ 7,189	\$ 7,495	\$ -	\$ 126,635
11,182	-	-	-	-	-	53,778
1,677	-	-	-	-	-	8,066
295,982	-	39,671	-	-	-	1,117,988
<u>357,491</u>	<u>-</u>	<u>49,332</u>	<u>7,189</u>	<u>7,495</u>	<u>-</u>	<u>1,306,467</u>
213,280	-	-	5,878	893,672	-	1,216,724
-	-	7,844	27,408	-	-	40,841
1,681,200	493,369	-	-	1,897,885	-	4,072,454
-	-	-	-	-	-	4,892
<u>283,776</u>	<u>140,633</u>	<u>101,401</u>	<u>35,623</u>	<u>575,885</u>	<u>-</u>	<u>3,331,847</u>
<u>2,178,256</u>	<u>634,002</u>	<u>109,245</u>	<u>68,909</u>	<u>3,367,442</u>	<u>-</u>	<u>8,666,758</u>
<u>\$ 2,535,747</u>	<u>\$ 634,002</u>	<u>\$ 158,577</u>	<u>\$ 76,098</u>	<u>\$ 3,374,937</u>	<u>\$ -</u>	<u>\$ 9,973,225</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, 2005**

	<u>Court Computerization</u>	<u>Street Maintenance</u>	<u>Drivers Alcohol Treatment</u>
Revenues:			
Property and other taxes	\$ -	\$ -	\$ -
Charges for services.	-	816	-
Licenses permits and fees	-	47,250	-
Fines and forfeitures.	121,370	-	20,029
Intergovernmental.	-	1,543,523	-
Special assessment	-	-	-
Investment income	-	-	-
Other	-	5,000	-
	<hr/>	<hr/>	<hr/>
Total revenues.	121,370	1,596,589	20,029
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current operations:			
General government	133,049	-	-
Security of persons and property	-	-	69,033
Transportation.	-	2,278,123	-
Economic development	-	-	-
Capital outlay.	-	-	-
Debt service:			
Principal retirement	-	7,086	-
Interest and fiscal charges	-	1,604	-
	<hr/>	<hr/>	<hr/>
Total expenditures	133,049	2,286,813	69,033
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(11,679)	(690,224)	(49,004)
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in.	-	725,000	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	725,000	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance.	(11,679)	34,776	(49,004)
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year.	133,745	241,736	136,385
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	\$ 122,066	\$ 276,512	\$ 87,381
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Drug Law Enforcement	Law Enforcement Trust	Enforcement and Education	Federal Forfeitures	Probation - Municipal Court	Special Projects - Courts
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	58,761	-
73,555	-	2,687	-	-	183,118
-	99,318	-	158,293	-	-
-	-	-	-	-	-
-	-	-	13,686	-	-
2,155	6,000	-	-	-	-
<u>75,710</u>	<u>105,318</u>	<u>2,687</u>	<u>171,979</u>	<u>58,761</u>	<u>183,118</u>
-	-	-	-	-	-
3,000	50,591	514	76,206	39,068	27,113
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,000</u>	<u>50,591</u>	<u>514</u>	<u>76,206</u>	<u>39,068</u>	<u>27,113</u>
<u>72,710</u>	<u>54,727</u>	<u>2,173</u>	<u>95,773</u>	<u>19,693</u>	<u>156,005</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
72,710	54,727	2,173	95,773	19,693	156,005
30,076	94,041	8,917	373,917	167,004	339,671
<u>\$ 102,786</u>	<u>\$ 148,768</u>	<u>\$ 11,090</u>	<u>\$ 469,690</u>	<u>\$ 186,697</u>	<u>\$ 495,676</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, 2005

	Legal Research - Courts	Police Pension	Fire Pension
	<hr/>	<hr/>	<hr/>
Revenues:			
Property and other taxes	\$ -	\$ 127,291	\$ 127,291
Charges for services.	-	-	-
Licenses permits and fees	-	-	-
Fines and forfeitures.	36,642	-	-
Intergovernmental.	-	16,885	16,885
Special assessment	-	-	-
Investment income	-	1,334	1,060
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues.	36,642	145,510	145,236
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current operations:			
General government	-	-	-
Security of persons and property	5,660	2,272	2,272
Transportation.	-	-	-
Economic development	-	-	-
Capital outlay.	-	-	-
Debt service:			
Principal retirement	-	21,766	26,102
Interest and fiscal charges	-	55,753	66,860
	<hr/>	<hr/>	<hr/>
Total expenditures	5,660	79,791	95,234
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	30,982	65,719	50,002
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in.	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance.	30,982	65,719	50,002
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year.	141,686	67,652	52,197
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	\$ 172,668	\$ 133,371	\$ 102,199
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CDBG	Guarantee Loan	Highway Construction	Motor Vehicle Levy	Home Investment	FEMA	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 254,582
-	-	-	-	149,970	-	150,786
-	-	-	-	-	-	106,011
-	-	-	-	-	-	437,401
1,889,549	-	125,151	385,165	783,793	40,248	5,058,810
8,257	-	-	-	-	-	8,257
104,796	7,079	1,585	1,047	50,012	690	181,289
1,058	-	-	-	-	-	14,213
<u>2,003,660</u>	<u>7,079</u>	<u>126,736</u>	<u>386,212</u>	<u>983,775</u>	<u>40,938</u>	<u>6,211,349</u>
-	-	-	-	-	-	133,049
-	-	-	-	-	-	275,729
-	-	-	-	-	-	2,278,123
1,879,655	1,065	-	-	883,566	-	2,764,286
-	-	88,090	437,464	-	-	525,554
-	50,000	-	-	-	-	104,954
-	53,131	-	-	-	-	177,348
<u>1,879,655</u>	<u>104,196</u>	<u>88,090</u>	<u>437,464</u>	<u>883,566</u>	<u>-</u>	<u>6,259,043</u>
<u>124,005</u>	<u>(97,117)</u>	<u>38,646</u>	<u>(51,252)</u>	<u>100,209</u>	<u>40,938</u>	<u>(47,694)</u>
-	-	-	65,000	-	-	790,000
(164,483)	-	-	-	-	(40,953)	(205,436)
(164,483)	-	-	65,000	-	(40,953)	584,564
(40,478)	(97,117)	38,646	13,748	100,209	(15)	536,870
<u>2,218,734</u>	<u>731,119</u>	<u>70,599</u>	<u>55,161</u>	<u>3,267,233</u>	<u>15</u>	<u>8,129,888</u>
<u>\$ 2,178,256</u>	<u>\$ 634,002</u>	<u>\$ 109,245</u>	<u>\$ 68,909</u>	<u>\$ 3,367,442</u>	<u>\$ -</u>	<u>\$ 8,666,758</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 125,000	\$ 125,000	\$ 121,920	\$ (3,080)
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>121,920</u>	<u>(3,080)</u>
Expenditures:				
Current:				
General government				
Contractual services.	54,000	54,000	50,673	3,327
Materials and supplies.	27,362	29,363	11,637	17,726
Capital outlay	1,625	81,625	72,641	8,984
Total general government	<u>82,987</u>	<u>164,988</u>	<u>134,951</u>	<u>30,037</u>
Total expenditures	<u>82,987</u>	<u>164,988</u>	<u>134,951</u>	<u>30,037</u>
Net change in fund balance.	42,013	(39,988)	(13,031)	26,957
Fund balance at beginning of year	120,878	120,878	120,878	-
Prior year encumbrances appropriated .	<u>3,987</u>	<u>3,987</u>	<u>3,987</u>	<u>-</u>
Fund balance at end of year	<u>\$ 166,878</u>	<u>\$ 84,877</u>	<u>\$ 111,834</u>	<u>\$ 26,957</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, 2005

	<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	\$ -	\$ -	\$ 816	\$ 816
Licenses, permits and fees	50,000	50,000	47,250	(2,750)
Intergovernmental	1,250,000	1,250,000	1,527,375	277,375
Other	40,000	40,000	5,000	(35,000)
Total revenues	<u>1,340,000</u>	<u>1,340,000</u>	<u>1,580,441</u>	<u>240,441</u>
Expenditures:				
Current:				
Transportation				
Personal services	1,879,769	1,881,769	1,570,118	311,651
Contractual services.	582,936	582,911	581,126	1,785
Materials and supplies.	188,673	224,310	217,035	7,275
Capital outlay	88,685	116,513	116,513	-
Total transportation	<u>2,740,063</u>	<u>2,805,503</u>	<u>2,484,792</u>	<u>320,711</u>
Total expenditures	<u>2,740,063</u>	<u>2,805,503</u>	<u>2,484,792</u>	<u>320,711</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(1,400,063)</u>	<u>(1,465,503)</u>	<u>(904,351)</u>	<u>561,152</u>
Other financing sources:				
Transfers in.	<u>1,250,000</u>	<u>1,250,000</u>	<u>725,000</u>	<u>(525,000)</u>
Total other financing sources	<u>1,250,000</u>	<u>1,250,000</u>	<u>725,000</u>	<u>(525,000)</u>
Net change in fund balance	(150,063)	(215,503)	(179,351)	36,152
Fund balance at beginning of year	65,440	65,440	65,440	-
Prior year encumbrances appropriated .	<u>150,063</u>	<u>150,063</u>	<u>150,063</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 65,440</u>	<u>\$ -</u>	<u>\$ 36,152</u>	<u>\$ 36,152</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, 2005

	<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	\$ 20,226	\$ (4,774)
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>20,226</u>	<u>(4,774)</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	25,000	75,000	60,853	14,147
Total security of persons and property.	<u>25,000</u>	<u>75,000</u>	<u>60,853</u>	<u>14,147</u>
Total expenditures	<u>25,000</u>	<u>75,000</u>	<u>60,853</u>	<u>14,147</u>
Net change in fund balance	-	(50,000)	(40,627)	9,373
Fund balance at beginning of year	<u>136,366</u>	<u>136,366</u>	<u>136,366</u>	<u>-</u>
Fund balance at end of year	<u>\$ 136,366</u>	<u>\$ 86,366</u>	<u>\$ 95,739</u>	<u>\$ 9,373</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 5,000	\$ 70,477	\$ 73,555	\$ 3,078
Other	-	-	2,155	2,155
Total revenues	<u>5,000</u>	<u>70,477</u>	<u>75,710</u>	<u>5,233</u>
Expenditures:				
Current:				
Security of persons and property				
Materials and supplies.	5,000	5,000	3,000	2,000
Capital outlay	-	95,552	-	95,552
Total security of persons and property.	<u>5,000</u>	<u>100,552</u>	<u>3,000</u>	<u>97,552</u>
Total expenditures	<u>5,000</u>	<u>100,552</u>	<u>3,000</u>	<u>97,552</u>
Net change in fund balance	-	(30,075)	72,710	102,785
Fund balance at beginning of year	<u>30,076</u>	<u>30,076</u>	<u>30,076</u>	<u>-</u>
Fund balance at end of year	<u>\$ 30,076</u>	<u>\$ 1</u>	<u>\$ 102,786</u>	<u>\$ 102,785</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 10,000	\$ 84,449	\$ 99,318	\$ 14,869
Other	-	-	6,000	6,000
Total revenues	<u>10,000</u>	<u>84,449</u>	<u>105,318</u>	<u>20,869</u>
Expenditures:				
Current:				
Security of persons and property				
Materials and supplies.	10,000	10,000	6,077	3,923
Capital outlay	-	101,751	19	101,732
Other	-	57,698	50,253	7,445
Total security of persons and property.	<u>10,000</u>	<u>169,449</u>	<u>56,349</u>	<u>113,100</u>
Total expenditures	<u>10,000</u>	<u>169,449</u>	<u>56,349</u>	<u>113,100</u>
Net change in fund balance	-	(85,000)	48,969	133,969
Fund balance at beginning of year	<u>94,041</u>	<u>94,041</u>	<u>94,041</u>	<u>-</u>
Fund balance at end of year	<u>\$ 94,041</u>	<u>\$ 9,041</u>	<u>\$ 143,010</u>	<u>\$ 133,969</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, 2005

	<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	\$ 2,695	\$ (305)
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>2,695</u>	<u>(305)</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	-	500	146	354
Materials and supplies.	-	3,000	368	2,632
Capital outlay	3,000	3,000	-	3,000
Total security of persons and property.	<u>3,000</u>	<u>6,500</u>	<u>514</u>	<u>5,986</u>
Total expenditures	<u>3,000</u>	<u>6,500</u>	<u>514</u>	<u>5,986</u>
Net change in fund balance	-	(3,500)	2,181	5,681
Fund balance at beginning of year	<u>8,717</u>	<u>8,717</u>	<u>8,717</u>	<u>-</u>
Fund balance at end of year	<u>\$ 8,717</u>	<u>\$ 5,217</u>	<u>\$ 10,898</u>	<u>\$ 5,681</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, 2005

	<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	\$ 94,124	\$ 158,293	\$ 64,169
Investment income	-	-	13,686	13,686
Total revenues	<u>50,000</u>	<u>94,124</u>	<u>171,979</u>	<u>77,855</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	35,000	35,000	11,901	23,099
Materials and supplies.	15,204	15,204	4,179	11,025
Capital outlay	16,964	434,271	168,830	265,441
Total security of persons and property.	<u>67,168</u>	<u>484,475</u>	<u>184,910</u>	<u>299,565</u>
Total expenditures	<u>67,168</u>	<u>484,475</u>	<u>184,910</u>	<u>299,565</u>
Net change in fund balance	(17,168)	(390,351)	(12,931)	377,420
Fund balance at beginning of year	373,183	373,183	373,183	-
Prior year encumbrances appropriated .	<u>17,168</u>	<u>17,168</u>	<u>17,168</u>	<u>-</u>
Fund balance at end of year	<u>\$ 373,183</u>	<u>\$ -</u>	<u>\$ 377,420</u>	<u>\$ 377,420</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, 2005

	<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	\$ 58,810	\$ (1,190)
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>58,810</u>	<u>(1,190)</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	35,320	35,320	31,008	4,312
Capital outlay	16,000	16,000	10,220	5,780
Total security of persons and property.	<u>51,320</u>	<u>51,320</u>	<u>41,228</u>	<u>10,092</u>
Total expenditures	<u>51,320</u>	<u>51,320</u>	<u>41,228</u>	<u>10,092</u>
Net change in fund balance	8,680	8,680	17,582	8,902
Fund balance at beginning of year	160,523	160,523	160,523	-
Prior year encumbrances appropriated .	<u>4,320</u>	<u>4,320</u>	<u>4,320</u>	<u>-</u>
Fund balance at end of year	<u>\$ 173,523</u>	<u>\$ 173,523</u>	<u>\$ 182,425</u>	<u>\$ 8,902</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, 2005

	<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	\$ 125,000	\$ 125,000	\$ 182,634	\$ 57,634
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>182,634</u>	<u>57,634</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	2,500	10,000	9,347	653
Materials and supplies.	12,300	12,300	6,201	6,099
Capital outlay	107,582	107,582	15,529	92,053
Total security of persons and property.	<u>122,382</u>	<u>129,882</u>	<u>31,077</u>	<u>98,805</u>
Total expenditures	<u>122,382</u>	<u>129,882</u>	<u>31,077</u>	<u>98,805</u>
Net change in fund balance	2,618	(4,882)	151,557	156,439
Fund balance at beginning of year	309,385	309,385	309,385	-
Prior year encumbrances appropriated .	<u>17,582</u>	<u>17,582</u>	<u>17,582</u>	<u>-</u>
Fund balance at end of year	<u>\$ 329,585</u>	<u>\$ 322,085</u>	<u>\$ 478,524</u>	<u>\$ 156,439</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, 2005

	<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	\$ 30,000	\$ 30,000	\$ 36,806	\$ 6,806
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>36,806</u>	<u>6,806</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	8,000	8,000	5,441	2,559
Materials and supplies.	1,150	1,150	219	931
Capital outlay	15,000	15,000	-	15,000
Total security of persons and property.	<u>24,150</u>	<u>24,150</u>	<u>5,660</u>	<u>18,490</u>
Total expenditures	<u>24,150</u>	<u>24,150</u>	<u>5,660</u>	<u>18,490</u>
Net change in fund balance	5,850	5,850	31,146	25,296
Fund balance at beginning of year	138,838	138,838	138,838	-
Prior year encumbrances appropriated .	<u>150</u>	<u>150</u>	<u>150</u>	<u>-</u>
Fund balance at end of year	<u>\$ 144,838</u>	<u>\$ 144,838</u>	<u>\$ 170,134</u>	<u>\$ 25,296</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other taxes	\$ 129,225	\$ 129,225	\$ 127,371	\$ (1,854)
Intergovernmental	14,236	14,236	16,885	2,649
Investment income	-	-	1,334	1,334
Total revenues	<u>143,461</u>	<u>143,461</u>	<u>145,590</u>	<u>2,129</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	2,600	2,600	2,272	328
Total general government	<u>2,600</u>	<u>2,600</u>	<u>2,272</u>	<u>328</u>
Debt service:				
Principal retirement.	21,766	21,766	21,766	-
Interest and fiscal charges	55,753	55,753	55,753	-
Total debt service	<u>77,519</u>	<u>77,519</u>	<u>77,519</u>	<u>-</u>
Total expenditures	<u>80,119</u>	<u>80,119</u>	<u>79,791</u>	<u>328</u>
Net change in fund balance	63,342	63,342	65,799	2,457
Fund balance at beginning of year	<u>65,126</u>	<u>65,126</u>	<u>65,126</u>	<u>-</u>
Fund balance at end of year	<u>\$ 128,468</u>	<u>\$ 128,468</u>	<u>\$ 130,925</u>	<u>\$ 2,457</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, 2005

	<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	\$ 129,225	\$ 129,225	\$ 127,371	\$ (1,854)
Intergovernmental	14,236	14,236	16,885	2,649
Investment income	-	-	1,060	1,060
Total revenues	<u>143,461</u>	<u>143,461</u>	<u>145,316</u>	<u>1,855</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services.	<u>2,600</u>	<u>2,600</u>	<u>2,272</u>	<u>328</u>
Total general government	<u>2,600</u>	<u>2,600</u>	<u>2,272</u>	<u>328</u>
Debt service:				
Principal retirement.	26,102	26,102	26,102	-
Interest and fiscal charges	66,861	66,861	66,860	1
Total debt service	<u>92,963</u>	<u>92,963</u>	<u>92,962</u>	<u>1</u>
Total expenditures	<u>95,563</u>	<u>95,563</u>	<u>95,234</u>	<u>329</u>
Net change in fund balance	47,898	47,898	50,082	2,184
Fund balance at beginning of year	<u>49,671</u>	<u>49,671</u>	<u>49,671</u>	<u>-</u>
Fund balance at end of year	<u>\$ 97,569</u>	<u>\$ 97,569</u>	<u>\$ 99,753</u>	<u>\$ 2,184</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, 2005

	<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	\$ 206,155	\$ 310,000	\$ 224,955	\$ (85,045)
Intergovernmental	1,717,479	2,295,000	1,874,102	(420,898)
Special assessments	7,567	15,000	8,257	(6,743)
Investment income	67,829	100,000	74,015	(25,985)
Other	970	28,000	1,058	(26,942)
Total revenues	<u>2,000,000</u>	<u>2,748,000</u>	<u>2,182,387</u>	<u>(565,613)</u>
Expenditures:				
Current:				
Economic development and assistance				
Personal services	320,520	320,520	310,675	9,845
Contractual services.	151,166	187,166	174,098	13,068
Materials and supplies.	10,950	10,950	3,739	7,211
Capital outlay	571,330	1,241,330	966,001	275,329
Other	1,190,855	1,286,372	1,009,165	277,207
Total economic development and assistance.	<u>2,244,821</u>	<u>3,046,338</u>	<u>2,463,678</u>	<u>582,660</u>
Total expenditures	<u>2,244,821</u>	<u>3,046,338</u>	<u>2,463,678</u>	<u>582,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(244,821)</u>	<u>(298,338)</u>	<u>(281,291)</u>	<u>17,047</u>
Other financing sources (uses):				
Transfers in	-	2,000	-	(2,000)
Transfers out	-	(164,483)	(164,483)	-
Total other financing sources (uses).	<u>-</u>	<u>(162,483)</u>	<u>(164,483)</u>	<u>(2,000)</u>
Net change in fund balance	(244,821)	(460,821)	(445,774)	15,047
Fund balance at beginning of year	456,648	456,648	456,648	-
Prior year encumbrances appropriated	244,821	244,821	244,821	-
Fund balance at end of year	<u>\$ 456,648</u>	<u>\$ 240,648</u>	<u>\$ 255,695</u>	<u>\$ 15,047</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ 100	\$ 6,900	\$ 6,800
Other	110,000	1,810,000	-	(1,810,000)
Total revenues	<u>110,000</u>	<u>1,810,100</u>	<u>6,900</u>	<u>(1,803,200)</u>
Expenditures:				
Current:				
Economic development and assistance				
Contractual services.	-	1,150	1,066	84
Other	110,000	1,810,000	50,018	1,759,982
Total economic development and assistance.	<u>110,000</u>	<u>1,811,150</u>	<u>51,084</u>	<u>1,760,066</u>
Debt service:				
Principal retirement.	-	50,000	50,000	-
Interest and fiscal charges	-	53,150	53,131	19
Total debt service	<u>-</u>	<u>103,150</u>	<u>103,131</u>	<u>19</u>
Total expenditures	<u>110,000</u>	<u>1,914,300</u>	<u>154,215</u>	<u>1,760,085</u>
Net change in fund balance	-	(104,200)	(147,315)	(43,115)
Fund balance at beginning of year	<u>287,769</u>	<u>287,769</u>	<u>287,769</u>	<u>-</u>
Fund balance at end of year	<u>\$ 287,769</u>	<u>\$ 183,569</u>	<u>\$ 140,454</u>	<u>\$ (43,115)</u>

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
HIGHWAY CONSTRUCTION
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 89,500	\$ 89,500	\$ 123,841	\$ 34,341
Investment income	500	500	1,585	1,085
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>125,426</u>	<u>35,426</u>
Expenditures:				
Capital outlay				
Materials and supplies	98,123	134,296	91,143	43,153
Total capital outlay	<u>98,123</u>	<u>134,296</u>	<u>91,143</u>	<u>43,153</u>
Total expenditures	<u>98,123</u>	<u>134,296</u>	<u>91,143</u>	<u>43,153</u>
Net change in fund balance	(8,123)	(44,296)	34,283	78,579
Fund balance at beginning of year	36,173	36,173	36,173	-
Prior year encumbrances appropriated .	<u>8,123</u>	<u>8,123</u>	<u>8,123</u>	<u>-</u>
Fund balance at end of year	<u>\$ 36,173</u>	<u>\$ -</u>	<u>\$ 78,579</u>	<u>\$ 78,579</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 370,000	\$ 370,000	\$ 356,663	(13,337)
Investment income	500	500	1,047	547
Total revenues	<u>370,500</u>	<u>370,500</u>	<u>357,710</u>	<u>(12,790)</u>
Expenditures:				
Capital outlay				
Contractual services.	114,619	114,619	108,651	5,968
Materials and supplies.	185,212	185,212	182,636	2,576
Other	148,000	148,000	142,665	5,335
Total capital outlay	<u>447,831</u>	<u>447,831</u>	<u>433,952</u>	<u>13,879</u>
Total expenditures	<u>447,831</u>	<u>447,831</u>	<u>433,952</u>	<u>13,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(77,331)</u>	<u>(77,331)</u>	<u>(76,242)</u>	<u>1,089</u>
Other financing sources:				
Transfers in.	59,500	59,500	65,000	5,500
Total other financing sources	<u>59,500</u>	<u>59,500</u>	<u>65,000</u>	<u>5,500</u>
Net change in fund balance	(17,831)	(17,831)	(11,242)	6,589
Fund balance at beginning of year	533	533	533	-
Prior year encumbrances appropriated .	17,830	17,830	17,830	-
Fund balance at end of year	<u>\$ 532</u>	<u>\$ 532</u>	<u>\$ 7,121</u>	<u>\$ 6,589</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, 2005

	<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	\$ 154,846	\$ 83,550	\$ 149,970	\$ 66,420
Intergovernmental	793,516	1,629,700	768,530	(861,170)
Investment income	51,638	46,000	50,012	4,012
Other	-	10,750	-	(10,750)
Total revenues	<u>1,000,000</u>	<u>1,770,000</u>	<u>968,512</u>	<u>(801,488)</u>
Expenditures:				
Current:				
Economic development and assistance				
Personal services	75,000	95,000	94,373	627
Contractual services.	37,821	37,821	11,516	26,305
Materials and supplies.	5,000	5,000	768	4,232
Capital outlay	15,000	15,000	-	15,000
Other	1,726,588	2,471,588	1,755,684	715,904
Total economic development and assistance.	<u>1,859,409</u>	<u>2,624,409</u>	<u>1,862,341</u>	<u>762,068</u>
Total expenditures	<u>1,859,409</u>	<u>2,624,409</u>	<u>1,862,341</u>	<u>762,068</u>
Net change in fund balance	(859,409)	(854,409)	(893,829)	(39,420)
Fund balance at beginning of year	595,043	595,043	595,043	-
Prior year encumbrances appropriated .	859,408	859,408	859,408	-
Fund balance at end of year	<u>\$ 595,042</u>	<u>\$ 600,042</u>	<u>\$ 560,622</u>	<u>\$ (39,420)</u>

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FEMA FUND
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 40,248	\$ 40,248	\$ -
Investment income	-	-	690	690
Total revenues	-	40,248	40,938	690
Other financing sources (uses):				
Transfers out	-	(40,953)	(40,953)	-
Total other financing sources (uses)	-	(40,953)	(40,953)	-
Net change in fund balance	-	(705)	(15)	690
Fund balance at beginning of year	<u>15</u>	<u>15</u>	<u>15</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 15</u>	<u>\$ (690)</u>	<u>\$ -</u>	<u>\$ 690</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and other taxes	\$ 1,261,855	\$ 1,261,855	\$ 1,230,237	\$ (31,618)
Intergovernmental	123,756	123,756	163,108	39,352
Special assessments	-	-	34,340	34,340
Total revenues	<u>1,385,611</u>	<u>1,385,611</u>	<u>1,427,685</u>	<u>42,074</u>
Expenditures:				
Current:				
General government				
Contractual services.	30,169	30,169	24,282	5,887
Total general government	<u>30,169</u>	<u>30,169</u>	<u>24,282</u>	<u>5,887</u>
Debt service:				
Principal retirement.	1,857,976	1,857,976	1,812,459	45,517
Interest and fiscal charges	442,679	442,679	398,747	43,932
Total debt service	<u>2,300,655</u>	<u>2,300,655</u>	<u>2,211,206</u>	<u>89,449</u>
Total expenditures	<u>2,330,824</u>	<u>2,330,824</u>	<u>2,235,488</u>	<u>95,336</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(945,213)</u>	<u>(945,213)</u>	<u>(807,803)</u>	<u>137,410</u>
Other financing sources:				
Transfers in	955,760	955,760	815,692	(140,068)
Total other financing sources.	<u>955,760</u>	<u>955,760</u>	<u>815,692</u>	<u>(140,068)</u>
Net change in fund balance.	10,547	10,547	7,889	(2,658)
Fund balance at beginning of year	<u>577</u>	<u>577</u>	<u>577</u>	<u>-</u>
Fund balance at end of year	<u>\$ 11,124</u>	<u>\$ 11,124</u>	<u>\$ 8,466</u>	<u>\$ (2,658)</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,938,625	\$ 1,738,294	\$ 2,219,348	\$ 481,054
Total revenues	<u>1,938,625</u>	<u>1,738,294</u>	<u>2,219,348</u>	<u>481,054</u>
Expenditures:				
Capital outlay				
Contractual services.	50,800	50,800	47,257	3,543
Capital outlay	3,095,741	3,584,035	3,218,854	365,181
Total capital outlay	<u>3,146,541</u>	<u>3,634,835</u>	<u>3,266,111</u>	<u>368,724</u>
Total expenditures	<u>3,146,541</u>	<u>3,634,835</u>	<u>3,266,111</u>	<u>368,724</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,207,916)</u>	<u>(1,896,541)</u>	<u>(1,046,763)</u>	<u>849,778</u>
Other financing sources:				
Transfers in	561,375	1,250,000	500,000	(750,000)
Total other financing sources	<u>561,375</u>	<u>1,250,000</u>	<u>500,000</u>	<u>(750,000)</u>
Net change in fund balance	(646,541)	(646,541)	(546,763)	99,778
Fund balance at beginning of year	(48,071)	(48,071)	(48,071)	-
Prior year encumbrances appropriated .	<u>646,541</u>	<u>646,541</u>	<u>646,541</u>	<u>-</u>
Fund balance (deficit) at end of year . . .	<u>\$ (48,071)</u>	<u>\$ (48,071)</u>	<u>\$ 51,707</u>	<u>\$ 99,778</u>

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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.

Nonmajor Enterprise Funds

Sanitation

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

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, 2005**

	<u>Sanitation</u>	<u>Packard Music Hall</u>	<u>City Redevelopment</u>	<u>Downtown Parking</u>
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 325,138	\$ 41,739	\$ 98,737	\$ 9,390
Receivables (net of allowances for uncollectibles):				
Accounts	597,744	-	-	-
Special assessments	-	-	-	-
Total current assets.	<u>922,882</u>	<u>41,739</u>	<u>98,737</u>	<u>9,390</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress	35,091	42,625	133,280	150,000
Depreciable capital assets, net	418,846	213,744	349,991	1,369,675
Total capital assets	<u>453,937</u>	<u>256,369</u>	<u>483,271</u>	<u>1,519,675</u>
Total noncurrent assets	<u>453,937</u>	<u>256,369</u>	<u>483,271</u>	<u>1,519,675</u>
Total assets	<u>\$ 1,376,819</u>	<u>\$ 298,108</u>	<u>\$ 582,008</u>	<u>\$ 1,529,065</u>
Liabilities:				
Current liabilities:				
Accounts payable.	\$ 87,463	\$ 87,693	\$ 7,105	\$ 106,834
Accrued wages and benefits	26,208	8,221	-	-
Due to other governments	3,931	1,233	-	-
Notes payable.	350,000	-	-	-
Current portion of general obligation bonds payable.	-	10,000	-	-
Current portion of compensated absences payable	51,640	14,235	-	-
Accrued interest payable	8,894	78	-	-
Total current liabilities.	<u>528,136</u>	<u>121,460</u>	<u>7,105</u>	<u>106,834</u>
Long-term liabilities:				
General obligation bonds payable	-	21,000	-	-
Compensated absences payable.	51,982	69,403	-	-
Total long-term liabilities	<u>51,982</u>	<u>90,403</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>580,118</u>	<u>211,863</u>	<u>7,105</u>	<u>106,834</u>
Net Assets:				
Investment in capital assets, net of related debt	103,937	225,369	483,271	1,519,675
Unrestricted	692,764	(139,124)	91,632	(97,444)
Total net assets	<u>\$ 796,701</u>	<u>\$ 86,245</u>	<u>\$ 574,903</u>	<u>\$ 1,422,231</u>

<u>Stormwater Utility</u>	<u>Totals</u>
\$ 366,177	\$ 841,181
154,418	752,162
58	58
520,653	1,593,401
-	360,996
370,293	2,722,549
370,293	3,083,545
370,293	3,083,545
\$ 890,946	\$ 4,676,946
\$ 10,328	\$ 299,423
6,953	41,382
1,043	6,207
-	350,000
-	10,000
3,621	69,496
-	8,972
21,945	785,480
-	21,000
-	121,385
-	142,385
21,945	927,865
370,293	2,702,545
498,708	1,046,536
\$ 869,001	\$ 3,749,081

CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	<u>Sanitation</u>	<u>Packard Music Hall</u>	<u>City Redevelopment</u>	<u>Downtown Parking</u>
Operating revenues:				
Charges for services	\$ 3,145,870	\$ 260,551	\$ 40,445	\$ 4,805
Other operating revenues	16,998	869	-	-
Total operating revenues	<u>3,162,868</u>	<u>261,420</u>	<u>40,445</u>	<u>4,805</u>
Operating expenses:				
Personal services	1,030,273	361,842	-	-
Contractual services	1,504,924	164,851	57,041	85,191
Materials and supplies	215,097	43,241	186	24
Administrative costs	181,350	34,292	-	-
Utilities	18,134	85,815	3,579	9,265
Other	1,163	9,625	-	-
Depreciation	98,499	17,683	14,791	48,059
Total operating expenses	<u>3,049,440</u>	<u>717,349</u>	<u>75,597</u>	<u>142,539</u>
Operating income (loss)	<u>113,428</u>	<u>(455,929)</u>	<u>(35,152)</u>	<u>(137,734)</u>
Nonoperating revenues (expenses):				
Special assessments	-	-	-	-
Interest and fiscal charges	(12,457)	(849)	-	-
Total nonoperating revenues (expenses)	<u>(12,457)</u>	<u>(849)</u>	<u>-</u>	<u>-</u>
Net income (loss) before transfers and capital contributions	100,971	(456,778)	(35,152)	(137,734)
Capital contributions	-	-	-	-
Transfers in	-	375,000	-	50,000
Changes in net assets	100,971	(81,778)	(35,152)	(87,734)
Net assets at beginning of year	<u>695,730</u>	<u>168,023</u>	<u>610,055</u>	<u>1,509,965</u>
Net assets at end of year	<u>\$ 796,701</u>	<u>\$ 86,245</u>	<u>\$ 574,903</u>	<u>\$ 1,422,231</u>

Stormwater Utility	Totals
\$ 808,055	\$ 4,259,726
5,618	23,485
813,673	4,283,211
509,161	1,901,276
172,438	1,984,445
52,031	310,579
64,481	280,123
-	116,793
503	11,291
25,943	204,975
824,557	4,809,482
(10,884)	(526,271)
3	3
-	(13,306)
3	(13,303)
(10,881)	(539,574)
271,013	271,013
4,415	429,415
264,547	160,854
604,454	3,588,227
\$ 869,001	\$ 3,749,081

CITY OF WARREN, OHIO

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

	<u>Sanitation</u>	<u>Packard Music Hall</u>	<u>City Redevelopment</u>	<u>Downtown Parking</u>
Cash flows from operating activities:				
Cash received from customers	\$ 3,113,654	\$ 260,551	\$ 40,445	\$ 4,805
Cash received from other operations	16,998	869	-	-
Cash payments for personal services	(1,012,382)	(327,849)	-	-
Cash payments for contractual services.	(1,541,473)	(144,700)	(49,936)	(70,612)
Cash payments for materials and supplies	(197,671)	(40,010)	(186)	(24)
Cash payments for utilities	(18,134)	(85,815)	(3,579)	(9,265)
Cash payments for administrative costs.	(181,350)	(34,292)	-	-
Cash payments for other expenses	(1,163)	(9,625)	-	-
Net cash provided by (used in) operating activities	<u>178,479</u>	<u>(380,871)</u>	<u>(13,256)</u>	<u>(75,096)</u>
Cash flows from noncapital financing activities:				
Transfers in from other funds	-	375,000	-	50,000
Net cash provided by noncapital financing activities	<u>-</u>	<u>375,000</u>	<u>-</u>	<u>50,000</u>
Cash flows from capital and related financing activities:				
Aquisition of capital assets	(257,361)	(48,673)	-	-
Principal retirement.	(450,000)	(10,000)	-	-
Note issuance.	350,000	-	-	-
Interest and fiscal charges	(14,288)	(874)	-	-
Net cash used in capital and related financing activities	<u>(371,649)</u>	<u>(59,547)</u>	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(193,170)	(65,418)	(13,256)	(25,096)
Cash and cash equivalents at beginning of year. . . .	<u>518,308</u>	<u>107,157</u>	<u>111,993</u>	<u>34,486</u>
Cash and cash equivalents at end of year	<u><u>325,138</u></u>	<u><u>41,739</u></u>	<u><u>98,737</u></u>	<u><u>9,390</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss).	113,428	(455,929)	(35,152)	(137,734)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	98,499	17,683	14,791	48,059
Changes in assets and liabilities:				
(Increase) in accounts receivable.	(32,904)	-	-	-
Decrease in special assessments receivable	688	-	-	-
Increase (decrease) in accounts payable	(19,123)	23,382	7,105	14,579
Increase (decrease) in accrued wages and benefits	(1,634)	249	-	-
Increase (decrease) in due to other governments	(245)	37	-	-
Increase (decrease) in compensated absences payable . .	19,770	33,707	-	-
Net cash provided by (used in) operating activities.	<u>\$ 178,479</u>	<u>\$ (380,871)</u>	<u>\$ (13,256)</u>	<u>\$ (75,096)</u>

Stormwater Utility	Totals
\$ 773,245	\$ 4,192,700
5,618	23,485
(510,078)	(1,850,309)
(170,788)	(1,977,509)
(47,431)	(285,322)
-	(116,793)
(64,481)	(280,123)
(503)	(11,291)
<hr/>	<hr/>
(14,418)	(305,162)
<hr/>	<hr/>
4,415	429,415
<hr/>	<hr/>
4,415	429,415
<hr/>	<hr/>
(19,097)	(325,131)
-	(460,000)
-	350,000
-	(15,162)
<hr/>	<hr/>
(19,097)	(450,293)
<hr/>	<hr/>
(29,100)	(326,040)
395,277	1,167,221
<u>366,177</u>	<u>841,181</u>
<hr/>	<hr/>
(10,884)	(526,271)
<hr/>	<hr/>
25,943	204,975
(34,810)	(67,714)
-	688
7,840	33,783
11	(1,374)
(1,486)	(1,694)
(1,032)	52,445
<hr/>	<hr/>
<u>\$ (14,418)</u>	<u>\$ (305,162)</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, 2005

	<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	\$ 7,715,870	\$ 8,287,555	\$ 8,702,453	\$ 414,898
Other operating revenues	414,882	415,171	467,115	51,944
Total operating revenues	<u>8,130,752</u>	<u>8,702,726</u>	<u>9,169,568</u>	<u>466,842</u>
Operating expenses:				
Personal services.	2,771,429	2,771,430	2,722,917	48,513
Contractual services	1,159,681	1,296,089	1,225,412	70,677
Materials and supplies.	390,817	540,782	492,312	48,470
Capital outlay	163,900	4,666,334	4,332,584	333,750
Administrative costs.	602,372	682,000	674,436	7,564
Utilities	448,617	507,581	501,626	5,955
Other operating expenses	4,230	14,230	6,306	7,924
Total operating expenses	<u>5,541,046</u>	<u>10,478,446</u>	<u>9,955,593</u>	<u>522,853</u>
Operating income (loss)	<u>2,589,706</u>	<u>(1,775,720)</u>	<u>(786,025)</u>	<u>989,695</u>
Nonoperating revenues (expenses):				
Special assessments	4,249	9,612	4,792	(4,820)
Loan issuance	112,935	4,400,095	128,191	(4,271,904)
Debt service:				
Principal retirement	(1,431,266)	(1,431,266)	(1,428,937)	2,329
Interest and fiscal charges	(845,909)	(845,909)	(713,953)	131,956
Total nonoperating revenues (expenses) . .	<u>(2,159,991)</u>	<u>2,132,532</u>	<u>(2,009,907)</u>	<u>(4,142,439)</u>
Net income (loss) before transfers	429,715	356,812	(2,795,932)	(3,152,744)
Transfers in	<u>2,064</u>	<u>-</u>	<u>2,328</u>	<u>2,328</u>
Net change in fund balance.	431,779	356,812	(2,793,604)	(3,150,416)
Fund balance at beginning of year	196,936	196,936	196,936	-
Prior year encumbrances appropriated . .	<u>220,217</u>	<u>220,217</u>	<u>220,217</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 848,932</u>	<u>\$ 773,965</u>	<u>\$ (2,376,451)</u>	<u>\$ (3,150,416)</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 9,326,041	\$ 12,376,700	\$ 11,402,974	\$ (973,726)
Other operating revenues	85,837	75,000	104,953	29,953
Total operating revenues	<u>9,411,878</u>	<u>12,451,700</u>	<u>11,507,927</u>	<u>(943,773)</u>
Operating expenses:				
Personal services	5,540,415	5,540,416	5,178,089	362,327
Contractual services	1,226,509	1,344,642	1,061,820	282,822
Materials and supplies	1,117,679	1,187,300	916,780	270,520
Capital outlay	1,048,015	2,947,792	2,256,990	690,802
Administrative costs	636,203	719,494	594,225	125,269
Utilities	739,397	792,670	651,102	141,568
Other operating expenses	10,026	87,726	86,427	1,299
Total operating expenses	<u>10,318,244</u>	<u>12,620,040</u>	<u>10,745,433</u>	<u>1,874,607</u>
Operating income (loss)	<u>(906,366)</u>	<u>(168,340)</u>	<u>762,494</u>	<u>930,834</u>
Nonoperating revenues (expenses):				
Investment earnings	25,145	32,000	30,745	(1,255)
Debt service:				
Principal retirement	(746,492)	(746,492)	(746,492)	-
Interest and fiscal charges	(637,798)	(930,496)	(930,496)	-
Total nonoperating revenues (expenses)	<u>(1,359,145)</u>	<u>(1,644,988)</u>	<u>(1,646,243)</u>	<u>(1,255)</u>
Net loss before transfers	(2,265,511)	(1,813,328)	(883,749)	929,579
Transfers in	2,112,977	1,085,698	2,583,542	1,497,844
Transfers out	<u>(940,398)</u>	<u>(2,617,698)</u>	<u>(2,583,542)</u>	<u>34,156</u>
Net change in fund balance	(1,092,932)	(3,345,328)	(883,749)	2,461,579
Fund balance at beginning of year	4,835,478	4,835,478	4,835,478	-
Prior year encumbrances appropriated	<u>1,238,298</u>	<u>1,238,298</u>	<u>1,238,298</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,980,844</u>	<u>\$ 2,728,448</u>	<u>\$ 5,190,027</u>	<u>\$ 2,461,579</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 2,683,682	\$ 2,998,750	\$ 3,113,654	\$ 114,904
Other operating revenues	14,650	1,250	16,998	15,748
Total operating revenues	<u>2,698,332</u>	<u>3,000,000</u>	<u>3,130,652</u>	<u>130,652</u>
Operating expenses:				
Personal services.	1,057,483	1,082,482	1,012,382	70,100
Contractual services	1,552,376	1,576,774	1,563,735	13,039
Materials and supplies.	181,533	239,534	221,735	17,799
Capital outlay	239,700	257,700	257,757	(57)
Administrative costs.	170,157	181,438	181,350	88
Utilities	17,640	21,961	18,801	3,160
Other operating expenses	516	2,516	1,163	1,353
Total operating expenses	<u>3,219,405</u>	<u>3,362,405</u>	<u>3,256,923</u>	<u>105,482</u>
Operating loss	<u>(521,073)</u>	<u>(362,405)</u>	<u>(126,271)</u>	<u>236,134</u>
Nonoperating revenues (expenses):				
Sale of notes	301,668	365,536	350,000	(15,536)
Debt service:				
Principal retirement	(98,750)	(450,000)	(450,000)	-
Interest and fiscal charges	-	(14,286)	(14,288)	(2)
Total nonoperating revenues (expenses)	<u>202,918</u>	<u>(98,750)</u>	<u>(114,288)</u>	<u>(15,538)</u>
Net change in fund balance.	(318,155)	(461,155)	(240,559)	220,596
Fund balance at beginning of year	185,153	185,153	185,153	-
Prior year encumbrances appropriated	<u>333,155</u>	<u>333,155</u>	<u>333,155</u>	<u>-</u>
Fund balance at end of year	<u>\$ 200,153</u>	<u>\$ 57,153</u>	<u>\$ 277,749</u>	<u>\$ 220,596</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 184,230	\$ 489,800	\$ 260,551	\$ (229,249)
Other operating revenues	615	-	869	869
Total operating revenues	<u>184,845</u>	<u>489,800</u>	<u>261,420</u>	<u>(228,380)</u>
Operating expenses:				
Personal services.	344,295	344,294	327,849	16,445
Contractual services	85,046	156,254	150,666	5,588
Materials and supplies.	24,502	52,503	49,127	3,376
Capital outlay	31,054	162,304	162,283	21
Administrative costs.	10,301	41,880	34,292	7,588
Utilities	26,190	98,002	86,465	11,537
Other operating expenses	2,970	11,970	9,625	2,345
Total operating expenses	<u>524,358</u>	<u>867,207</u>	<u>820,307</u>	<u>46,900</u>
Operating loss	<u>(339,513)</u>	<u>(377,407)</u>	<u>(558,887)</u>	<u>(181,480)</u>
Nonoperating revenues (expenses):				
Debt service:				
Principal retirement.	-	(10,000)	(10,000)	-
Interest and fiscal charges	-	(1,000)	(874)	126
Total nonoperating revenues (expenses)	<u>-</u>	<u>(11,000)</u>	<u>(10,874)</u>	<u>126</u>
Net loss before transfers.	(339,513)	(388,407)	(569,761)	(181,354)
Transfers in	<u>265,155</u>	<u>281,250</u>	<u>375,000</u>	<u>93,750</u>
Net change in fund balance.	(74,358)	(107,157)	(194,761)	(87,604)
Fund balance at beginning of year	32,799	32,799	32,799	-
Prior year encumbrances appropriated	<u>74,358</u>	<u>74,358</u>	<u>74,358</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 32,799</u>	<u>\$ -</u>	<u>\$ (87,604)</u>	<u>\$ (87,604)</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 40,000	\$ 40,000	\$ 40,445	\$ 445
Total operating revenues	<u>40,000</u>	<u>40,000</u>	<u>40,445</u>	<u>445</u>
Operating expenses:				
Contractual services	7,401	63,945	49,936	14,009
Materials and supplies.	500	500	398	102
Utilities	706	4,162	4,043	119
Total operating expenses	<u>8,607</u>	<u>68,607</u>	<u>54,377</u>	<u>14,230</u>
Net income (loss) before transfers	31,393	(28,607)	(13,932)	14,675
Transfers out	<u>(31,500)</u>	<u>(31,500)</u>	<u>-</u>	<u>31,500</u>
Net change in fund balance.	(107)	(60,107)	(13,932)	46,175
Fund balance at beginning of year	111,886	111,886	111,886	-
Prior year encumbrances appropriated . .	<u>107</u>	<u>107</u>	<u>107</u>	<u>-</u>
Fund balance at end of year	<u>\$ 111,886</u>	<u>\$ 51,886</u>	<u>\$ 98,061</u>	<u>\$ 46,175</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, 2005

	<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	\$ 75,000	\$ 75,000	\$ 4,805	\$ (70,195)
Total operating revenues	<u>75,000</u>	<u>75,000</u>	<u>4,805</u>	<u>(70,195)</u>
Operating expenses:				
Contractual services	158,772	152,071	123,174	28,897
Materials and supplies.	2,000	2,000	24	1,976
Utilities	6,076	12,777	9,895	2,882
Total operating expenses	<u>166,848</u>	<u>166,848</u>	<u>133,093</u>	<u>33,755</u>
Net loss before transfers.	(91,848)	(91,848)	(128,288)	(36,440)
Transfers in	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Net change in fund balance.	(91,848)	(91,848)	(78,288)	13,560
Fund balance at beginning of year	(57,361)	(57,361)	(57,361)	-
Prior year encumbrances appropriated . .	<u>91,847</u>	<u>91,847</u>	<u>91,847</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (57,362)</u>	<u>\$ (57,362)</u>	<u>\$ (43,802)</u>	<u>\$ 13,560</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, 2005

	<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	\$ 775,000	\$ 773,245	\$ (1,755)
Other operating revenues	-	-	5,618	5,618
Total operating revenues	<u>750,000</u>	<u>775,000</u>	<u>778,863</u>	<u>3,863</u>
Operating expenses:				
Personal services.	586,081	586,081	510,078	76,003
Contractual services	71,091	200,910	196,576	4,334
Materials and supplies.	28,452	79,952	57,300	22,652
Capital outlay	-	40,000	19,022	20,978
Administrative costs.	23,319	75,000	64,481	10,519
Other operating expenses	1,144	1,000	570	430
Total operating expenses	<u>710,087</u>	<u>982,943</u>	<u>848,027</u>	<u>134,916</u>
Net income (loss) before transfers.	39,913	(207,943)	(69,164)	138,779
Transfers in	-	-	4,415	4,415
Net change in fund balance.	39,913	(207,943)	(64,749)	143,194
Fund balance at beginning of year	390,181	390,181	390,181	-
Prior year encumbrances appropriated . .	<u>5,096</u>	<u>5,096</u>	<u>5,096</u>	<u>-</u>
Fund balance at end of year	<u>\$ 435,190</u>	<u>\$ 187,334</u>	<u>\$ 330,528</u>	<u>\$ 143,194</u>

CITY OF WARREN, OHIO

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

Nonmajor Internal Service Funds

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

Life Insurance and Hospitalization

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

Workers Compensation

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

Data Processing

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

Risk Management

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

CITY OF WARREN, OHIO

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR INTERNAL SERVICE FUNDS
DECEMBER 31, 2005**

	Life Insurance and Hospitalization	Workers Compensation	Data Processing	Risk Management	Totals
Assets:					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 1,024,174	\$ 4,397,534	\$ 361,827	\$ 696,754	\$ 6,480,289
Receivables (net of allowances for uncollectibles):					
Accounts.	583	-	-	-	583
Notes.	-	350,000	-	-	350,000
Total current assets	<u>1,024,757</u>	<u>4,747,534</u>	<u>361,827</u>	<u>696,754</u>	<u>6,830,872</u>
Noncurrent assets:					
Capital assets:					
Depreciable capital assets, net	-	-	54,265	-	54,265
Total capital assets	-	-	54,265	-	54,265
Total noncurrent assets	-	-	54,265	-	54,265
Total assets	<u>\$ 1,024,757</u>	<u>\$ 4,747,534</u>	<u>\$ 416,092</u>	<u>\$ 696,754</u>	<u>\$ 6,885,137</u>
Liabilities:					
Current liabilities:					
Accounts payable.	\$ 2,130	\$ -	\$ 26,565	\$ 29,350	\$ 58,045
Accrued wages and benefits	-	-	6,482	-	6,482
Due to other governments	-	397,304	972	-	398,276
Claims payable	246,362	-	-	-	246,362
Total current liabilities.	<u>248,492</u>	<u>397,304</u>	<u>34,019</u>	<u>29,350</u>	<u>709,165</u>
Long-term liabilities:					
Compensated absences payable.	-	-	67,970	-	67,970
Total long-term liabilities	-	-	67,970	-	67,970
Total liabilities	<u>248,492</u>	<u>397,304</u>	<u>101,989</u>	<u>29,350</u>	<u>777,135</u>
Net Assets:					
Investment in capital assets, net of related debt. . .	-	-	54,265	-	54,265
Unrestricted	776,265	4,350,230	259,838	667,404	6,053,737
Total net assets	<u>\$ 776,265</u>	<u>\$ 4,350,230</u>	<u>\$ 314,103</u>	<u>\$ 667,404</u>	<u>\$ 6,108,002</u>

CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
NONMAJOR INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Life Insurance and Hospitalization	Workers Compensation	Data Processing	Risk Management	Totals
Operating revenues:					
Charges for services	\$ 5,115,053	\$ 1,300,798	\$ 575,032	\$ 249,949	\$ 7,240,832
Other operating revenues.	-	-	11,246	-	11,246
Total operating revenues.	<u>5,115,053</u>	<u>1,300,798</u>	<u>586,278</u>	<u>249,949</u>	<u>7,252,078</u>
Operating expenses:					
Personal services	-	-	222,034	-	222,034
Contractual services	-	-	129,722	183,692	313,414
Materials and supplies	-	-	21,062	-	21,062
Administrative costs	-	402,757	28,053	-	430,810
Utilities	-	-	26,134	-	26,134
Claims.	5,100,767	300,795	-	-	5,401,562
Depreciation	-	-	3,773	-	3,773
Total operating expenses.	<u>5,100,767</u>	<u>703,552</u>	<u>430,778</u>	<u>183,692</u>	<u>6,418,789</u>
Operating income	<u>14,286</u>	<u>597,246</u>	<u>155,500</u>	<u>66,257</u>	<u>833,289</u>
Nonoperating revenues:					
Interest revenue	-	14,287	-	-	14,287
Total nonoperating revenues.	<u>-</u>	<u>14,287</u>	<u>-</u>	<u>-</u>	<u>14,287</u>
Net income before transfers.	14,286	611,533	155,500	66,257	847,576
Transfers out.	-	-	(88,184)	-	(88,184)
Changes in net assets	14,286	611,533	67,316	66,257	759,392
Net assets at beginning of year.	<u>761,979</u>	<u>3,738,697</u>	<u>246,787</u>	<u>601,147</u>	<u>5,348,610</u>
Net assets at end of year	<u>\$ 776,265</u>	<u>\$ 4,350,230</u>	<u>\$ 314,103</u>	<u>\$ 667,404</u>	<u>\$ 6,108,002</u>

CITY OF WARREN, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	Life Insurance and Hospitalization	Workers Compensation	Data Processing	Risk Management	Totals
Cash flows from operating activities:					
Cash received from customers	\$ 5,114,470	\$ 1,300,798	\$ 575,032	\$ 249,949	\$ 7,240,249
Cash received from other operations	-	-	11,246	-	11,246
Cash payments for personal services	-	-	(243,602)	-	(243,602)
Cash payments for contractual services	-	-	(149,314)	(160,607)	(309,921)
Cash payments for materials and supplies	-	-	(22,208)	-	(22,208)
Cash payments for utilities	-	-	(26,134)	-	(26,134)
Cash payments for claims expense	(5,086,134)	(300,795)	-	-	(5,386,929)
Cash payments for administrative costs	-	(276,078)	(28,053)	-	(304,131)
Net cash provided by operating activities	<u>28,336</u>	<u>723,925</u>	<u>116,967</u>	<u>89,342</u>	<u>958,570</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	-	(350,000)	-	-	(350,000)
Interest received	-	14,287	-	-	14,287
Principal payment received on internal bonds	-	450,000	-	-	450,000
Net cash provided by investing activities	<u>-</u>	<u>114,287</u>	<u>-</u>	<u>-</u>	<u>114,287</u>
Net increase in cash and cash equivalents	28,336	838,212	28,783	89,342	984,673
Cash and cash equivalents at beginning of year . . .	<u>995,838</u>	<u>3,559,322</u>	<u>333,044</u>	<u>607,412</u>	<u>5,495,616</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,024,174</u></u>	<u><u>\$ 4,397,534</u></u>	<u><u>\$ 361,827</u></u>	<u><u>\$ 696,754</u></u>	<u><u>\$ 6,480,289</u></u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 14,286	\$ 597,246	\$ 155,500	\$ 66,257	\$ 833,289
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	-	-	3,773	-	3,773
Changes in assets and liabilities:					
(Increase) in accounts receivable	(583)	-	(20,738)	-	(21,321)
Increase in accounts payable	2,130	-	-	23,085	25,215
Increase in accrued wages and benefits	-	-	220	-	220
Increase (decrease) in due to other governments	-	126,679	(69)	-	126,610
(Decrease) in compensated absences payable	-	-	(21,719)	-	(21,719)
Increase in claims payable	12,503	-	-	-	12,503
Net cash provided by operating activities	<u><u>\$ 28,336</u></u>	<u><u>\$ 723,925</u></u>	<u><u>\$ 116,967</u></u>	<u><u>\$ 89,342</u></u>	<u><u>\$ 958,570</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 4,500,000	\$ 4,500,000	\$ 5,114,470	\$ 614,470
Total operating revenues	<u>4,500,000</u>	<u>4,500,000</u>	<u>5,114,470</u>	<u>614,470</u>
Operating expenses:				
Claims expense	4,502,662	5,302,662	5,086,134	216,528
Total operating expenses	<u>4,502,662</u>	<u>5,302,662</u>	<u>5,086,134</u>	<u>216,528</u>
Net change in fund balance	(2,662)	(802,662)	28,336	830,998
Fund balance at beginning of year	993,176	993,176	993,176	-
Prior year encumbrances appropriated	<u>2,662</u>	<u>2,662</u>	<u>2,662</u>	<u>-</u>
Fund balance at end of year	<u>\$ 993,176</u>	<u>\$ 193,176</u>	<u>\$ 1,024,174</u>	<u>\$ 830,998</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, 2005

	<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	\$ 1,300,000	\$ 1,300,000	\$ 1,300,798	\$ 798
Total operating revenues	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,798</u>	<u>798</u>
Operating expenses:				
Contractual services	13,421	13,431	-	13,431
Claims expense	302,794	302,079	301,437	642
Administrative costs	285,217	285,421	276,078	9,343
Other operating expenses	699,499	700,000	-	700,000
Total operating expenses	<u>1,300,931</u>	<u>1,300,931</u>	<u>577,515</u>	<u>723,416</u>
Operating loss	<u>(931)</u>	<u>(931)</u>	<u>723,283</u>	<u>724,214</u>
Nonoperating revenues:				
Investment earnings	-	-	14,287	14,287
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>14,287</u>	<u>14,287</u>
Net change in fund balance	(931)	(931)	737,570	738,501
Fund balance at beginning of year	4,008,391	4,008,391	4,008,391	-
Prior year encumbrances appropriated	<u>931</u>	<u>931</u>	<u>931</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,008,391</u>	<u>\$ 4,008,391</u>	<u>\$ 4,746,892</u>	<u>\$ 738,501</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 576,200	\$ 576,200	\$ 575,032	\$ (1,168)
Other operating revenues	23,800	23,800	11,246	(12,554)
Total operating revenues	<u>600,000</u>	<u>600,000</u>	<u>586,278</u>	<u>(13,722)</u>
Operating expenses:				
Personal services.	261,764	261,764	243,602	18,162
Contractual services	170,164	169,711	149,808	19,903
Materials and supplies.	20,016	20,016	13,152	6,864
Capital outlay	1,155	31,155	10,738	20,417
Administrative costs	31,278	29,000	28,053	947
Utilities	33,566	36,297	28,562	7,735
Total operating expenses	<u>517,943</u>	<u>547,943</u>	<u>473,915</u>	<u>74,028</u>
Operating income.	<u>82,057</u>	<u>52,057</u>	<u>112,363</u>	<u>60,306</u>
Nonoperating revenues (expenses):				
Debt service:				
Principal retirement.	(45,517)	(45,517)	(45,517)	-
Interest and fiscal charges	(42,667)	(42,667)	(42,667)	-
Total nonoperating revenues	<u>(88,184)</u>	<u>(88,184)</u>	<u>(88,184)</u>	<u>-</u>
Net change in fund balance.	(6,127)	(36,127)	24,179	60,306
Fund balance at beginning of year	326,917	326,917	326,917	-
Prior year encumbrances appropriated	<u>6,127</u>	<u>6,127</u>	<u>6,127</u>	<u>-</u>
Fund balance at end of year	<u>\$ 326,917</u>	<u>\$ 296,917</u>	<u>\$ 357,223</u>	<u>\$ 60,306</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, 2005

	<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	\$ 275,000	\$ 275,000	\$ 249,949	\$ (25,051)
Total operating revenues	<u>275,000</u>	<u>275,000</u>	<u>249,949</u>	<u>(25,051)</u>
Operating expenses:				
Contractual services	281,266	281,266	167,705	113,561
Total operating expenses	<u>281,266</u>	<u>281,266</u>	<u>167,705</u>	<u>113,561</u>
Net change in fund balance	(6,266)	(6,266)	82,244	88,510
Fund balance at beginning of year	601,146	601,146	601,146	-
Prior year encumbrances appropriated	<u>6,266</u>	<u>6,266</u>	<u>6,266</u>	<u>-</u>
Fund balance at end of year	<u>\$ 601,146</u>	<u>\$ 601,146</u>	<u>\$ 689,656</u>	<u>\$ 88,510</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, other governmental units and/or funds. These funds are purely custodial (assets equal liabilities) and therefore do not involve the measurement of results of operation. The following are the City's agency funds:

Highway Patrol Fines

To account for Highway Patrol fines due to other entities.

Auditors Escrow

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

Payroll

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

Municipal Court

To account for the activities within the Municipal Court.

CITY OF WARREN, OHIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Balance</u> <u>1/1/2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2005</u>
Highway Patrol Fines				
Assets:				
Equity in pooled cash and cash equivalents	\$ -	\$ 28,953	\$ 28,953	\$ -
Accounts receivable	2,552	-	1,091	1,461
Total assets.	<u>\$ 2,552</u>	<u>\$ 28,953</u>	<u>\$ 30,044</u>	<u>\$ 1,461</u>
Liabilities:				
Deposits held and due to others	\$ 2,552	\$ 28,953	\$ 30,044	\$ 1,461
Total liabilities	<u>\$ 2,552</u>	<u>\$ 28,953</u>	<u>\$ 30,044</u>	<u>\$ 1,461</u>
Auditors Escrow				
Assets:				
Equity in pooled cash and cash equivalents	\$ 285,210	\$ 251,402	\$ 200,392	\$ 336,220
Total assets.	<u>\$ 285,210</u>	<u>\$ 251,402</u>	<u>\$ 200,392</u>	<u>\$ 336,220</u>
Liabilities:				
Accounts payable	\$ -	\$ 32,497	\$ -	\$ 32,497
Deposits held and due to others	285,210	218,905	200,392	303,723
Total liabilities	<u>\$ 285,210</u>	<u>\$ 251,402</u>	<u>\$ 200,392</u>	<u>\$ 336,220</u>
Payroll				
Assets:				
Equity in pooled cash and cash equivalents	\$ 745,836	\$ 19,102	\$ 250,050	\$ 514,888
Total assets.	<u>\$ 745,836</u>	<u>\$ 19,102</u>	<u>\$ 250,050</u>	<u>\$ 514,888</u>
Liabilities:				
Due to other governments	\$ 745,836	\$ 19,102	\$ 250,050	\$ 514,888
Total liabilities	<u>\$ 745,836</u>	<u>\$ 19,102</u>	<u>\$ 250,050</u>	<u>\$ 514,888</u>
Municipal Court				
Assets:				
Cash with fiscal and escrow agents.	\$ 209,053	\$ 3,210,666	\$ 3,211,128	\$ 208,591
Total assets.	<u>\$ 209,053</u>	<u>\$ 3,210,666</u>	<u>\$ 3,211,128</u>	<u>\$ 208,591</u>
Liabilities:				
Accounts payable	\$ 98,952	\$ 92,800	\$ 98,952	\$ 92,800
Due to other governments	110,101	3,117,866	3,112,176	115,791
Total liabilities	<u>\$ 209,053</u>	<u>\$ 3,210,666</u>	<u>\$ 3,211,128</u>	<u>\$ 208,591</u>

Continued

CITY OF WARREN, OHIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Balance 1/1/2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2005</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,031,046	\$ 299,457	\$ 479,395	\$ 851,108
Cash with fiscal and escrow agents.	209,053	3,210,666	3,211,128	208,591
Accounts receivable	2,552	-	1,091	1,461
Total assets.	<u>\$ 1,242,651</u>	<u>\$ 3,510,123</u>	<u>\$ 3,691,614</u>	<u>\$ 1,061,160</u>
Liabilities:				
Accounts payable	\$ 98,952	\$ 125,297	\$ 98,952	\$ 125,297
Due to other governments	855,937	3,136,968	3,362,226	630,679
Deposits held and due to others	287,762	247,858	230,436	305,184
Total liabilities	<u>\$ 1,242,651</u>	<u>\$ 3,510,123</u>	<u>\$ 3,691,614</u>	<u>\$ 1,061,160</u>

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STATISTICAL SECTION

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

CITY OF WARREN, OHIO

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
LAST TEN YEARS (1)

<u>Year</u>	<u>General Government</u>	<u>Security of Persons and Property</u>	<u>Public Health and Welfare</u>	<u>Transportation</u>	<u>Community Environment</u>
2005	\$ 7,824,849	\$ 16,259,126	\$ 588,693	\$ 2,278,123	\$ 1,783,381
2004	7,610,099	15,940,459	585,532	2,745,117	1,806,298
2003	7,300,180	15,028,195	417,382	2,365,061	1,611,897
2002	7,067,691	14,768,585	432,401	2,638,201	1,776,919
2001	6,926,161	12,931,874	375,277	2,122,212	1,577,698
2000	6,449,633	11,677,787	313,128	2,231,622	1,289,926
1999	6,386,935	12,926,018	339,617	2,091,105	1,617,439
1998	6,133,328	11,511,145	347,371	1,954,228	1,632,107
1997	6,038,109	11,691,884	355,612	1,972,657	1,573,074
1996	6,559,461	11,451,738	732,925	2,546,423	4,604,960

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

Note: 1997-2005 amounts reflect GAAP basis reporting; prior years reflect cash basis accounting.

Source: Warren City Auditor's Office

Leisure Time Activity	Economic Development	Capital Outlay	Debt Service	Total
\$ 762,761	\$ 2,764,286	\$ 3,017,762	\$ 2,647,906	\$ 37,926,887
885,871	1,984,304	6,029,700	2,315,848	39,903,228
626,762	2,198,894	3,411,525	1,769,408	34,729,304
563,994	1,604,649	6,887,754	2,323,056	38,063,250
274,719	1,467,464	3,433,672	2,042,472	31,151,549
239,038	1,639,421	4,327,789	2,008,448	30,176,792
560,031	2,632,464	3,969,685	1,816,919	32,340,213
540,848	1,236,605	7,719,035	1,753,635	32,828,302
607,954	1,785,832	3,456,747	1,576,303	29,058,172
609,246	-	3,393,762	2,443,851	32,342,366

CITY OF WARREN, OHIO

GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN YEARS (1)

Year	Taxes	Charges for Services	Licenses, Permits and Fees	Fines and Forfeitures	Special Assessments
2005	\$ 21,095,903	\$ 2,187,422	\$ 1,852,130	\$ 1,441,968	\$ 42,597
2004	20,023,402	2,055,303	1,839,742	1,422,329	19,828
2003	20,318,716	2,120,940	1,726,971	1,733,026	100,189
2002	19,916,368	2,158,369	1,678,306	1,511,535	9,777
2001	16,928,002	1,714,490	1,407,022	1,133,342	10,526
2000	15,827,320	1,869,173	1,464,433	1,262,522	29,470
1999	16,043,491	1,933,471	1,519,125	1,168,795	1,954
1998	15,486,257	1,975,399	1,338,647	1,388,009	13,422
1997	15,754,892	2,542,427	874,622	1,113,945	10,927
1996	15,347,952	1,636,467	1,776,643	-	-

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

Note: 1997-2005 amounts reflect GAAP basis reporting; prior years reflect cash basis accounting.

Source: Warren City Auditor's Office

<u>Intergovernmental</u>	<u>Investment Income</u>	<u>Rental Income</u>	<u>Other</u>	<u>Total</u>
\$ 10,574,125	\$ 962,886	\$ 36,830	\$ 563,907	\$ 38,757,768
11,200,065	357,172	34,314	1,232,073	38,184,228
9,223,005	428,636	53,048	1,796,889	37,501,420
10,797,033	472,571	47,115	2,919,419	39,510,493
9,820,979	509,357	45,818	973,075	32,542,611
9,069,513	461,352	129,890	613,317	30,726,990
9,281,582	395,244	123,283	915,883	31,382,828
7,688,710	558,269	106,758	511,877	29,067,348
6,577,131	551,262	63,291	368,627	27,857,124
8,970,125	-	-	2,131,355	29,862,542

CITY OF WARREN, OHIO

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

Year	Real Property		Public Utilities		Personal Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
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
1996	307,858,570	879,595,914	35,222,060	40,025,068	75,775,744	303,102,976

(1) This is calculated by dividing the assessed value by the assessment percentage. The percentages for 2002-2005 were thirty-five percent (35%) for all real property, eighty-eight (88%) for public utility property and twenty-five percent (25%) for tangible personal property.

Source: Trumbull County Auditor

Total Assessed Value	Total Estimated Value	Percentage of Assessed Value To Estimated True Value
\$ 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	1,428,656,109	33.93%
480,460,312	1,411,707,548	34.03%
453,261,204	1,329,745,159	34.09%
446,417,137	1,309,747,172	34.08%
436,354,729	1,274,246,721	34.24%
418,856,374	1,222,723,958	34.26%

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 Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Collections to Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Outstanding Delinquent Taxes to Total Levy</u>
2005	\$ 1,458,232	\$ 1,375,610	94.3%	\$ 57,309	\$ 1,432,919	98.3%	\$ 183,622	12.6%
2004	1,444,415	1,363,730	94.4%	63,714	1,427,444	98.8%	157,103	10.9%
2003	1,441,977	1,373,142	95.2%	67,022	1,440,164	99.9%	164,882	11.4%
2002	1,382,548	1,312,330	94.9%	64,438	1,376,768	99.6%	169,323	12.2%
2001	1,407,161	1,341,960	95.4%	59,286	1,401,246	99.6%	194,425	13.8%
2000	1,410,785	1,333,773	94.5%	61,208	1,394,981	98.9%	189,985	13.5%
1999	1,310,301	1,211,862	92.5%	52,619	1,264,481	96.5%	150,681	11.5%
1998	1,284,789	1,217,951	94.8%	55,067	1,273,018	99.1%	98,910	7.7%
1997	1,266,732	1,218,076	96.2%	47,729	1,265,805	99.9%	103,310	8.2%
1996	1,200,017	1,157,075	96.4%	40,201	1,197,276	99.8%	87,868	7.3%

Source: Trumbull County Auditor

CITY OF WARREN, OHIO

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

<u>Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Collections to Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Collections to Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Outstanding Delinquent Taxes to Total Levy</u>
2005	\$ 213,165	\$ 211,882	99.4%	\$ 13,870	\$ 225,752	105.9%	\$ 90,910	42.6%
2004	218,215	212,989	97.6%	10,414	223,403	102.4%	84,485	38.7%
2003	216,937	205,165	94.6%	9,799	214,964	99.1%	42,505	19.6%
2002	253,789	241,310	95.1%	34,484	275,794	108.7%	33,089	13.0%
2001	284,209	270,497	95.2%	20,881	291,378	102.5%	47,705	16.8%
2000	268,923	264,056	98.2%	7,455	271,511	101.0%	48,003	17.9%
1999	274,265	262,372	95.7%	13,164	275,536	100.5%	43,517	15.9%
1998	275,933	255,500	92.6%	3,054	258,554	93.7%	40,865	14.8%
1997	260,797	246,390	94.5%	32,180	278,570	106.8%	30,141	11.6%
1996	264,470	239,902	90.7%	8,784	248,686	94.0%	39,132	14.8%

Source: Trumbull County Auditor

CITY OF WARREN, OHIO

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

Year	Current Tax Levy	Current Tax Collections	Percent of Current Collections to Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections to Levy	Outstanding Delinquent Taxes	Percentage of Outstanding Delinquent Taxes to Total Levy
2005	\$ 90,383	\$ 22,103	24.5%	\$ 9,239	\$ 31,342	34.7%	\$ 358,665	396.8%
2004	36,256	17,179	47.4%	9,300	26,479	73.0%	273,406	754.1%
2003	35,309	9,507	26.9%	17,957	27,464	77.8%	314,870	891.8%
2002	76,589	14,790	19.3%	40,275	55,065	71.9%	286,141	373.6%
2001	28,122	7,808	27.8%	15,362	23,170	82.4%	359,743	1279.2%
2000	142,383	42,463	29.8%	10,543	53,006	37.2%	284,546	199.8%
1999	26,666	15,710	58.9%	5,644	21,354	80.1%	234,723	880.2%
1998	17,159	12,543	73.1%	18,490	31,033	180.9%	271,620	1583.0%
1997	12,762	16,173	126.7%	11,111	27,284	213.8%	289,433	2267.9%
1996	37,264	29,737	79.8%	6,130	35,867	96.3%	289,060	775.7%

Source: Trumbull County Auditor

CITY OF WARREN, OHIO

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

Year	City of Warren	County	School	Vocational School	Township	Library	Total
2004 for 2005	3.50	10.35	59.65	2.40	13.00	0.40	89.30
2003 for 2004	3.50	10.35	59.65	2.40	11.50	0.40	87.80
2002 for 2003	3.50	10.35	52.55	2.40	11.50	0.40	80.70
2001 for 2002	3.50	10.35	52.55	2.40	11.50	0.40	80.70
2000 for 2001	3.50	10.35	52.38	2.40	11.50	0.40	80.53
1999 for 2000	3.50	10.35	51.94	2.40	11.50	0.40	80.09
1998 for 1999	3.50	10.35	52.64	2.40	11.50	0.40	80.79
1997 for 1998	3.50	9.30	53.35	2.40	10.50	0.40	79.45
1996 for 1997	3.50	9.30	53.45	2.40	10.50	0.40	79.55
1995 for 1996	3.50	9.30	54.15	2.40	10.50	0.40	80.25

Source: Trumbull County Auditor

CITY OF WARREN, OHIO

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

Year	Estimated Population (1)	Assessed Valuation (2)	Gross Bonded Debt (3)	Less: Debt Service Fund Equity (3)	Less: Payable from Enterprise Revenues (3)	Net Bonded Debt
2005	46,608	\$ 477,844,561	\$ 23,255,995	\$ 33,214	\$ 14,050,000	\$ 9,172,781
2004	46,608	475,346,480	25,818,630	24,975	14,890,000	10,903,655
2003	46,608	474,296,248	28,620,810	47,438	16,034,000	12,539,372
2002	46,100	467,902,378	28,790,320	38,596	16,825,000	11,926,724
2001	46,466	484,806,215	30,601,180	106,769	17,505,000	12,989,411
2000	46,832	480,460,312	32,366,145	68,428	18,210,000	14,087,717
1999	47,845	453,261,204	34,082,795	1,052	18,900,000	15,181,743
1998	48,458	446,417,137	35,392,875	237,186	19,595,000	15,560,689
1997	49,033	436,354,729	36,999,010	6,079	20,325,000	16,667,931
1996	49,613	418,856,374	27,521,400	10,602	12,435,000	15,075,798

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

(2) Trumbull County Auditor

(3) Warren City Auditor's Office

Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
1.92%	\$ 196.81
2.29%	233.94
2.64%	269.04
2.55%	258.71
2.68%	279.55
2.93%	300.81
3.35%	317.31
3.49%	321.12
3.82%	339.93
3.60%	303.87

CITY OF WARREN, OHIO

COMPUTATION OF LEGAL DEBT MARGIN (1)
DECEMBER 31, 2005

	<u>Total Debt Limit (2)</u>	<u>Total Unvoted Debt Limit (3)</u>
Assessed valuation of the City	\$ 477,844,561	\$477,844,561
Legal debt margin:		
Debt limitation	50,173,679	26,281,451
Debt applicable to limitation		
Total bonded debt	23,255,995	23,255,995
Exemptions:		
Debt service fund balance	33,214	33,214
Debt supported by enterprise fund operations	<u>(14,050,000)</u>	<u>(14,050,000)</u>
Net debt applicable to limitation:	<u>9,239,209</u>	<u>9,239,209</u>
Total legal debt margin (debt limitation minus total debt applicable to limitation)	<u>\$ 40,934,470</u>	<u>\$ 17,042,242</u>

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

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

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

CITY OF WARREN, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING
GENERAL OBLIGATION BONDED DEBT
DECEMBER 31, 2005

<u>Jurisdiction</u>	<u>Net General Bonded Debt</u>	<u>Percentage Applicable to the City</u>	<u>Amount Applicable to the City</u>
Direct:			
City of Warren	\$ 9,205,995	100.00%	\$ 9,205,995
Overlapping Debt:			
Trumbull County	15,226,343	13.34%	2,031,194
Warren City School District	36,860,000	87.80%	32,363,080
Howland Local School District	169,500	13.89%	23,544
La Brae Local School District	7,673,994	9.47%	726,727
Lakeview Local School District	3,356,606	0.02%	671
Total Overlapping Debt			<u>35,145,216</u>
Total Direct and Overlapping Debt			<u>\$ 44,351,211</u>

Sources: Warren City Auditor's Office and the Ohio Municipal Advisory Council.

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

CITY OF WARREN, OHIO

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

<u>Year</u>	<u>Principal (2)</u>	<u>Interest and Fiscal Charges (2)</u>	<u>Total</u>	<u>Total General Expenditures (3)</u>	<u>Ratio of Debt Service to General Expenditures</u>
2005	\$ 1,722,635	\$ 413,535	\$ 2,136,170	\$ 37,926,887	5.63%
2004	1,323,180	476,538	1,799,718	39,903,228	4.51%
2003	754,510	292,787	1,047,297	34,729,304	3.02%
2002	1,130,860	687,109	1,817,969	38,063,250	4.78%
2001	1,059,965	741,195	1,801,160	31,151,549	5.78%
2000	1,026,650	791,668	1,818,318	30,176,792	6.03%
1999	1,029,880	809,569	1,839,449	32,340,213	5.69%
1998	968,635	858,708	1,827,343	32,828,302	5.57%
1997	722,390	825,697	1,548,087	29,058,172	5.33%
1996	383,645	600,508	984,153	32,342,366	3.04%

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

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

(3) Warren City Auditor's Office

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CITY OF WARREN, OHIO

REVENUE BOND COVERAGE - WATER
LAST TEN YEARS (1)

Year	Gross Revenues (1)	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements		
				Principal	Interest	Total
2005	\$ 11,825,204	\$ 8,730,522	\$ 3,094,682	\$ 365,000	\$ 517,697	\$ 882,697
2004	10,560,858	8,581,674	1,979,184	350,000	533,097	883,097
2003	10,665,756	8,631,104	2,034,652	335,000	547,670	882,670
2002	9,438,057	7,798,305	1,639,752	20,000	548,520	568,520
2001	8,784,860	7,619,648	1,165,212	75,000	551,632	626,632
2000	7,749,739	7,205,496	544,243	70,000	554,503	624,503
1999	7,768,877	7,292,035	476,842	110,000	558,903	668,903
1998	7,481,114	6,848,084	633,030	160,000	517,900	677,900
1997	7,658,723	6,482,272	1,176,451	200,000	345,168	545,168
1996	7,831,024	6,924,805	906,219	185,000	354,788	539,788

(1) 1997-2005 amounts reflect GAAP basis reporting; prior years reflect cash basis accounting.

Note: Total operating expenses are exclusive of depreciation.

Source: Warren City Auditor's Office

Coverage

3.51

2.24

2.31

2.88

1.86

0.87

0.71

0.93

2.16

1.68

CITY OF WARREN, OHIO

**DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

Year	Estimated Population (1)	Per Capita Income (2)	School Enrollment (3)	Unemployment Rate (4)
2005	46,608	N/A	6,825	7.40%
2004	46,608	\$26,929	6,861	8.30%
2003	46,608	26,361	6,918	7.70%
2002	46,100	24,950	6,986	6.80%
2001	46,466	24,322	7,059	6.00%
2000	46,832	24,177	7,244	5.30%
1999	47,845	23,354	7,296	5.50%
1998	48,458	22,649	7,348	5.90%
1997	49,033	22,013	7,296	5.80%
1996	49,613	21,045	7,212	6.30%

N/A indicates that the information was not available.

Sources:

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

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

Year	Property Value (1)			Building Permits Issued (2)		Estimated Value of Construction (2)
	Commercial	Residential	Total	Commercial	Residential	
2005	\$ 316,789,743	\$ 816,865,371	\$1,133,655,114	N/A	N/A	N/A
2004	317,164,571	813,125,371	1,130,289,942	254	1,774	\$ 29,473,740
2003	318,448,000	807,627,114	1,126,075,114	543	1,840	22,974,054
2002	323,168,829	755,996,486	1,079,165,315	273	924	19,674,935
2001	320,343,771	749,921,200	1,070,264,971	193	581	16,232,342
2000	326,433,086	744,493,943	1,070,927,029	122	414	16,515,922
1999	316,828,200	661,942,943	978,771,143	138	502	16,347,311
1998	296,904,200	659,429,257	956,333,457	161	535	15,987,727
1997	278,215,286	658,840,000	937,055,286	104	511	15,879,620
1996	273,123,743	606,472,171	879,595,914	150	548	16,169,482

N/A indicates that the information was not available.

(1) Trumbull County Auditor

(2) City of Warren Engineering Department

CITY OF WARREN, OHIO

PRINCIPAL TAXPAYERS
REAL PROPERTY TAX (1)
DECEMBER 31, 2005

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Sams Real Estate Business	\$ 2,637,010	0.66%
Rydyl I LLC	2,483,150	0.63%
Simon-Northbury	2,015,760	0.51%
River Road Investments	1,975,790	0.50%
Lowes Home Center	1,771,070	0.45%
Trumbull Plaza	1,731,840	0.44%
Warren Plaza Co.	1,452,680	0.37%
Warren Consolidated	1,387,930	0.35%
Nationwide Health	1,358,390	0.34%
Delphi Automotive	<u>1,270,430</u>	<u>0.32%</u>
Totals, Top Ten Principal Real Property Taxpayers	<u>\$ 18,084,050</u>	<u>4.56%</u>
Total City Assessed Valuation	<u>\$ 396,779,290</u>	

(1) Source: Trumbull County Auditor

CITY OF WARREN, OHIO

**PRINCIPAL TAXPAYERS
PUBLIC UTILITY PROPERTY TAX (1)
DECEMBER 31, 2005**

Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation
Ohio Edison	\$ 10,376,190	51.47%
United Telephone	6,235,830	30.93%
East Ohio Gas	1,758,510	8.72%
American Transmission Systems	1,462,230	7.25%
New Cingular Wireless	696,310	3.45%
Youngstown-Warren MSA	260,830	1.29%
Norfolk Southern Combined	162,440	0.81%
Youngstown Belt Railroad	92,820	0.46%
CSX Transportation	76,180	0.38%
Ohio Telephone	<u>62,810</u>	<u>0.31%</u>
Totals, Top Ten Principal Public Utility Taxpayers	<u>\$ 21,184,150</u>	<u>105.08%</u>
Total City Assessed Valuation	<u>\$ 20,160,950</u>	

(1) Source: Trumbull County Auditor

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

CITY OF WARREN, OHIO

**PRINCIPAL TAXPAYERS
PERSONAL PROPERTY TAX (1)
DECEMBER 31, 2005**

Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation
GE Lighting Inc.	\$ 6,005,200	9.86%
Novelis Corporation	5,527,520	9.08%
Excel Extrusions Inc.	2,837,030	4.66%
WCI Steel Inc.	2,486,610	4.08%
Sims Buick GMC Truck	2,355,500	3.87%
AVI Food Systems Inc.	2,216,540	3.64%
Delphi Automotive	2,060,070	3.38%
Diane Sauer Chevrolet	2,008,930	3.30%
Trumbull Industries	1,296,820	2.13%
Crown Ford Lincoln Mercury	<u>1,275,270</u>	<u>2.09%</u>
Totals, Top Ten Principal Personal Property Taxpayers	<u>\$ 28,069,490</u>	<u>46.09%</u>
Total City Assessed Valuation	<u>\$ 60,904,321</u>	

(1) Source: Trumbull County Auditor

CITY OF WARREN, OHIO

MISCELLANEOUS STATISTICS
DECEMBER 31, 2005

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

<u>Age</u>	<u>Number</u>	<u>% of Population</u>
19 and under	13,502	29%
20-44	15,619	33%
45-59	7,860	17%
60+	9,851	21%

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

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

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

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

CITY OF WARREN, OHIO

MISCELLANEOUS STATISTICS (CONTINUED)
DECEMBER 31, 2005

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

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

Source: City of Warren, Economic Development



**Auditor of State
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800-282-0370
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CITY OF WARREN

TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 19, 2006**