

**CITY OF WARREN
TRUMBULL COUNTY, OHIO**

SUPPLEMENTAL REPORTS

DECEMBER 31, 2011

DAVID GRIFFING, AUDITOR



Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the City of Warren, Trumbull County, prepared by Julian & Grube, Inc., for the audit period January 1, 2011 through December 31, 2011. 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 "Dave Yost".

Dave Yost
Auditor of State

August 23, 2012

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**CITY OF WARREN
TRUMBULL COUNTY, OHIO**

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CITY OF WARREN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	CASH (A) FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Direct Programs:</i>			
(B) Community Development Block Grants/Entitlement Grants	14.218	N/A	\$ 1,456,704
(C) Home Investment Partnerships Program	14.239	N/A	563,076
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	N/A	237,302
<i>Passed through the Ohio Department of Development:</i>			
Community Development Block Grants/State's Program	14.228	A-Z-08-298-1	647,095
Total U.S. Department of Housing and Urban Development			2,904,177
U.S. DEPARTMENT OF THE INTERIOR			
<i>Direct Programs:</i>			
ARRA - Save America's Treasures	15.929	N/A	10,675
Total U.S. Department of the Interior			10,675
U.S. DEPARTMENT OF JUSTICE			
<i>Direct Programs:</i>			
ARRA - Public Safety Partnership and Community Policing Grants	16.710	N/A	201,365
Edward Byrne Memorial Justice Assistance Grant Cluster:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	12,236
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	16,944
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	7,547
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	12,227
Total Edward Byrne Memorial Justice Assistance Grant Program			48,954
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government	16.804	N/A	8,651
<i>Passed through the Ohio Department of Public Safety:</i>			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories	16.803	2009-RA-A02-2253	60,724
Total Edward Byrne Memorial Justice Assistance Grant Cluster			118,329
<i>Passed through Ohio Attorney General's Office:</i>			
Crime Victim Assistance	16.575	2011VAGENE511	17,873
Crime Victim Assistance	16.575	2012VAGENE511	5,343
Total Crime Victim Assistance			23,216
Total U.S. Department of Justice			342,910
U. S. DEPARTMENT OF TRANSPORTATION			
<i>Passed through Ohio Department of Transportation:</i>			
Highway Planning and Construction:			
<i>Highway Planning and Construction:</i>			
Warren Greenway Biketrail ODOT Project	20.205	77201	1,202,346
US 422 Parkman Road ODOT Project	20.205	78220	88
Packard Museum Expansion ODOT Project	20.205	80677	31,612
Packard Music Hall ODOT Project	20.205	81386	42,190
US 422 Parkman Road Phase 3 ODOT Project	20.205	83629	233,128
US 422 Parkman Road Phase 2 ODOT Project	20.205	85234	612,691
East Market Street Signal Study ODOT Project	20.205	90199	56,786
Total Highway Planning and Construction			2,178,841
<i>ARRA - Highway Planning and Construction:</i>			
ARRA - Mahoning Avenue Mill and Fill ODOT Project	20.205	79827	27,982
ARRA - Mahoning Avenue Decorative Lighting ODOT Project	20.205	85961	60,071
ARRA - High Street Resurfacing ODOT Project	20.205	86623	44,162
Total ARRA - Highway Planning and Construction			132,215
Total ARRA - Highway Planning and Construction			2,311,056
<i>Passed through Ohio Department of Public Safety, Governor's Highway Safety Office:</i>			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	HVEO-2011-78-00-00-00372-00	38,733
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	HVEO-2012-78-00-00-00337-00	5,587
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	OVITF-2012-78-00-00-00397-00	23,822
Total Alcohol Impaired Driving Countermeasures Incentive Grants I			68,142
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	OVITF-2011-78-00-00-00526-00	87,925
Total U.S. Department of Transportation			2,467,123

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CITY OF WARREN
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	CASH (A) FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF ENERGY			
<i>Direct Program:</i>			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	N/A	172,083
Total U.S. Department of Energy			172,083
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct Program:</i>			
ARRA - Strengthening Communities Fund	93.711	N/A	117,521
<i>Passed through Ohio Department of Health:</i>			
Grants to States to Support Oral Health Workforce Activities	93.236	78-2-001-1-DS-0411	7,300
Maternal and Child Health Services Block Grant to States	93.994	78-2-001-1-DS-0411	31,700
<i>Passed through Trumbull County Health Department:</i>			
Public Health Emergency Preparedness	93.069	78-100-12-PH-0312	4,439
Immunization Grants	93.268	78-100-12-IM-0411	7,414
Total U.S. Department of Health and Human Services			168,374
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Direct Program:</i>			
Assistance to Firefighters Grant	97.044	N/A	200,216
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	1,363,487
Total U.S. Department of Homeland Security			1,563,703
Total Federal Financial Assistance			\$ 7,629,045

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**CITY OF WARREN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Continued from Page 2

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(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 revolving loan programs to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the "Schedule"). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule. These loans are collateralized by mortgages on the property. Activity in the revolving loan funds during 2011 is as follows:

Beginning loans receivable balance as of January 1, 2011:	\$ 1,912,455
Loans Disbursed:	253,417
Loan Repayments:	<u>(407,237)</u>
Ending loans receivable balance as of December 31, 2011	<u>\$ 1,758,635</u>

Cash Balance on hand as of December 31, 2011	\$ 275,027
Delinquent amounts due as of December 31, 2011	\$ -

(C) The City has established revolving loan programs to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the "Schedule"). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule. These loans are collateralized by mortgages on the property. Activity in the revolving loan funds during 2011 is as follows:

Beginning loans receivable balance as of January 1, 2011	\$ 4,062,933
Loans Disbursed:	37,237
Loan Repayments:	<u>(61,540)</u>
Ending loans receivable balance as of December 31, 2011	<u>\$ 4,038,630</u>

Cash Balance on hand as of December 31, 2011	\$ -
Delinquent amounts due as of December 31, 2011	\$ -

(D) The City has established revolving loan programs to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the "Schedule"). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule. These loans are collateralized by mortgages on the property. Activity in the revolving loan funds during 2011 is as follows:

Beginning loans receivable balance as of January 1, 2011:	\$ 1,755,852
Loans Disbursed:	-
Loan Repayments:	<u>(109,250)</u>
Ending loans receivable balance as of December 31, 2011	<u>\$ 1,646,602</u>

Cash Balance on hand as of December 31, 2011	\$ -
Delinquent amounts due as of December 31, 2011	\$ -

(E) The City passes-through certain Federal assistance received from the United States Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As described in Note A, the City records expenditures of Federal awards to subrecipients when paid in cash. The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the City is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

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



Julian & Grube, Inc.
Serving Ohio Local Governments

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**Independent Accountants' Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Required by *Government Auditing Standards***

City of Warren
Trumbull County
391 Mahoning Ave., NW
Warren, Ohio 44483-4634

To the Members of Council and Mayor:

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Warren, Trumbull County, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the City of Warren's basic financial statements and have issued our report thereon dated June 21, 2012. We noted the City of Warren adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". 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 of Warren's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City of Warren's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City of Warren's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City of Warren's financial statements will not be prevented, or detected and timely corrected.

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

Members of Council and Mayor
City of Warren

Compliance and Other Matters

As part of reasonably assuring whether the City of Warren's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed two instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2011-COW-001 and 2011-COW-002.

We also noted a certain matter not requiring inclusion in this report that we reported to the City of Warren's management in a separate letter dated June 21, 2012.

The City of Warren's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City of Warren's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management and Members of Council of the City of Warren, federal awarding agencies and pass-through entities, and others within the City of Warren. We intend it for no one other than these specified parties.



Julian & Grube, Inc.
June 21, 2012



Julian & Grube, Inc.
Serving Ohio Local Governments

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

**Independent Accountants' Report on Compliance With Requirements Applicable
to Each Major Federal Program and on Internal Control Over Compliance
Required by OMB Circular A-133, and the Schedule of Expenditures of Federal Awards**

City of Warren
Trumbull County
391 Mahoning Ave., NW
Warren, Ohio 44483-4634

To the Members of Council and Mayor:

Compliance

We have audited the compliance of the City of Warren with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City of Warren's major federal programs for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings and responses identifies the City of Warren's major federal programs. The City of Warren's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the City of Warren's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City of Warren's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Warren's compliance with these requirements.

In our opinion, the City of Warren complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011.

Members of Council and Mayor
City of Warren

Internal Control Over Compliance

The City of Warren's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Warren's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City of Warren's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

Schedule of Expenditures of Federal Awards

We have also audited and issued our unqualified opinion on the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Warren, Trumbull County, Ohio, as of and for the year ended December 31, 2011, and have issued our report thereon dated June 21, 2012, wherein we noted the City of Warren implemented Governmental Accounting Standard No. 54. Our audit was performed to form opinions on the financial statements that collectively comprise the City of Warren's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards (the Schedule) provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Members of Council and Mayor
City of Warren

We intend this report solely for the information and use of management, Members of Council of the City of Warren, others within the City of Warren, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 21, 2012

**CITY OF WARREN
TRUMBULL COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2011**

1. SUMMARY OF AUDITORS' RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Highway Planning and Construction CFDA #20.205; Staffing for Adequate Fire and Emergency Response (SAFER) CFDA #97.083
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

**CITY OF WARREN
TRUMBULL COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2011**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2011-COW-001

Ohio Revised Code Section 5705.39 requires that a subdivision's total appropriations from each fund should not exceed total estimated resources.

The City had total appropriations exceeding total estimated resources in the following funds:

<u>December 31, 2011</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Major Fund:</u>			
Sewer	\$ 8,423,700	\$ 9,040,450	\$ 616,750
<u>NonMajor Funds:</u>			
Police Grants	62,246	69,000	6,754
Community Development Block Grant	1,589,701	3,307,613	1,717,912
General Capital Projects	(321,590)	2,225,000	2,546,590

With appropriations exceeding estimated resources the City may spend more funds than in the Treasury or in process of collection and cause fund deficits.

We recommend that the City comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated revenues 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 will monitor the budget on a continual basis and make modifications as necessary to ensure appropriations do not exceed estimated resources.

**CITY OF WARREN
TRUMBULL COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2011**

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

Finding Number	2011-COW-002
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Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the City Auditor that revenue to be collected will be greater or less than the amount in the last certified amended certificate.

The City did not request timely amended certificates throughout the year upon notice of increased or decreased resources.

The City is not properly certifying its most current estimated resources to the appropriate authorities and thus causing appropriations to exceed estimated resources, throughout the year and at fiscal year end.

We recommend that the City review its available resources versus its appropriations throughout the year and file amended certificates when necessary. This will facilitate the City's appropriation process.

Client Response: The City is attempting to monitor its budget more closely and to submit additional amendments for estimated resources more frequently throughout the fiscal year and at fiscal year end.

3. FINDINGS FOR FEDERAL AWARDS

None

**CITY OF WARREN
TRUMBULL COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2010-COW-001	Ohio Revised Code Section 5705.36(A)(4) states that upon determination by the Fiscal Officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the Fiscal Officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.	Partially corrected	Management letter
2010-COW-002	Ohio Revised Code Section 5705.10 in part requires that money paid into any fund shall be expended only after such fund receives monies to cover the expenditures.	Yes	N/A
2010-COW-003	<u>Significant Deficiency - Financial Reporting</u> - The City had a prior period adjustment to its loans receivable.	Yes	N/A
2010-COW-004	Ohio Revised Code Sections 117.01 and 117.39 provide that the Auditor of State may require financial reports from any public office showing the condition of all appropriation accounts, the money actually in the treasury to the credit of each fund or account and any other information they consider proper.	N/A	Finding no longer valid

CITY OF WARREN, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2011**

DAVID N. GRIFFING, CITY AUDITOR

CITY OF WARREN, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

PREPARED BY:

CITY AUDITOR'S OFFICE
DAVID GRIFFING, CITY AUDITOR

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

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INTRODUCTORY SECTION

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CITY OF WARREN, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

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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

June 21, 2012

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, 2011, is hereby submitted. This report is prepared in conformance with generally accepted accounting principles (GAAP) in the United States of America as set forth by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City Auditor's office. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

The City is required by state law to have an annual audit performed by the Auditor of State's Office or an independent public accounting firm, if permitted by the Auditor of State. Julian & Grube, Inc. performed the audit for the year ended December 31, 2011. The City continues to receive an unqualified opinion. The Independent Accountant'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, 2011 provided no instances of material weaknesses in the internal control structure and two instances of significant violations of applicable laws and regulations.

This transmittal letter is designed to provide historical information about the City, as well as complement 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 can be found immediately following the Independent Accountant'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 16.30 square miles, and serves a population of approximately 41,557 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 2,400 and banquet seating for 500) 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. The Eastern Gateway Community College recently opened a campus with business offices in downtown Warren to provide access to our citizens to alternative forms of education.

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, engineering planning and zoning, water, sewers, sanitation, parks and recreation, and general administrative services. The City is a statutory city that operates under those powers granted by the Ohio Constitution and The Ohio Revised Code. The Mayor is elected at-large to serve a four-year term. The Mayor is responsible for administrating the policies and ordinances adopted by the City Council, for overseeing the day-to-day operations of the City, and for appointing the superintendents of various departments. The 11 members of City Council are elected every 2 years with one serving as the President of Council. Council members serve as the legislative authority and the taxing authority. The Council members create and adopt the annual operating budget of the City.

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

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

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

ECONOMIC CONDITION AND OUTLOOK

The City benefits from its prime location as a central component of the regional Cleveland-Pittsburgh American manufacturing belt. Approximately 9,300 manufacturing plants, 9,400 wholesale distribution centers and 17 Fortune 500 corporate world headquarters are located within 80 miles of the City. Residents derive significant benefit from and have easy access to exceptional employment, educational, recreational, medical, and cultural facilities within and surrounding the greater Youngstown-Warren metropolitan area. Home to a diversified base of industrial and commercial activity, employment within the City is primarily concentrated in the production of steel, automotive and associated systems, wholesale and retail distribution, as well as education, medical, and other professional services. The factors of globalization and increased competition have required significant changes in the regional economy; in order to regain competitive advantage, local manufacturing firms have implemented supplementary research divisions and embraced technological advances, resulting in increased investment, economic diversification and enhanced productivity. In addition, City officials and business leaders are placing added emphasis on the attraction of diverse corporate, retail and industrial employers to the region. As employment in heavy manufacturing has decreased, local non-manufacturing sector employment has increased, allowing the area to sustain growth despite a transition of workforce demographics.

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

The City of Warren, through the Community Development Department, acts as the lead agency in a partnership with Trumbull County for receiving federal funding from HUD for affordable housing programs. Through these efforts, the City and county have complete several housing projects over the years such as the 2009 completion of a \$9.5 million acquisition and rehab of 188 units at the Warren Heights Apartments on the City's north end and the current \$12.5 million acquisition and rehab of 150 units at the Hampshire House Apartments on the City of Warren's southwest side completed in 2011. In 2012 construction will begin on the Morgandale project consisting of 10 units of senior housing and the YWCA will develop 12 units of permanent supportive housing in their building.

\$168,000 in small business loans were approved through the City of Warren Revolving Loan Fund and UDAG program in 2011. These loans help retain 23 current jobs and create 1 new employment opportunity. Warren continues its program of site visits to existing companies within the City that focused on the needs and wellness of their current employers as well as giving them the chance to discuss any problems they may have or possible ways for the City to assist them in growing their business.

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

Since 2002, over \$2.5 million has been spent on the construction of the Warren Riverwalk campus, including an outdoor amphitheatre, festival promenade, multi-purpose event area, and the exterior restoration of the Kinsman House and Land Office. The construction of the Riverwalk Stagehouse at the Warren Community Amphitheatre was completed in 2007 with several events having attendance in excess of 3,000 people. This project, together with ancillary recreational facilities, will provide first-class entertainment and cultural opportunities for residents and visitors alike. A series of concerts were scheduled for 2011 and had music sounding through the community. These concerts and other downtown festivals and events were held every week throughout the summer and into the fall.

MAJOR INITIATIVES - CURRENT AND FUTURE PROJECTS

Throughout 2011, 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

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

The Fire Department received a grant from Cleveland State University for confined space rescue, hazardous material response, and incident command for the tenth consecutive year. The members of the Fire Department have maintained their State Certification by continuing their education as required by the Ohio Department of Public Safety.

The Fire Department also received a grant to purchase a new pumper truck. The grant was received from FEMA and was for \$350,000 of which the city is responsible for 5% matching funds. The new vehicle will replace a 1979 vehicle and improve the equipment used by the Fire Department on a daily basis.

In September 2010, the City of Warren was awarded the Staffing for Adequate Fire and Emergency Response Grant, also through FEMA and the Department of Homeland Security in the amount of 4.9 million dollars. This allowed the department to recall 10 firefighters in October of 2010 and 15 firefighters in 2011. This will allow three stations to be staffed and decrease our response times to the outlying areas of our City. The grant was for two years and runs through November of 2012.

PUBLIC WORKS

The City Engineering Department was responsible for several road projects that were completed in 2011. Resurfacing and reconstruction of a number of streets in the City was done with state and federal funds totaling \$3,667,758, with a total of \$284,177 in required local share. Additionally, the Engineering Department was reimbursed for all of the wage and fringe expenses for the inspection and management of these projects from the grant funds.

The department has four major projects scheduled for 2012. The funding for these projects will come from grant funds from the state and federal governments totaling \$8,950,000 and local funds of \$28,000. The department has again secured reimbursement for their wages for the inspection and management of the project during construction.

UTILITY SERVICE

The City of Warren's Water Department is responsible for the treating, distributing, meter reading, billing and collection for the City of Warren's water supply. They are committed to improving the quality of life in the City by strengthening our neighborhoods, delivering a safe drinking water to our citizens at an affordable cost in addition to focusing on good quality customer service to help make the City of Warren a desirable place to live and work.

As the city's economy continues to struggle, the average daily pumpage increased slightly to 12.505 MGD. Last year the five largest users showed some signs of a rebound. As a result the water department has continued to reduce their expenses by any and all means available. They will continue to reduce expenses and look for new and innovative ways to generate unrealized revenue to keep the water rates in the lower tier of the state. With the potential of bulk water sales to the oil and gas drilling industry the Department is investigating what infrastructure will be required at the Filtration Plant to ensure that there will not be any impact on our citizens and that will provide for revenue potential as this industry grows in our area.

The Environmental Services Department customer base remains steady even though many homes in Warren are no longer occupied. This has been accomplished by expanding our service to the townships and villages adjacent to the city. The number of active customers remains between 14,300 and 14,600. The number of commercial accounts remains steady despite the number of business closings. We have picked up as many new accounts as have been lost because of the economy.

The Department requested and received the support of Warren City Council to raise residential rates by \$1.50 per month in 2012 to offset the rise in fuel costs and the need to start a program to replace some of its vehicles. This should further reduce costs of fuel and maintenance and place the department in a better position to move forward into the future.

GENERAL GOVERNMENT

The Packard Music Hall continues to rent its facilities and host a wide variety of events while, at the same time, continuing facility improvements using federal and state grants. These projects include energy improvements through new windows and new boilers as well as a new sound system and a new stage lighting system, a new counter weight rigging system and new stage floor, and an equipment lift enabling access to and better use of, the basement for storage. The Packard Music Hall Foundation continues to partner with the Music Hall in its efforts to bring in additional events and assist with facility improvements.

The City Treasurer entered into a contract in 2011 with the City of Cleveland's Central Collection Agency, Division of Taxation (CCA), for the purpose of enabling the City to cross check our income tax filers with the Internal Revenue Service. The City of Warren is not of sufficient size to independently access this information. With the assistance of CCA, we will be able to use the vast data base of the IRS to verify that all tax payers required to file with the City actually file. This is anticipated to immediately increase collections, find anyone not in compliance with City filing requirements, and allow us to explore past infringements. It generated over \$264,000 in back tax collections in 2011 and is anticipating even more in 2012.

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, 2010. This was the ninth year the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

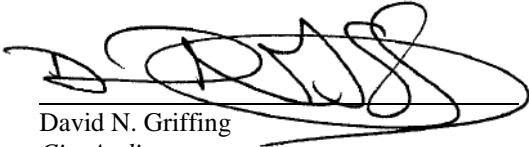
The publication of this CAFR represents an important achievement in the ability of the City of Warren to provide significantly enhanced financial information and accountability to the citizens of the City of Warren, its elected officials, City management and investors. This report continues the aggressive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

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

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

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

Sincerely,



David N. Griffing
City Auditor

CITY OF WARREN
ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2011

ELECTED OFFICIALS

Executive Branch:

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

Legislative Branch:

Council Member – Council President	Robert Marchese
Council Member – 1 st Ward	Fiore Dippolito
Council Member – 2 nd Ward	Alford Novak
Council Member – 3 rd Ward	John Brown, Jr.
Council Member – 4 th Ward	Marti Morn
Council Member – 5 th Ward	Vincent S. Flask
Council Member – 6 th Ward	Cheryl Saffold
Council Member – 7 th Ward	Eddie Colbert
Council Member – At-Large	Robert L. Dean, Jr.
Council Member – At-Large	Helen Rucker
Council Member – At-Large	Daniel Sferra

APPOINTED OFFICIALS

Department of Public Safety:

Director of Public Safety	William D. Franklin
Police Chief	Timothy Bowers
Fire Chief	Kenneth Nussle

Department of Public Service:

Director of Public Service	William D. Franklin
Deputy Health Commissioner	Robert Pinti
Director of Engineering	Paul Makosky
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

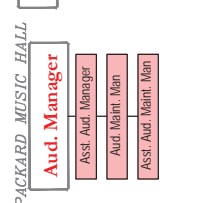
CITY of WARREN, OHIO

ADMINISTRATIVE

MAYOR

SAFETY & SERVICE DIRECTOR

Law DEPT.
Law Director



INCOME TAX
Treasurer

FINANCE DEPT.
Auditor

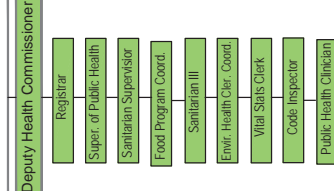
CITY COUNCIL
President

Council Members

Muni. Judge

Presiding Admin. Judge

BOARD OF HEALTH
Health Commissioner



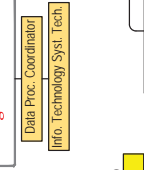
CIVIL SERVICE COMMISSION
Members



HUMAN RESOURCES
Director of Human Res.

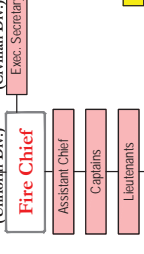


DATA PROCESSING
Manager of Data Proc.

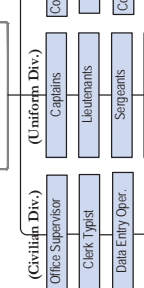


OPERATIONS DEPARTMENT

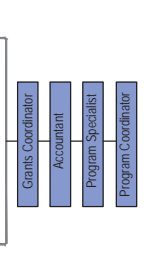
FIRE DEPARTMENT (Uniform Div.)
Fire Chief



POLICE DEPARTMENT
Police Chief



COMMUNITY DEVELOPMENT
Executive Director

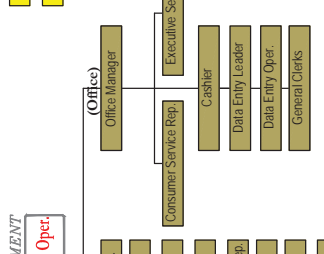


ENG., PLNG. & BLDG
Director of E, P & B



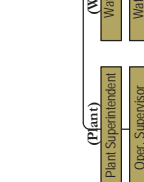
OPERATIONS DEPARTMENT

WATER DEPARTMENT
Director of Water Util. Oper.

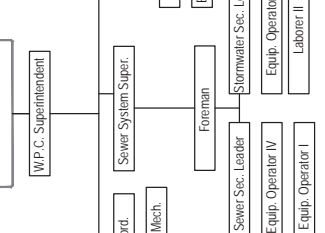


OPERATIONS DEPARTMENT

ENVIRONMENTAL SERVICES
Manager

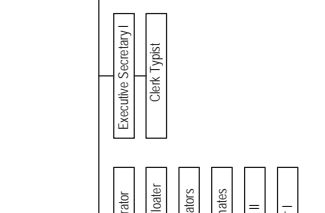


WATER POLLUTION CONTROL
Director of W.P.C.



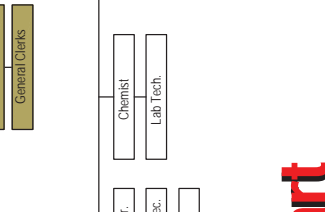
OPERATIONS DEPARTMENT

EXECUTIVE SECRETARIES



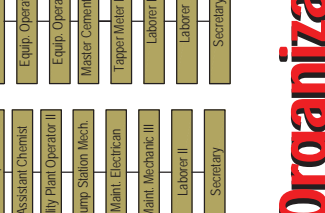
OPERATIONS DEPARTMENT

ACCOUNTING



OPERATIONS DEPARTMENT

MAINTENANCE



Organization Chart

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, 2010

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.



Linda C. Davidson

President

Jeffrey R. Emer

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 Accountants' Report

City of Warren
Trumbull County
391 Mahoning Ave., NW
Warren, Ohio 44483-4634

To the Members of Council and Mayor:

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, as of and for the year ended December 31, 2011, which collectively comprise the City of Warren's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Warren'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 reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the general fund and home investment fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2011, the City of Warren adopted the provisions of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

Members of Council and Mayor
City of Warren
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2012, on our consideration of the City of Warren'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City of Warren's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Julian & Grube, Inc.
June 21, 2012

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CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 (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, 2011. 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 2011 are as follows:

- The total net assets of the City increased \$7,338,964. Net assets of governmental activities increased \$5,058,460 or 9.85% from 2010 and net assets of business-type activities increased \$2,280,504 or 7.65% from 2010.
- General revenues accounted for \$24,476,087 or 64.77% of total governmental activities revenue. Program specific revenues accounted for \$13,312,854 or 35.23% of total governmental activities revenue.
- The City had \$32,509,506 in expenses related to governmental activities; \$13,312,854 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$19,196,652 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$24,476,087.
- The general fund had revenues of \$28,006,159 in 2011. This represents an increase of \$2,459,349 or 9.63% from 2010 revenues and other financing sources. The expenditures and other financing uses of the general fund, which totaled \$26,995,888 in 2011, increased \$1,907,758 or 7.60% from 2010. The net increase in fund balance for the general fund was \$1,010,271 or 22.08%.
- The home investment fund, a major governmental fund, had revenues of \$437,031 and expenditures of \$520,543 in 2011, resulting in a decrease in fund balance of \$83,512 or 1.78%.
- 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 2011 by \$2,280,504.
- In the general fund, the actual revenues were \$380,838 more than in the final budget and actual expenditures and other financing uses were \$1,214,217 less than the amount in the final budget. The general fund's unencumbered cash balance at year end was \$2,312,001.

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, 2011 (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 2011?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting reflects all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 10.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the 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, 2011 (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 funds are the general fund and home investment fund. Information for the major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 20-25 of this report.

Proprietary Funds

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The basic proprietary fund financial statements can be found on pages 26-33 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds are the City's only fiduciary fund type. The basic financial statement for the agency funds can be found on page 34 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 35-72 of this report.

Government-Wide Financial Analysis

The statement of net assets provides the perspective of the City as a whole. The following table provides a summary of the City's net assets for 2011 and 2010:

CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

	Net Assets					
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	2011 Total	2010 Total
	2011	2011	2010	2010		
<u>Assets</u>						
Current and other assets	\$ 30,627,986	\$ 9,974,418	\$ 27,683,118	\$ 8,760,283	\$ 40,602,404	\$ 36,443,401
Capital assets	<u>43,488,262</u>	<u>53,800,840</u>	<u>44,191,686</u>	<u>55,361,831</u>	<u>97,289,102</u>	<u>99,553,517</u>
Total assets	<u>74,116,248</u>	<u>63,775,258</u>	<u>71,874,804</u>	<u>64,122,114</u>	<u>137,891,506</u>	<u>135,996,918</u>
<u>Liabilities</u>						
Current liabilities	3,588,534	1,017,280	5,004,042	1,015,461	4,605,814	6,019,503
Long-term liabilities	<u>14,126,413</u>	<u>30,669,162</u>	<u>15,527,921</u>	<u>33,298,341</u>	<u>44,795,575</u>	<u>48,826,262</u>
Total liabilities	<u>17,714,947</u>	<u>31,686,442</u>	<u>20,531,963</u>	<u>34,313,802</u>	<u>49,401,389</u>	<u>54,845,765</u>
<u>Net assets</u>						
Invested in capital assets, net of related debt	41,716,498	24,689,924	41,287,935	23,458,196	66,406,422	64,746,131
Restricted	16,240,163	963,817	14,643,542	962,846	17,203,980	15,606,388
Unrestricted (deficit)	<u>(1,555,360)</u>	<u>6,435,075</u>	<u>(4,588,636)</u>	<u>5,387,270</u>	<u>4,879,715</u>	<u>798,634</u>
Total net assets	<u>\$ 56,401,301</u>	<u>\$ 32,088,816</u>	<u>\$ 51,342,841</u>	<u>\$ 29,808,312</u>	<u>\$ 88,490,117</u>	<u>\$ 81,151,153</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2011, the City's assets exceeded liabilities by \$88,490,117, an increase of 9.04% from 2010.

The City's current assets increased \$4,159,003 during 2011. This is primarily the result of increased cash balances for the City.

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 73.20% at December 31, 2010. Capital assets include land, easements, construction in progress (CIP), land improvements, buildings and improvements, computer software, furniture and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2011, were \$41,716,498 and \$24,689,924 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.

Current liabilities decreased significantly in the governmental activities, which is primarily the result of considerably lower payables on contracts related to the City's capital projects. Long-term liabilities, which represent the City's long-term obligations such as debt and compensated absences, decreased \$4,030,687.

A portion of the City's net assets, \$17,203,980, 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 is a deficit of \$1,555,360. In total, unrestricted net assets increased to \$4,879,715 at December 31, 2011.

CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

The table below shows the changes in net assets for 2011 and 2010.

	Change in Net Assets					
	Governmental	Business-type	Governmental	Business-type	2011	2010
	Activities	Activities	Activities	Activities	Total	Total
	2011	2011	2010	2010		
Revenues:						
Program revenues:						
Charges for services	\$ 4,691,494	\$ 25,033,301	\$ 4,387,257	\$ 21,491,286	\$ 29,724,795	\$ 25,878,543
Operating grants and contributions	5,974,388	-	7,472,558	-	5,974,388	7,472,558
Capital grants and contributions	<u>2,646,972</u>	<u>706,246</u>	<u>2,647,295</u>	<u>1,772,308</u>	<u>3,353,218</u>	<u>4,419,603</u>
Total program revenues	<u>13,312,854</u>	<u>25,739,547</u>	<u>14,507,110</u>	<u>23,263,594</u>	<u>39,052,401</u>	<u>37,770,704</u>
General revenues:						
Property taxes	1,470,583	-	1,365,415	-	1,470,583	1,365,415
Income taxes	17,292,458	-	16,247,214	-	17,292,458	16,247,214
Unrestricted grants and entitlements	4,750,099	-	3,375,874	-	4,750,099	3,375,874
Investment earnings	128,848	-	111,444	-	128,848	111,444
Miscellaneous	<u>834,099</u>	<u>416,949</u>	<u>716,079</u>	<u>465,545</u>	<u>1,251,048</u>	<u>1,181,624</u>
Total general revenues	<u>24,476,087</u>	<u>416,949</u>	<u>21,816,026</u>	<u>465,545</u>	<u>24,893,036</u>	<u>22,281,571</u>
Total revenues	<u>37,788,941</u>	<u>26,156,496</u>	<u>36,323,136</u>	<u>23,729,139</u>	<u>63,945,437</u>	<u>60,052,275</u>
Expenses:						
General government	5,614,737	-	5,400,182	-	5,614,737	5,400,182
Security of persons and property	16,860,682	-	15,449,385	-	16,860,682	15,449,385
Public health and welfare	615,238	-	633,699	-	615,238	633,699
Transportation	4,034,308	-	3,548,603	-	4,034,308	3,548,603
Community environment	1,797,152	-	1,817,279	-	1,797,152	1,817,279
Leisure time activity	453,413	-	520,453	-	453,413	520,453
Economic development	2,821,164	-	2,936,898	-	2,821,164	2,936,898
Interest and fiscal charges	312,812	-	503,530	-	312,812	503,530
Sewer	-	7,130,457	-	7,211,259	7,130,457	7,211,259
Water	-	12,240,091	-	11,925,632	12,240,091	11,925,632
Sanitation	-	3,212,094	-	3,129,254	3,212,094	3,129,254
Packard Music Hall	-	563,301	-	387,126	563,301	387,126
City Redevelopment	-	45,514	-	58,066	45,514	58,066
Downtown Parking	-	145,216	-	128,252	145,216	128,252
Stormwater Utility	-	<u>760,294</u>	-	<u>557,878</u>	<u>760,294</u>	<u>557,878</u>
Total expenses	<u>32,509,506</u>	<u>24,096,967</u>	<u>30,810,029</u>	<u>23,397,467</u>	<u>56,606,473</u>	<u>54,207,496</u>
Increase (decrease) before transfers	5,279,435	2,059,529	5,513,107	331,672	7,338,964	5,844,779
Transfers	<u>(220,975)</u>	<u>220,975</u>	<u>(260,092)</u>	<u>260,092</u>	-	-
Change in net assets	5,058,460	2,280,504	5,253,015	591,764	7,338,964	5,844,779
Net assets at beginning of year	<u>51,342,841</u>	<u>29,808,312</u>	<u>46,089,826</u>	<u>29,216,548</u>	<u>81,151,153</u>	<u>75,306,374</u>
Net assets at end of year	<u>\$ 56,401,301</u>	<u>\$ 32,088,816</u>	<u>\$ 51,342,841</u>	<u>\$ 29,808,312</u>	<u>\$ 88,490,117</u>	<u>\$ 81,151,153</u>

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 (UNAUDITED)

Governmental Activities

Governmental activities net assets increased \$5,058,460 in 2011, after increasing \$5,253,015 in 2010. Both the revenues and expenses of the governmental activities increased in 2011. Most of the increased expenses can be attributed to additional jobs created in the City's police and fire departments, which are reported as security of persons and property expenses. Program revenues fell slightly, which is a result of lower operating grants and contributions, particularly for the community development block grant and home investment trust programs. An increase in general revenues, especially for income taxes and unrestricted grants and entitlements, overcame the decrease in program revenues resulting in an increase in total revenues of \$1,465,805 or 4.04%.

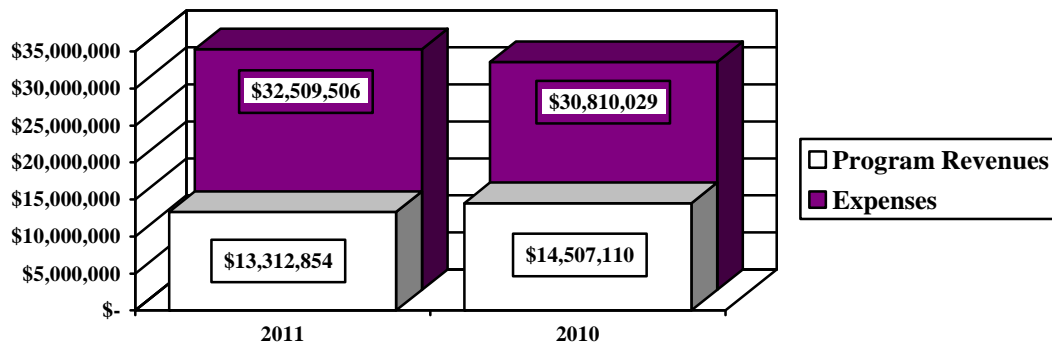
Security of persons and property, which primarily supports the operations of the police and fire departments, is the City's largest category of governmental activity expenses accounting for \$16,860,682 and \$15,449,385 of the total expenses of the City during 2011 and 2010, respectively. These expenses were partially funded by \$1,827,410 in 2011 compared to \$1,898,051 in 2010 in direct charges to users of the services. Transportation expenses totaled \$4,034,308 during 2011 and \$3,548,603 during 2010. In 2011, transportation expenses were funded by \$2,063,252 in operating grants and contributions, \$2,646,972 in capital grants and contributions, and \$35,950 in charges to users of services.

The City received a total of \$5,974,388 and \$7,472,558 during 2011 and 2010, respectively, in operating grants and contributions. Capital grants and contributions totaled \$2,646,972 during 2011, and \$2,647,295 during 2010. These revenues are restricted to a particular program or purpose. \$4,710,224 or 54.63% of the total grants and contributions subsidized transportation programs in 2011.

General revenues totaled \$24,476,087, and amounted to 64.77% of total governmental revenues during 2011. These revenues primarily consist of property and income tax revenue of \$18,763,041. The other primary source of general revenues is grants and entitlements not restricted to specific programs, which includes local government and local government revenue assistance, making up \$4,750,099. These revenues sources combine for 62.22% 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

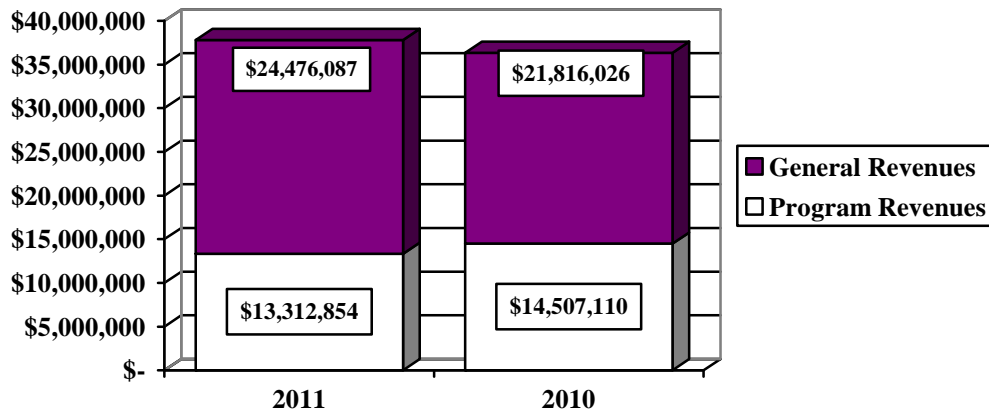
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

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>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
Program Expenses:				
General government	\$ 5,614,737	\$ 4,283,279	\$ 5,400,182	\$ 4,044,446
Security of persons and property	16,860,682	14,916,488	15,449,385	13,419,010
Public health and welfare	615,238	421,836	633,699	427,391
Transportation	4,034,308	(711,866)	3,548,603	(1,249,178)
Community environment	1,797,152	1,098,929	1,817,279	971,649
Leisure time activity	453,413	435,770	520,453	492,103
Economic development	2,821,164	(1,560,596)	2,936,898	(2,306,032)
Interest and fiscal charges	<u>312,812</u>	<u>312,812</u>	<u>503,530</u>	<u>503,530</u>
Total	<u>\$ 32,509,506</u>	<u>\$ 19,196,652</u>	<u>\$ 30,810,029</u>	<u>\$ 16,302,919</u>

The dependence upon general revenues for governmental activities is apparent, with 59.05% and 52.91% of expenses supported through taxes and other general revenues in 2011 and 2010, respectively. The increase in expenses and decrease in program revenues, as detailed on page 8, led to an increased reliance upon general revenues in 2011.

Governmental Activities - General and Program Revenues



CITY OF WARREN, OHIO

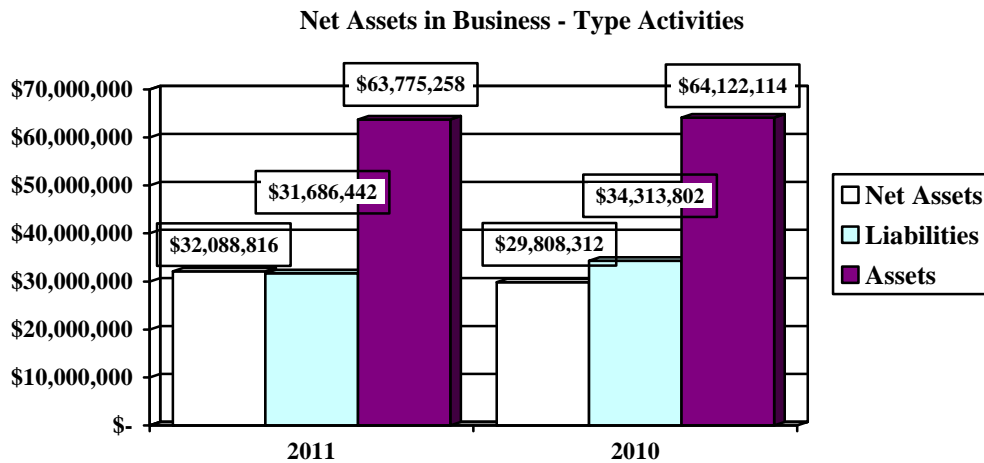
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

Business-type Activities

Business-type activities include the sewer, water, sanitation, Packard Music Hall, downtown parking, city redevelopment, and stormwater enterprise funds. In 2011 and 2010, these programs had program revenues of \$25,739,547 and \$23,263,594, respectively, and general revenues of \$416,949 and \$465,545, respectively. Total revenues for 2011 were \$26,156,496 which represents an increase of 10.23% over 2010 revenues of \$23,729,139. The significant increase in revenues is primarily the result of increased service requests for the water and sewer fund operations.

Total expenses for business-type activities were \$24,096,967 in 2011 compared to \$23,397,467 in 2010. This represents an increase of 2.99%.

Net assets for business-type activities increased \$2,280,504 or 7.65% from 2010. The graph below shows the business-type activities assets, liabilities and net assets at year-end.



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds (as presented on the balance sheet on page 20) reported a combined fund balance of \$18,562,865 which is \$3,108,081 above last year's total of \$15,454,784. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2011 for all major and nonmajor governmental funds.

CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

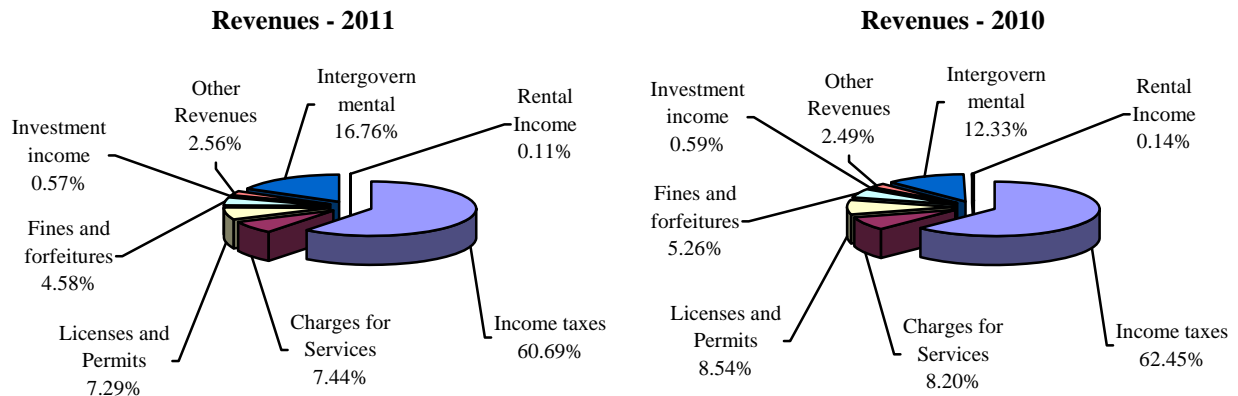
	<u>Fund Balances 12/31/11</u>	<u>Fund Balances 12/31/10</u>	<u>Increase (Decrease)</u>
Major funds:			
General	\$ 5,585,283	\$ 4,575,012	\$ 1,010,271
Home investment	4,620,710	4,704,222	(83,512)
Other nonmajor governmental funds	<u>8,356,872</u>	<u>6,175,550</u>	<u>2,181,322</u>
Total	<u>\$ 18,562,865</u>	<u>\$ 15,454,784</u>	<u>\$ 3,108,081</u>

General Fund

The City's general fund balance increased \$1,010,271. The table that follows assists in illustrating the revenues of the general fund.

	<u>2011 Amount</u>	<u>2010 Amount</u>	<u>Percentage Change</u>
Revenues			
Income taxes	\$ 16,996,981	\$ 15,872,631	7.08 %
Charges for services	2,083,620	2,084,254	(0.03) %
Licenses and permits	2,040,558	2,170,949	(6.01) %
Fines and forfeitures	1,283,726	1,335,840	(3.90) %
Intergovernmental	4,692,931	3,135,469	49.67 %
Investment income	159,212	150,176	6.02 %
Rental income	31,653	36,552	(13.40) %
Other	<u>717,478</u>	<u>633,439</u>	13.27 %
Total	<u>\$ 28,006,159</u>	<u>\$ 25,419,310</u>	10.18 %

The most significant changes in general fund revenues were for income taxes and intergovernmental revenues. The increase in intergovernmental revenues is mostly the result of proceeds for new grants the City was awarded. Income tax revenues in the general fund continue to increase as the economy recovers, after reaching a ten-year low in 2009 with revenues of \$15,624,357.



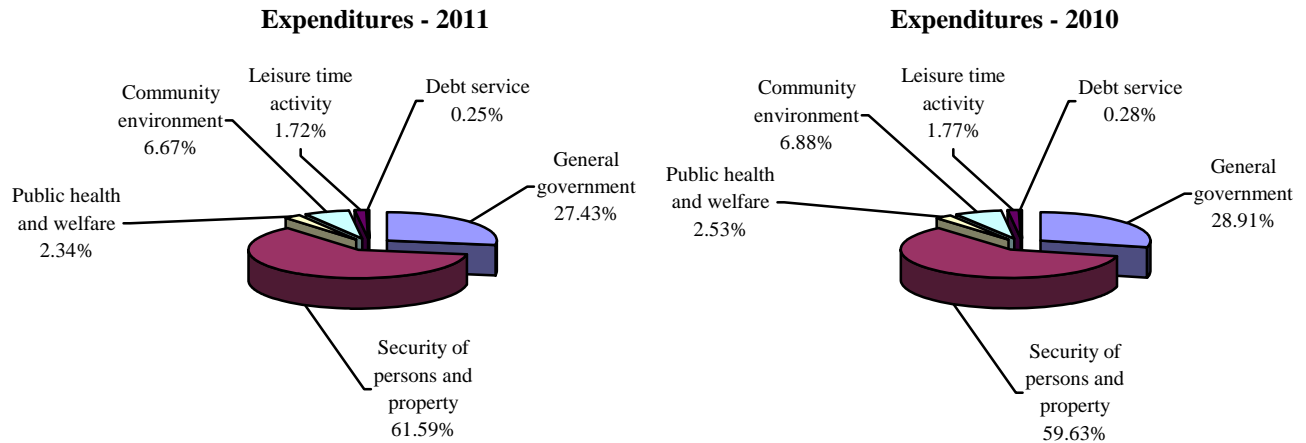
CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

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

	2011 <u>Amount</u>	2010 <u>Amount</u>	<u>Percentage Change</u>
<u>Expenditures</u>			
General government	\$ 7,279,132	\$ 7,177,176	1.42 %
Security of persons and property	16,338,976	14,807,217	10.34 %
Public health and welfare	621,583	627,133	(0.88) %
Community environment	1,770,245	1,707,275	3.69 %
Leisure time activity	456,404	440,263	3.67 %
Debt service	<u>66,548</u>	<u>68,974</u>	(3.52) %
Total	<u>\$ 26,532,888</u>	<u>\$ 24,828,038</u>	6.87 %

The overall increase in general fund expenditures is in line with the increased revenues. The most significant increase in expenditures was for security of persons and property. These are expenditures for the City's police force and fire department. The City was able to fill several positions in these departments that had been eliminated in recent years due to budget cuts, adding three full-time employees in the police department and ten in the fire department.



Home Investment Fund

The home investment fund accounts for the administration of loans to local businesses and individuals under the City's Home Investment Partnership Program and is reported as a major fund. Expenditures of \$520,543 exceeded revenues, primarily intergovernmental grants, of \$437,031, resulting in a decrease in fund balance of \$83,512. Fund balance at December 31, 2011 was \$4,620,710 and loans receivable totaled \$4,038,630.

Proprietary Funds

The City's proprietary funds provide the same type of information found on the government-wide financial statements for business-type activities, but in more detail. The City's major proprietary funds include the sewer, water and sanitation enterprise funds.

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 (UNAUDITED)

Total operating revenues for the sewer fund were \$9,921,833 in 2011 compared to \$7,377,857 in 2010, an increase of 34.48%. The sewer average daily consumption increased from 12,560 thousand gallons in 2010 to 17,240 thousand gallons in 2011 which resulted in much higher charges for services revenue. Other revenues for the sewer fund in 2011 included capital contributions of \$246,037, which consist of grant monies for sewer capital improvements projects. Operating expenses for the sewer fund decreased \$150,958 or 2.21%. The sewer department employed 42 full time employees during 2011 compared to 51 in 2010, which led to a decrease in personal services expenses (employee wages and benefits costs) of \$485,130 or 14.09%. This decrease was able to offset slight increases in other operating expenses for the sewer fund.

Operating revenues for the water fund were \$11,038,048 which is \$852,154 or 8.37% higher than in 2010. The water department also experienced an increase in the average daily consumption which led to increased charges for services revenue. Operating expenses remained virtually unchanged, increasing \$59,616 or 0.53%.

For the sanitation fund, operating revenues remained stable, totaling \$3,163,044 in 2011. This represents a decrease of 0.96% from 2010 operating revenues of \$3,193,861. Total operating expenses increased from \$3,171,946 in 2010 to \$3,207,651, an increase of 1.13%. A slight decrease in depreciation expense was offset by small increases in expenses for materials and supplies, administrative costs and utilities.

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.

The City amended its general fund budget several times throughout the year. Original budgeted revenues of \$26,000,000 were increased to \$27,050,048 in the final budget. Actual revenue collections were \$27,430,886 or \$380,838 more than the final budget. The largest variance was for income taxes revenue, which was estimated at \$16,409,959 in the final budget. Actual collections were \$16,901,863 or \$491,904 more than budgeted due to higher than anticipated withholding taxes.

For the general fund, original budgeted expenditures and other financing uses were \$26,476,834. The budget amendments throughout the year increased this amount to \$28,222,785 in the final budget. Actual expenditures and other financing sources were \$27,008,568 or \$1,214,217 below budget. All departments within the general fund were able to keep spending under budget. These variances were primarily due to lower expenditures for wages and benefits and contractual services.

Capital Assets and Debt Administration

Capital Assets

At the end of 2011, the City had \$97,289,102 (net of accumulated depreciation) invested in land, easements, construction in progress (CIP), land improvements, buildings and improvements, software, furniture and equipment, vehicles and infrastructure. Of this total, \$43,488,262 was reported in governmental activities and \$53,800,840 was reported in business-type activities.

CITY OF WARREN, OHIO

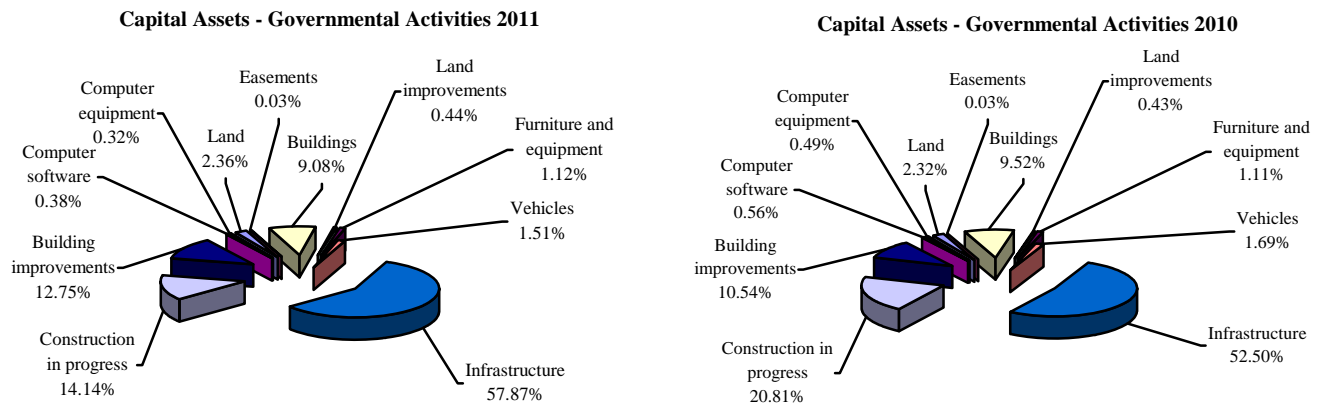
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

The following table shows 2011 balances compared to 2010:

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 1,024,184	\$ 1,024,184	\$ 384,399	\$ 384,399	\$ 1,408,583	\$ 1,408,583
Easements	13,353	13,353	-	-	13,353	13,353
Construction in progress	6,149,496	9,194,264	6,218,386	6,343,653	12,367,882	15,537,917
Land improvements	192,823	189,986	-	-	192,823	189,986
Buildings	3,947,416	4,207,520	5,903,332	5,677,070	9,850,748	9,884,590
Building improvements	5,546,396	4,657,377	8,982,279	9,835,662	14,528,675	14,493,039
Computer software	165,543	249,262	6,629	9,281	172,172	258,543
Computer equipment	139,180	218,528	37,988	40,313	177,168	258,841
Furniture and equipment	488,721	490,487	4,097,278	4,137,620	4,585,999	4,628,107
Vehicles	655,210	747,157	236,682	361,247	891,892	1,108,404
Infrastructure	25,165,940	23,199,568	27,933,867	28,572,586	53,099,807	51,772,154
Totals	\$ 43,488,262	\$ 44,191,686	\$ 53,800,840	\$ 55,361,831	\$ 97,289,102	\$ 99,553,517

The following graphs show the breakdown of governmental capital assets by category for 2011 and 2010:

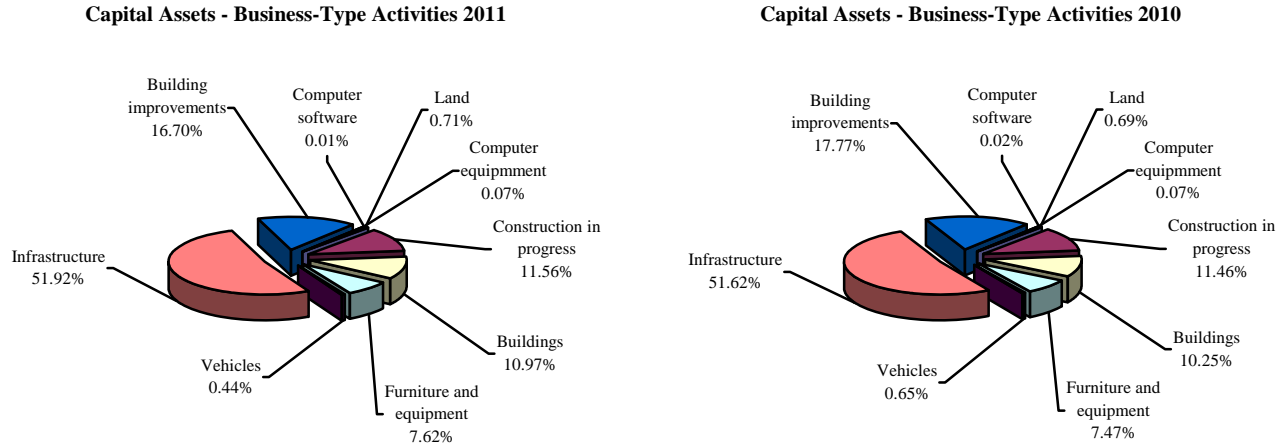


The City's largest capital asset category is infrastructure which includes roads, sidewalks, curbs, and traffic signals. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents 57.87% of the City's total governmental capital assets.

CITY OF WARREN, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

The following graphs show the breakdown of business-type capital assets by category for 2011 and 2010:



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 51.92% of the City's total business-type capital assets.

See Note 10 to the basic financial statements for detail on the City's capital assets.

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2011 and 2010 (See Note 13 to the basic financial statements for detail):

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation bonds	\$ 1,524,500	\$ 2,582,500	\$ 1,125,500	\$ 1,662,500
Revenue bonds	-	-	7,330,000	7,810,000
Reinvestment partnership corporation loan	450,000	520,000	-	-
OWDA loans	-	-	20,800,593	22,494,105
HUD 108 loan	1,405,000	1,485,000	-	-
ODOD mortgage note	53,928	53,928	-	-
Police and fire pension liability	2,515,380	2,576,986	-	-
OPWC loan	205,251	218,079	53,022	-
Pollution remediation	713,804	1,496,886	-	-
Claims payable	2,132,701	1,529,560	-	-
Capital lease obligation	119,660	180,152	-	61,980
Compensated absences	<u>5,056,393</u>	<u>4,961,810</u>	<u>1,432,125</u>	<u>1,394,706</u>
Total long-term obligations	<u>\$ 14,176,617</u>	<u>\$ 15,604,901</u>	<u>\$ 30,741,240</u>	<u>\$ 33,423,291</u>

CITY OF WARREN, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 (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 2012 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 2012 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 adopt a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2012 budget, the City emphasized various efforts to continue to contain costs while pursuing new sources of revenue.

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 citizens, 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, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 10,892,954	\$ 5,501,242	\$ 16,394,196
Receivables:			
Income taxes	4,631,450	-	4,631,450
Real and other taxes	2,075,527	-	2,075,527
Accounts	828,587	3,279,597	4,108,184
Loans	7,443,867	-	7,443,867
Accrued interest	13,250	-	13,250
Special assessments	1,565,559	58,179	1,623,738
Internal balance	5,981	(5,981)	-
Due from other governments	2,432,523	-	2,432,523
Materials and supplies inventory	18,041	51,443	69,484
Deferred charges	27,443	126,121	153,564
Restricted assets:			
Equity in pooled cash and cash equivalents . . .	692,804	963,817	1,656,621
Capital assets:			
Non-depreciable capital assets	7,187,033	6,602,785	13,789,818
Depreciable capital assets, net	36,301,229	47,198,055	83,499,284
Total capital assets, net	<u>43,488,262</u>	<u>53,800,840</u>	<u>97,289,102</u>
Total assets	<u>74,116,248</u>	<u>63,775,258</u>	<u>137,891,506</u>
Liabilities:			
Accounts payable	234,958	274,817	509,775
Contracts payable	209,501	41,178	250,679
Accrued wages and benefits payable	356,317	129,500	485,817
Due to other governments	448,964	101,638	550,602
Accrued interest payable	56,772	470,147	526,919
Claims payable	889,945	-	889,945
Unearned revenue	1,392,077	-	1,392,077
Long-term liabilities:			
Due within one year	3,185,784	3,574,738	6,760,522
Due in more than one year	10,940,629	27,094,424	38,035,053
Total liabilities	<u>17,714,947</u>	<u>31,686,442</u>	<u>49,401,389</u>
Net assets:			
Invested in capital assets, net of related debt . . .	41,716,498	24,689,924	66,406,422
Restricted for:			
Debt service	1,615,731	963,817	2,579,548
Capital projects	21,924	-	21,924
Street maintenance	771,607	-	771,607
State highway	274,377	-	274,377
Law enforcement	413,142	-	413,142
Courts	1,122,989	-	1,122,989
Community developments and improvements . . .	10,218,860	-	10,218,860
Police and fire pension	1,108,729	-	1,108,729
Public health	692,804	-	692,804
Unrestricted (deficit)	<u>(1,555,360)</u>	<u>6,435,075</u>	<u>4,879,715</u>
Total net assets	<u>\$ 56,401,301</u>	<u>\$ 32,088,816</u>	<u>\$ 88,490,117</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF WARREN, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 5,614,737	\$ 1,331,458	\$ -	\$ -
Security of persons and property	16,860,682	1,827,410	116,784	-
Public health and welfare	615,238	193,402	-	-
Transportation	4,034,308	35,950	2,063,252	2,646,972
Community environment	1,797,152	698,223	-	-
Leisure time activity	453,413	17,643	-	-
Economic development	2,821,164	587,408	3,794,352	-
Interest and fiscal charges	312,812	-	-	-
Total governmental activities	32,509,506	4,691,494	5,974,388	2,646,972
Business-type activities:				
Sewer	7,130,457	9,862,861	-	246,037
Water	12,240,091	10,746,044	-	-
Sanitation	3,212,094	3,146,892	-	-
Packard Music Hall	563,301	213,131	-	232,913
City Redevelopment	45,514	51,778	-	-
Downtown Parking	145,216	29,566	-	-
Stormwater Utility	760,294	983,029	-	227,296
Total business-type activities	24,096,967	25,033,301	-	706,246
Totals	\$ 56,606,473	\$ 29,724,795	\$ 5,974,388	\$ 3,353,218

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
\$ (4,283,279)	\$ -	\$ (4,283,279)
(14,916,488)	-	(14,916,488)
(421,836)	-	(421,836)
711,866	-	711,866
(1,098,929)	-	(1,098,929)
(435,770)	-	(435,770)
1,560,596	-	1,560,596
(312,812)	-	(312,812)
<u>(19,196,652)</u>	<u>-</u>	<u>(19,196,652)</u>
-	2,978,441	2,978,441
-	(1,494,047)	(1,494,047)
-	(65,202)	(65,202)
-	(117,257)	(117,257)
-	6,264	6,264
-	(115,650)	(115,650)
-	450,031	450,031
<u>-</u>	<u>1,642,580</u>	<u>1,642,580</u>
<u>(19,196,652)</u>	<u>1,642,580</u>	<u>(17,554,072)</u>
1,223,713	-	1,223,713
128,896	-	128,896
117,974	-	117,974
17,292,458	-	17,292,458
4,750,099	-	4,750,099
128,848	-	128,848
834,099	416,949	1,251,048
<u>24,476,087</u>	<u>416,949</u>	<u>24,893,036</u>
<u>(220,975)</u>	<u>220,975</u>	<u>-</u>
5,058,460	2,280,504	7,338,964
51,342,841	29,808,312	81,151,153
<u>\$ 56,401,301</u>	<u>\$ 32,088,816</u>	<u>\$ 88,490,117</u>

CITY OF WARREN, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	<u>General</u>	<u>Home Investment</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 1,766,304	\$ 594,660	\$ 4,618,277	\$ 6,979,241
Receivables (net of allowance for uncollectibles):				
Income taxes.	4,631,450	-	-	4,631,450
Real and other taxes	-	-	2,075,527	2,075,527
Accounts.	783,043	-	40,509	823,552
Loans	-	4,038,630	3,405,237	7,443,867
Accrued interest	12,722	195	333	13,250
Special assessments	95,209	-	1,470,350	1,565,559
Due from other governments.	1,077,816	6,227	1,348,480	2,432,523
Materials and supplies inventory.	7,445	-	10,596	18,041
Restricted assets:				
Equity in pooled cash and cash equivalents .	692,804	-	-	692,804
Total assets	<u>\$ 9,066,793</u>	<u>\$ 4,639,712</u>	<u>\$ 12,969,309</u>	<u>\$ 26,675,814</u>
Liabilities:				
Accounts payable.	\$ 125,170	\$ 10,241	\$ 97,821	\$ 233,232
Contracts payable.	13,833	-	195,668	209,501
Accrued wages and benefits payable	334,201	-	19,540	353,741
Compensated absences payable	180,819	-	11,039	191,858
Due to other governments	115,697	8,761	38,113	162,571
Deferred revenue	2,711,790	-	2,858,179	5,569,969
Unearned revenue	-	-	1,392,077	1,392,077
Total liabilities	<u>3,481,510</u>	<u>19,002</u>	<u>4,612,437</u>	<u>8,112,949</u>
Fund balances:				
Nonspendable	7,445	-	10,596	18,041
Restricted.	692,804	4,620,710	8,346,276	13,659,790
Assigned	74,882	-	-	74,882
Unassigned.	4,810,152	-	-	4,810,152
Total fund balances.	<u>5,585,283</u>	<u>4,620,710</u>	<u>8,356,872</u>	<u>18,562,865</u>
Total liabilities and fund balances	<u>\$ 9,066,793</u>	<u>\$ 4,639,712</u>	<u>\$ 12,969,309</u>	<u>\$ 26,675,814</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, 2011

Total governmental fund balances		\$ 18,562,865
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities, exclusive of internal service funds, are not financial resources and therefore are not reported in the funds.		43,435,010
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Delinquent property taxes receivable	\$ 683,450	
Income taxes receivable	2,318,656	
Special assessments receivable	1,565,559	
Intergovernmental receivable	996,442	
Accrued interest receivable	5,862	
Total		5,569,969
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	(1,524,500)	
Loans payable	(2,060,251)	
Note payable	(53,928)	
Police and fire pension liability	(2,515,380)	
Pollution remediation obligation	(713,804)	
Compensated absences payable	(4,792,578)	
Capital lease payable	(119,660)	
Total		(11,780,101)
On the statement of net assets interest is accrued on outstanding bonds, notes and loans payable, whereas in governmental funds, interest expenditures are accrued when due.		(56,772)
Unamortized bond issuance costs are not recognized in the funds.		27,443
Unamortized deferred charges on refundings are not recognized in the funds.		58,795
Unamortized premiums on bond issuance are not recognized in the funds.		(8,591)
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 on the statement of net assets.		586,702
An internal balance is recorded in governmental activities to reflect underpayments to the internal service fund by the business-type activities.		5,981
Net assets of governmental activities		\$ 56,401,301

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, 2011

	General	Home Investment	Other Governmental Funds	Total Governmental Funds
Revenues:				
Income taxes	\$ 16,996,981	\$ -	\$ -	\$ 16,996,981
Property and other taxes.	-	-	1,404,962	1,404,962
Charges for services.	2,083,620	-	1,640	2,085,260
Licenses and permits	2,040,558	-	152,905	2,193,463
Fines and forfeitures	1,283,726	-	543,804	1,827,530
Intergovernmental.	4,692,931	432,823	8,426,233	13,551,987
Special assessments	-	-	65,724	65,724
Investment income.	159,212	4,208	108,319	271,739
Rental income	31,653	-	-	31,653
Other	717,478	-	198,621	916,099
Total revenues	28,006,159	437,031	10,902,208	39,345,398
Expenditures:				
Current:				
General government	7,279,132	-	108,354	7,387,486
Security of persons and property	16,338,976	-	444,800	16,783,776
Public health and welfare.	621,583	-	-	621,583
Transportation	-	-	1,584,939	1,584,939
Community environment	1,770,245	-	-	1,770,245
Leisure time activity	456,404	-	-	456,404
Economic development.	-	520,543	2,979,740	3,500,283
Capital outlay	-	-	2,379,047	2,379,047
Debt service:				
Principal retirement.	58,600	-	1,284,326	1,342,926
Interest and fiscal charges	7,948	-	269,889	277,837
Total expenditures	26,532,888	520,543	9,051,095	36,104,526
Excess (deficiency) of revenues over (under) expenditures.	1,473,271	(83,512)	1,851,113	3,240,872
Other financing sources (uses):				
Transfers in	-	-	552,103	552,103
Transfers (out).	(463,000)	-	(221,894)	(684,894)
Total other financing sources (uses)	(463,000)	-	330,209	(132,791)
Net change in fund balances	1,010,271	(83,512)	2,181,322	3,108,081
Fund balances at beginning of year	4,575,012	4,704,222	6,175,550	15,454,784
Fund balances at end of year	\$ 5,585,283	\$ 4,620,710	\$ 8,356,872	\$ 18,562,865

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, 2011

Net change in fund balances - total governmental funds \$ 3,108,081

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period, excluding internal service fund activity.

Capital asset additions	\$ 2,066,359	
Current year depreciation	<u>(2,700,277)</u>	
Total		(633,918)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets. (991)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent property taxes	65,621	
Income taxes	295,477	
Special assessments	535,635	
Intergovernmental revenues	(375,055)	
Investment income	<u>(30,364)</u>	
Total		491,314

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term on the statement of net assets. 1,342,926

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. The following resulted in additional interest expense reported in the statement of activities.

Decrease in accrued interest	6,438	
Amortization of bond premium	4,582	
Amortization of deferred charges on refunding	(31,358)	
Amortization of bond issuance costs	<u>(14,637)</u>	
Total		(34,975)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	61,925	
Pollution remediation obligation	<u>783,082</u>	
Total		845,007

Internal service funds used by management to charge the costs of life and hospitalization insurance, workers' compensation, data processing and risk management to individual funds are 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 balance activity of \$62,126, is allocated among the governmental activities. (58,984)

Change in net assets of governmental activities \$ 5,058,460

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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Income taxes	\$ 15,772,945	\$ 16,409,959	\$ 16,901,863	\$ 491,904
Charges for services.	2,054,525	2,137,500	2,132,389	(5,111)
Licenses and permits	2,029,246	2,111,200	2,020,551	(90,649)
Fines and forfeitures	1,050,091	1,092,500	1,278,054	185,554
Intergovernmental.	4,356,738	4,532,691	4,468,619	(64,072)
Investment income.	240,295	250,000	125,579	(124,421)
Rental income	33,641	35,000	32,328	(2,672)
Other	462,519	481,198	471,503	(9,695)
Total revenues	<u>26,000,000</u>	<u>27,050,048</u>	<u>27,430,886</u>	<u>380,838</u>
Expenditures:				
Current:				
General government	7,435,309	7,823,401	7,247,311	576,090
Security of persons and property	15,756,027	16,690,648	16,388,684	301,964
Public health and welfare.	632,384	685,413	655,404	30,009
Community environment	1,753,922	1,849,520	1,771,149	78,371
Leisure time activity	481,516	556,127	483,020	73,107
Total expenditures	<u>26,059,158</u>	<u>27,605,109</u>	<u>26,545,568</u>	<u>1,059,541</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(59,158)</u>	<u>(555,061)</u>	<u>885,318</u>	<u>1,440,379</u>
Other financing uses:				
Transfers out.	<u>(417,676)</u>	<u>(617,676)</u>	<u>(463,000)</u>	<u>154,676</u>
Total other financing uses	<u>(417,676)</u>	<u>(617,676)</u>	<u>(463,000)</u>	<u>154,676</u>
Net change in fund balance	(476,834)	(1,172,737)	422,318	1,595,055
Fund balance at beginning of year	1,412,879	1,412,879	1,412,879	-
Prior year encumbrances appropriated	476,804	476,804	476,804	-
Fund balance at end of year	<u>\$ 1,412,849</u>	<u>\$ 716,946</u>	<u>\$ 2,312,001</u>	<u>\$ 1,595,055</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)
 HOME INVESTMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ 2,050,982	\$ 2,063,600	\$ 426,596	\$ (1,637,004)
Investment income.	7,454	7,500	6,144	(1,356)
Other	54,664	55,000	59,222	4,222
Total revenues	<u>2,113,100</u>	<u>2,126,100</u>	<u>491,962</u>	<u>(1,634,138)</u>
Expenditures:				
Current:				
Economic development.	<u>2,723,464</u>	<u>2,736,464</u>	<u>1,159,032</u>	<u>1,577,432</u>
Total expenditures	<u>2,723,464</u>	<u>2,736,464</u>	<u>1,159,032</u>	<u>1,577,432</u>
Net change in fund balances	(610,364)	(610,364)	(667,070)	(56,706)
Fund balances at beginning of year	65,445	65,445	65,445	-
Prior year encumbrances appropriated	610,364	610,364	610,364	-
Fund balance at end of year	<u>\$ 65,445</u>	<u>\$ 65,445</u>	<u>\$ 8,739</u>	<u>\$ (56,706)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WARREN, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2011

Business-type Activities - Enterprise Funds

	<u>Sewer</u>	<u>Water</u>	<u>Sanitation</u>	<u>Nonmajor</u>
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 1,641,164	\$ 2,555,092	\$ 44,039	\$ 1,260,947
Receivables (net of allowance for uncollectibles):				
Accounts	1,120,629	1,228,739	633,168	297,061
Special assessments	1,141	56,956	-	82
Materials and supplies inventory	34,326	457	16,660	-
Total current assets	<u>2,797,260</u>	<u>3,841,244</u>	<u>693,867</u>	<u>1,558,090</u>
Noncurrent assets:				
Deferred charges	17,053	109,068	-	-
Restricted assets:				
Equity in pooled cash and cash equivalents . .	-	963,817	-	-
Capital assets:				
Non-depreciable capital assets	1,304,426	2,087,280	35,091	3,175,988
Depreciable capital assets, net.	15,070,616	30,055,454	230,797	1,841,188
Total capital assets, net.	<u>16,375,042</u>	<u>32,142,734</u>	<u>265,888</u>	<u>5,017,176</u>
Total noncurrent assets	<u>16,392,095</u>	<u>33,215,619</u>	<u>265,888</u>	<u>5,017,176</u>
Total assets	<u>19,189,355</u>	<u>37,056,863</u>	<u>959,755</u>	<u>6,575,266</u>
Liabilities:				
Current liabilities:				
Accounts payable	46,967	177,833	32,187	17,830
Contracts payable	-	-	-	41,178
Accrued wages and benefits payable	34,357	72,008	14,815	8,320
Due to other governments	85,524	10,950	2,289	2,875
Claims payable	-	-	-	-
Current portion of general obligation bonds . .	552,500	-	-	-
Current portion of revenue bonds	-	510,000	-	-
Current portion of OWDA loans	1,277,790	698,819	-	-
Current portion of OPWC loans	-	-	-	1,797
Current portion of compensated absences . . .	157,546	302,522	46,290	27,474
Accrued interest payable	183,535	286,612	-	-
Total current liabilities	<u>2,338,219</u>	<u>2,058,744</u>	<u>95,581</u>	<u>99,474</u>
Long-term liabilities:				
General obligation bonds payable	531,851	-	-	-
Revenue bonds payable	-	6,789,071	-	-
OWDA loans payable	7,632,218	11,191,766	-	-
OPWC loans payable	-	-	-	51,225
Claims payable	-	-	-	-
Compensated absences payable	230,962	522,803	80,237	64,291
Total long-term liabilities	<u>8,395,031</u>	<u>18,503,640</u>	<u>80,237</u>	<u>115,516</u>
Total liabilities	<u>10,733,250</u>	<u>20,562,384</u>	<u>175,818</u>	<u>214,990</u>
Net assets:				
Invested in capital assets, net of related debt. . .	6,397,736	13,062,146	265,888	4,964,154
Restricted for debt service	-	963,817	-	-
Unrestricted	2,058,369	2,468,516	518,049	1,396,122
Total net assets	<u>\$ 8,456,105</u>	<u>\$ 16,494,479</u>	<u>\$ 783,937</u>	<u>\$ 6,360,276</u>

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

Net assets of business-type activities

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Total Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 5,501,242	\$ 3,913,713
3,279,597	5,035
58,179	-
51,443	-
<u>8,890,461</u>	<u>3,918,748</u>
126,121	-
963,817	-
6,602,785	-
<u>47,198,055</u>	<u>53,252</u>
<u>53,800,840</u>	<u>53,252</u>
<u>54,890,778</u>	<u>53,252</u>
<u>63,781,239</u>	<u>3,972,000</u>
274,817	1,726
41,178	-
129,500	2,576
101,638	286,393
-	1,490,410
552,500	-
510,000	-
1,976,609	-
1,797	-
533,832	18,967
470,147	-
<u>4,592,018</u>	<u>1,800,072</u>
531,851	-
6,789,071	-
18,823,984	-
51,225	-
-	1,532,236
898,293	52,990
<u>27,094,424</u>	<u>1,585,226</u>
<u>31,686,442</u>	<u>3,385,298</u>
24,689,924	53,252
963,817	-
<u>6,441,056</u>	<u>533,450</u>
32,094,797	<u>\$ 586,702</u>
(5,981)	
<u>\$ 32,088,816</u>	

CITY OF WARREN, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Business-type Activities - Enterprise Funds

	<u>Sewer</u>	<u>Water</u>	<u>Sanitation</u>	<u>Nonmajor</u>
Operating revenues:				
Charges for services	\$ 9,862,861	\$ 10,746,044	\$ 3,146,892	\$ 1,277,504
Other	58,972	292,004	16,152	11,370
Total operating revenues.	<u>9,921,833</u>	<u>11,038,048</u>	<u>3,163,044</u>	<u>1,288,874</u>
Operating expenses:				
Personal services	2,958,156	5,991,957	1,123,744	710,799
Contract services.	1,211,116	663,663	1,495,983	241,191
Materials and supplies.	412,399	1,021,206	236,766	73,615
Administrative costs.	694,582	721,907	210,850	258,284
Utilities	566,974	553,083	13,366	82,172
Claims.	-	-	-	-
Other	12,786	174,806	2,375	3,625
Depreciation.	826,709	2,116,077	124,567	135,876
Total operating expenses.	<u>6,682,722</u>	<u>11,242,699</u>	<u>3,207,651</u>	<u>1,505,562</u>
Operating income (loss)	<u>3,239,111</u>	<u>(204,651)</u>	<u>(44,607)</u>	<u>(216,688)</u>
Nonoperating revenues (expenses):				
Special assessments	26	38,422	-	3
Interest and fiscal charges	(432,801)	(961,343)	-	(2,063)
Total nonoperating revenues (expenses).	<u>(432,775)</u>	<u>(922,921)</u>	<u>-</u>	<u>(2,060)</u>
Income (loss) before transfers and capital contributions	2,806,336	(1,127,572)	(44,607)	(218,748)
Capital contributions.	246,037	-	-	460,209
Transfer in	-	-	-	313,000
Transfer out	(28,290)	(54,015)	(9,720)	-
Change in net assets	3,024,083	(1,181,587)	(54,327)	554,461
Net assets at beginning of year.	<u>5,432,022</u>	<u>17,676,066</u>	<u>838,264</u>	<u>5,805,815</u>
Net assets at end of year	<u>\$ 8,456,105</u>	<u>\$ 16,494,479</u>	<u>\$ 783,937</u>	<u>\$ 6,360,276</u>

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

Change in net assets of business-type activities.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Total Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 25,033,301	\$ 7,449,751
378,498	7,427
25,411,799	7,457,178
10,784,656	244,179
3,611,953	134,947
1,743,986	27,601
1,885,623	316,215
1,215,595	31,594
-	6,667,053
193,592	-
3,203,229	68,515
22,638,634	7,490,104
2,773,165	(32,926)
38,451	-
(1,396,207)	-
(1,357,756)	-
1,415,409	(32,926)
706,246	-
313,000	-
(92,025)	(88,184)
2,342,630	(121,110)
	707,812
	\$ 586,702
(62,126)	
\$ 2,280,504	

CITY OF WARREN, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

Business-type Activities - Enterprise Funds

	<u>Sewer</u>	<u>Water</u>	<u>Sanitation</u>	<u>Nonmajor</u>
Cash flows from operating activities:				
Cash received from customers	\$ 9,824,670	\$ 10,520,600	\$ 3,131,381	\$ 1,262,310
Cash received from other operations	58,275	292,404	16,152	11,370
Cash payments for personal services.	(2,994,585)	(5,916,569)	(1,131,093)	(714,366)
Cash payments for contract services.	(1,217,071)	(654,923)	(1,527,693)	(224,533)
Cash payments for materials and supplies	(432,326)	(1,026,854)	(234,925)	(77,376)
Cash payments for utilities.	(566,974)	(553,083)	(13,366)	(82,172)
Cash payments for claims	-	-	-	-
Cash payments for administrative costs	(694,582)	(721,907)	(210,850)	(258,284)
Cash payments for other expenses	(12,786)	(174,806)	(2,375)	(3,625)
Net cash provided by (used in) operating activities	<u>3,964,621</u>	<u>1,764,862</u>	<u>27,231</u>	<u>(86,676)</u>
Cash flows from noncapital financing activities:				
Special assessments.	300	-	-	-
Transfers in from other funds.	-	-	-	313,000
Transfers out to other funds	(28,290)	(54,015)	(9,720)	-
Net cash provided by (used in) noncapital financing activities	<u>(27,990)</u>	<u>(54,015)</u>	<u>(9,720)</u>	<u>313,000</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(819,849)	(24,515)	(27,974)	(735,339)
Capital contributions.	246,037	-	-	490,329
Proceeds of loans	573,812	-	-	53,921
Principal retirement	(2,146,946)	(1,157,898)	-	(42,359)
Interest and fiscal charges	(443,690)	(872,330)	-	(2,063)
Net cash used in capital and related financing activities	<u>(2,590,636)</u>	<u>(2,054,743)</u>	<u>(27,974)</u>	<u>(235,511)</u>
Net increase (decrease) in cash and cash equivalents	1,345,995	(343,896)	(10,463)	(9,187)
Cash and cash equivalents at beginning of year . . .	295,169	3,862,805	54,502	1,270,134
Cash and cash equivalents at end of year	<u>\$ 1,641,164</u>	<u>\$ 3,518,909</u>	<u>\$ 44,039</u>	<u>\$ 1,260,947</u>

Total Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 24,738,961	\$ 7,449,751
378,201	2,392
(10,756,613)	(205,274)
(3,624,220)	(134,175)
(1,771,481)	(27,601)
(1,215,595)	(31,594)
-	(5,989,548)
(1,885,623)	(255,425)
(193,592)	-
<hr/>	<hr/>
5,670,038	808,526
<hr/>	<hr/>
300	-
313,000	-
(92,025)	(88,184)
<hr/>	<hr/>
221,275	(88,184)
<hr/>	<hr/>
(1,607,677)	-
736,366	-
627,733	-
(3,347,203)	-
(1,318,083)	-
<hr/>	<hr/>
(4,908,864)	-
<hr/>	<hr/>
982,449	720,342
5,482,610	3,193,371
<u>\$ 6,465,059</u>	<u>\$ 3,913,713</u>

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CITY OF WARREN, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2011

Business-type Activities - Enterprise Funds

	<u>Sewer</u>	<u>Water</u>	<u>Sanitation</u>	<u>Nonmajor</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 3,239,111	\$ (204,651)	\$ (44,607)	\$ (216,688)
Adjustments:				
Depreciation.	826,709	2,116,077	124,567	135,876
Changes in assets and liabilities:				
Decrease (increase) in materials and supplies inventory	(10,518)	7,363	(6,999)	-
(Increase) in accounts receivable	(38,888)	(225,044)	(15,511)	(15,194)
Increase (decrease) in accounts payable.	(17,534)	(4,271)	(22,870)	11,307
Increase (decrease) in accrued wages and benefits	(4,802)	(3,007)	2,277	85
Increase (decrease) in due to other governments	(1,665)	(459)	352	1,603
Increase (decrease) in compensated absences payable.	(27,792)	78,854	(9,978)	(3,665)
Increase in claims payable.	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 3,964,621</u>	<u>\$ 1,764,862</u>	<u>\$ 27,231</u>	<u>\$ (86,676)</u>

Non-cash capital transactions:

At December 31, 2011, the water fund purchased \$29,520 in capital assets on account.

At December 31, 2011 and December 31, 2010, the nonmajor enterprise funds purchased \$41,178 and \$36,137, respectively, in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Total Business-Type Activities - Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 2,773,165	\$ (32,926)
3,203,229	68,515
(10,154)	-
(294,637)	(5,035)
(33,368)	(4,511)
(5,447)	930
(169)	60,942
37,419	37,823
-	682,788
<u>\$ 5,670,038</u>	<u>\$ 808,526</u>

CITY OF WARREN, OHIO

**STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2011**

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 936,623
Cash with fiscal and escrow agents.	443,288
Accounts receivable	<u>19,337</u>
Total assets	<u>\$ 1,399,248</u>
Liabilities:	
Due to other governments	\$ 1,052,573
Deposits held and due to others.	<u>346,675</u>
Total liabilities.	<u>\$ 1,399,248</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, 2011

NOTE 1 - DESCRIPTION OF THE CITY

The City of Warren, Ohio (the "City") was created in 1843. 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) guidance issued on or before November 30, 1989, to its governmental and business-type activities and its proprietary funds provided it does not conflict with or contradict GASB pronouncements. The City has the option to also apply FASB guidance 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 this FASB guidance. 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 is 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, 2011

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, with the exception of services provided and used during the fiscal year, 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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

The following are the City's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Home investment fund - The home investment fund accounts for monies received through the Home Investment Partnership Program. The program provides federal grants which are used to create affordable housing for low-income households.

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects, and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

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

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

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

Sanitation fund - This fund accounts for the operations of providing sanitation services to customers within the City.

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

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

D. Measurement Focus and Basis of Accounting

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

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

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 Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current 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), grants, fines and forfeitures, fees and special assessments.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2011, but which were levied to finance year 2012 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as unearned revenue. Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2011, are recorded as deferred revenue in the governmental funds.

On governmental fund financial statements, receivables that will not be collected within the available period have 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 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 of estimated resources 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 2011.

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, 2011

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 2011, investments were limited to U.S. government money market mutual funds, repurchase agreements, federal agency securities and investments in the State Treasury Asset Reserve of Ohio (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 2011. 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 shares price which is the price the investment could be sold for on December 31, 2011.

Following Ohio statutes, the Council has, by resolution, specified the funds to receive an allocation of interest earnings. During 2011, interest revenue in the general fund amounted to \$159,212 which includes \$139,889 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 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, 2011

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

H. Inventories of Materials and Supplies

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market. Inventories are recorded 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 nonspendable fund balance 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, easements 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, software, 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 is 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, 2011

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 sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service or any employee with at least twenty 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 and compensated absences 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.

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

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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

M. Interfund Activity

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

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

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

O. Restricted Assets

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

P. Estimates

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

Q. Contributions of Capital

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

R. Net Assets

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2011, the City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types. The implementation of GASB Statement No. 54 did not have an effect on the fund balances of the governmental funds as previously reported; however, the current year presentation of fund balance as reported in the governmental funds balance sheet has been modified to conform to GASB Statement No. 54.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the City.

B. Deficit Net Assets

Net assets at December 31, 2011 included the following individual fund deficit:

<u>Internal service fund:</u>	<u>Deficit</u>
Workers' compensation	\$ 960,280

This fund complied with Ohio State law, which does not permit a cash basis deficit at year end. The deficit is a result of adjustments for accrued liabilities. The general fund is liable for any deficits in the fund and provides transfers when cash is required, not when accruals occur.

C. Compliance

The City had appropriations in excess of estimated resources at year end and throughout the year in noncompliance with Ohio Revised Code Sections 5705.39 and 5705.36.

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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool 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; and,
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, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Deposits with Financial Institutions

At December 31, 2011, the carrying amount of all City deposits was \$6,305,746, exclusive of the \$7,127,806 in 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, 2011, \$1,565,725 of the City’s bank balance of \$6,927,764 was exposed to custodial risk as discussed below, while \$5,362,039 was covered by the Federal Deposit Insurance Corporation (FDIC).

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

B. Investments

As of December 31, 2011, the City had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
Federal Farm Credit Bank	\$ 2,002,260	\$ -	\$ -	\$ -	\$ -	\$ 2,002,260
Federal National Mortgage Association	3,000,450	-	-	-	-	3,000,450
STAR Ohio	30,649	30,649	-	-	-	-
Repurchase agreements	7,127,806	7,127,806	-	-	-	-
U.S. Government money market accounts	963,817	963,817	-	-	-	-
Total	\$ 13,124,982	\$ 8,122,272	\$ -	\$ -	\$ -	\$ 5,002,710

The weighted average maturity of investments is 1.05 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: STAR Ohio and U.S. Government money market mutual funds carry a rating of AAAM by Standard & Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City’s investments in federal agency securities, and the federal agency securities that underlie the repurchase agreements, were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. The City’s investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the City's name. Of the City's \$7,127,806 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the City. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific maturity, a specific obligor or a specific class or type of security. The following table includes the percentage of each investment type held by the City at December 31, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Federal Farm Credit Bank	\$ 2,002,260	15.26
Federal National Mortgage Association	3,000,450	22.86
STAR Ohio	30,649	0.23
Repurchase agreements	7,127,806	54.31
U.S. Government money market accounts	<u>963,817</u>	<u>7.34</u>
Total	<u>\$ 13,124,982</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 6,305,746
Investments	13,124,982
Total	<u>\$ 19,430,728</u>

<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 11,585,758
Business-type activities	6,465,059
Agency funds	<u>1,379,911</u>
Total	<u>\$ 19,430,728</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2011, consisted of the following, as reported in the fund financial statements:

<u>Transfers from</u>	<u>Transfers to:</u>		<u>Total</u>
	<u>Nonmajor Governmental</u>	<u>Nonmajor Enterprise</u>	
General	\$ 150,000	\$ 313,000	\$ 463,000
Nonmajor governmental	221,894	-	221,894
Water	54,015	-	54,015
Sewer	28,290	-	28,290
Sanitation	9,720	-	9,720
Internal service	88,184	-	88,184
Total	<u>\$ 552,103</u>	<u>\$ 313,000</u>	<u>\$ 865,103</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. Transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Transfers between nonmajor governmental funds consisted of transfers from the motor vehicle levy fund and Community Development Block Grant (CDBG) fund to the general capital projects fund in the amount of \$169,518 for capital expenditures. Also included is a transfer from the CDBG fund to the guaranteed loan fund in the amount of \$52,376 to cover a debt payment. Transfers amounting to \$54,015, \$28,290, \$9,720 and \$88,184 from the water fund, sewer fund, sanitation fund and data processing internal service fund to the debt service nonmajor governmental fund are required to transfer debt payments.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 6 - PROPERTY TAXES - (Continued)

The County Auditor collects property taxes on behalf of all taxing districts in the County, including the City of Warren. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2011 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2011 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The assessed value upon which the 2010 levy (collected in 2011) was based was \$440,680,230. Ohio law limits unvoted property taxation, combined for all overlapping taxing authorities, to 10 mils. The City's current share of property tax is 3.5 mils of assessed value, all of which is unvoted.

NOTE 7 - LOCAL INCOME TAX

The 2 percent City income tax 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, 2011. Income tax revenue for 2011 reported in the general fund was \$16,996,981.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2011, 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, 2011.

Receivables have been disaggregated on the face of the BFS. The only receivables not expected to be collected in the subsequent year are special assessments which are collected over the life of the assessment. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Income taxes	\$ 4,631,450
Real and other taxes	2,075,527
Accounts	828,587
Accrued interest	13,250
Special assessments	1,565,559
Due from other governments	2,432,523

Business-type activities:

Accounts	3,279,597
Special assessments	58,179

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 9 - LOANS RECEIVABLE

Loans receivable represent low interest loans made by the City for development projects and small businesses under the Federal Community Development Block Grant (CDBG) program, Home Investment Partnership (HIP) program, Reinvestment Corporation and the U.S. Department of Housing & Urban Development (HUD) Section 108. The loans bear interest at annual rates ranging between 0 and 9 percent and are to be repaid over a period ranging from 2 to 40 years.

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011, was as follows:

<u>Governmental activities:</u>	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/11</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,024,184	\$ -	\$ -	\$ 1,024,184
Easements	13,353	-	-	13,353
Construction in progress	<u>9,194,264</u>	<u>1,782,917</u>	<u>(4,827,685)</u>	<u>6,149,496</u>
Total capital assets, not being depreciated	<u>10,231,801</u>	<u>1,782,917</u>	<u>(4,827,685)</u>	<u>7,187,033</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	749,120	21,687	-	770,807
Buildings	10,958,391	-	-	10,958,391
Building improvements	6,126,276	1,148,206	-	7,274,482
Computer software	562,446	-	-	562,446
Computer equipment	1,105,118	27,685	-	1,132,803
Furniture and equipment	1,784,852	105,366	-	1,890,218
Vehicles	4,896,053	30,451	(20,130)	4,906,374
Infrastructure	<u>44,812,817</u>	<u>3,777,732</u>	<u>-</u>	<u>48,590,549</u>
Total capital assets, being depreciated	<u>70,995,073</u>	<u>5,111,127</u>	<u>(20,130)</u>	<u>76,086,070</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(559,134)	(18,850)	-	(577,984)
Buildings	(6,750,871)	(260,104)	-	(7,010,975)
Building improvements	(1,468,899)	(259,187)	-	(1,728,086)
Computer software	(313,184)	(83,719)	-	(396,903)
Computer equipment	(886,590)	(107,033)	-	(993,623)
Furniture and equipment	(1,294,365)	(107,132)	-	(1,401,497)
Vehicles	(4,148,896)	(121,407)	19,139	(4,251,164)
Infrastructure	<u>(21,613,249)</u>	<u>(1,811,360)</u>	<u>-</u>	<u>(23,424,609)</u>
Total accumulated depreciation	<u>(37,035,188)</u>	<u>(2,768,792)</u>	<u>19,139</u>	<u>(39,784,841)</u>
Total capital assets, being depreciated, net	<u>33,959,885</u>	<u>2,342,335</u>	<u>(991)</u>	<u>36,301,229</u>
Governmental activities capital assets, net	<u>\$ 44,191,686</u>	<u>\$ 4,125,252</u>	<u>\$ (4,828,676)</u>	<u>\$ 43,488,262</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 10 - CAPITAL ASSETS - (Continued)

<u>Business-type activities:</u>	<u>Balance</u> <u>12/31/10</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/11</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 384,399	\$ -	\$ -	\$ 384,399
Construction in progress	<u>6,343,653</u>	<u>1,560,229</u>	<u>(1,685,496)</u>	<u>6,218,386</u>
Total capital assets, not being depreciated	<u>6,728,052</u>	<u>1,560,229</u>	<u>(1,685,496)</u>	<u>6,602,785</u>
<i>Capital assets, being depreciated:</i>				
Buildings	53,733,298	1,004,959	-	54,738,257
Building improvements	12,837,508	-	-	12,837,508
Water and sewer lines	50,026,061	74,361	-	50,100,422
Computer software	47,874	-	-	47,874
Computer equipment	172,288	6,277	-	178,565
Furniture and equipment	7,551,337	629,399	(10,817)	8,169,919
Vehicles	<u>3,663,164</u>	<u>52,509</u>	<u>-</u>	<u>3,715,673</u>
Total capital assets, being depreciated	<u>128,031,530</u>	<u>1,767,505</u>	<u>(10,817)</u>	<u>129,788,218</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(48,056,228)	(778,697)	-	(48,834,925)
Building improvements	(3,001,846)	(853,383)	-	(3,855,229)
Water and sewer lines	(21,453,475)	(713,080)	-	(22,166,555)
Computer software	(38,593)	(2,652)	-	(41,245)
Computer equipment	(131,975)	(8,602)	-	(140,577)
Furniture and equipment	(3,413,717)	(669,741)	10,817	(4,072,641)
Vehicles	<u>(3,301,917)</u>	<u>(177,074)</u>	<u>-</u>	<u>(3,478,991)</u>
Total accumulated depreciation	<u>(79,397,751)</u>	<u>(3,203,229)</u>	<u>10,817</u>	<u>(82,590,163)</u>
Total capital assets, being depreciated, net	<u>48,633,779</u>	<u>(1,435,724)</u>	<u>-</u>	<u>47,198,055</u>
Business-type activities capital assets, net	<u>\$ 55,361,831</u>	<u>\$ 124,505</u>	<u>\$ (1,685,496)</u>	<u>\$ 53,800,840</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 10 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

General government	\$ 368,261
Security of persons and property	207,069
Public health and welfare	1,647
Transportation	2,021,102
Economic development	102,198
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>68,515</u>
Total depreciation expense - governmental activities	<u>\$ 2,768,792</u>

Business-type activities:

Sewer	\$ 826,709
Water	2,116,077
Sanitation	124,567
Packard Music Hall	30,643
City redevelopment	14,790
Downtown parking	48,059
Stormwater utility	<u>42,384</u>
Total depreciation expense - business-type activities	<u>\$ 3,203,229</u>

NOTE 11 - COMPENSATED ABSENCES LIABILITY

Vacation, compensation time, and sick leave accumulated by governmental fund type employees have been recorded in the balance sheet to the extent the liability was due at year end. Vacation, compensation time and sick leave earned by proprietary funds type employees is expensed when earned and has been recorded in the fund.

Upon termination of City service, a fully vested employee is entitled to a percentage of their accumulated sick leave based on their years of service. At December 31, 2011, vested benefits for vacation leave and compensation time for governmental fund type employees totaled \$3,070,948 and vested benefits for sick leave totaled \$1,985,445. For proprietary fund types, vested benefits for vacation leave and compensation time totaled \$726,050 and vested benefits for sick leave totaled \$706,075 at December 31, 2011. Included in the vested benefits for sick leave figures is an additional liability to accrue and record termination (severance) payments for employees expected to become eligible to retire in the future in accordance with GASB Statement No. 16.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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 on the statement of net assets in the amount of \$29,847 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 on the statement of net assets. Principal payments during 2011 amounted to \$58,600 paid by the general fund and \$1,892 paid by the street maintenance fund (a nonmajor governmental fund).

The governmental assets acquired through capital leases are as follows:

	<u>Equipment</u>	<u>Vehicles</u>
Asset	\$ 29,847	\$ 528,720
Less: accumulated depreciation	<u>(29,847)</u>	<u>(528,720)</u>
Total	<u>\$ -</u>	<u>\$ -</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, 2011:

<u>Year Ended</u>	<u>Amount</u>
2012	\$ 63,874
2013	<u>63,874</u>
Total	127,748
Less: amount representing interest	<u>(8,088)</u>
Present value of net minimum lease payments	<u>\$ 119,660</u>

B. Proprietary Capital Leases - Lessee Disclosure

In prior years, capital assets consisting of equipment have been capitalized in the sewer fund and the stormwater utility nonmajor 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 \$119,345 and \$188,538 in the sewer and stormwater utility enterprise funds, respectively, represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the enterprise funds. Principal payments in 2011 totaled \$20,520 in the sewer fund and \$41,460 in the storm water utility fund. At December 31, 2011, there is no remaining capital lease obligation in the enterprise funds.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 12 - LEASES - (Continued)

The proprietary assets acquired through these capital leases are as follows:

	<u>Sewer Equipment</u>	<u>Storm water Utility Equipment</u>
Asset	\$ 119,345	\$ 188,538
Less: accumulated depreciation	<u>(119,345)</u>	<u>(188,538)</u>
Total	<u>\$ -</u>	<u>\$ -</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 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>(101,637)</u>
Total	<u>\$ 9,000</u>	<u>\$ 118,119</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 - LONG-TERM OBLIGATIONS

A. Governmental Activities

During 2011, the following changes occurred in governmental activities long-term obligations:

Governmental activities:	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance 12/31/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/11</u>	<u>Amounts Due in One Year</u>
<u>General obligation bonds</u>							
Various purpose refunding, series 2003	2.00-4.00%	12/01/2013	\$ 2,036,500	\$ -	\$ (655,000)	\$ 1,381,500	\$ 677,500
Various purpose, series 2003	2.00-2.40%	12/01/2013	211,000	-	(68,000)	143,000	70,000
Multi purpose refunding, series 1996	3.80-6.25%	12/01/2011	335,000	-	(335,000)	-	-
Total general obligations bonds			<u>2,582,500</u>	<u>-</u>	<u>(1,058,000)</u>	<u>1,524,500</u>	<u>747,500</u>
<u>Other long-term obligations</u>							
Reinvestment partnership corporation loan	1.66-2.66%	8/01/2016	520,000	-	(70,000)	450,000	75,000
HUD 108 loan	5.28%	8/01/2022	1,485,000	-	(80,000)	1,405,000	85,000
Ohio Department of Development mortgage note	4.00%	11/1/2015	53,928	-	-	53,928	-
Police and fire pension liability		5/01/2035	2,576,986	-	(61,606)	2,515,380	64,252
OPWC loan		7/01/2027	218,079	-	(12,828)	205,251	12,828
Pollution remediation obligation			1,496,886	-	(783,082)	713,804	197,973
Claims payable			1,529,560	915,405	(312,264)	2,132,701	600,465
Capital lease obligation			180,152	-	(60,492)	119,660	58,521
Compensated absences			4,961,810	1,347,718	(1,253,135)	5,056,393	1,344,245
Total other long-term obligations			<u>13,022,401</u>	<u>2,263,123</u>	<u>(2,633,407)</u>	<u>12,652,117</u>	<u>2,438,284</u>
Total governmental activities long-term obligations			15,604,901	<u>\$ 2,263,123</u>	<u>\$ (3,691,407)</u>	14,176,617	<u>\$ 3,185,784</u>
Add: Unamortized premium on bond issue			13,173			8,591	
Less: Unamortized deferred charges on refundings			(90,153)			(58,795)	
Total reported on the statement of net assets			<u>\$ 15,527,921</u>			<u>\$ 14,126,413</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 primarily from the general fund and street maintenance fund (a nonmajor governmental fund).

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 firefighters in 1967. The liability is paid semi-annually from the police and fire nonmajor special revenue funds. Payment is made from unvoted property tax revenues receipted into the police and fire nonmajor governmental funds.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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 <u>Ended</u>	<u>Police and Fire Pension Liability</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 64,252	\$ 106,229	\$ 170,481
2013	67,012	103,469	170,481
2014	69,889	100,590	170,479
2015	72,891	97,588	170,479
2016	76,023	94,456	170,479
2017 - 2021	431,989	420,413	852,402
2022 - 2026	533,082	319,320	852,402
2027 - 2031	657,829	194,568	852,397
2032 - 2035	542,413	46,599	589,012
Total	<u>\$ 2,515,380</u>	<u>\$ 1,483,232</u>	<u>\$ 3,998,612</u>

General Obligation Bonds:

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

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

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

On November 13, 2003, the City issued \$6,045,000 in general obligation various purpose refunding bonds to currently refund the callable portion of the 1993 general obligation various purpose refunding bonds (principal \$6,235,000; interest rate 5.10%). The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets. The principal balance of the general obligation various purpose refunded bonds at December 31, 2011 was \$1,450,000.

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.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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%.

During 1996, the City issued multi-purpose refunding bonds with an annual interest rate ranging from 3.80% - 6.25%. These bonds matured December 1, 2011.

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

Year Ended	General Obligation Bonds		
	Principal	Interest	Total
2012	\$ 747,500	\$ 56,623	\$ 804,123
2013	777,000	29,526	806,526
Total	<u>\$ 1,524,500</u>	<u>\$ 86,149</u>	<u>\$ 1,610,649</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. These projects have not been capitalized and reported in the City's capital assets; therefore, the loan is not included as a component of net assets invested in capital assets, net of related debt. On July 21, 2010, the City refinanced the loan at a lower interest rate. Interest payments are made semi-annually at a rate ranging from 1.66% - 2.66%. Principal and interest payments are made out of the guaranteed loan nonmajor governmental fund using future grant receipts and principal and interest payments received on amounts the City loans for economic development and housing rehabilitation.

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

Year Ended	Loan Payable		
	Principal	Interest	Total
2012	\$ 75,000	\$ 8,244	\$ 83,244
2013	85,000	7,599	92,599
2014	95,000	6,460	101,460
2015	95,000	4,750	99,750
2016	<u>100,000</u>	<u>2,660</u>	<u>102,660</u>
Total	<u>\$ 450,000</u>	<u>\$ 29,713</u>	<u>\$ 479,713</u>

HUD 108 Loan - On September 14, 2006, the City received a \$1,700,000 HUD Section 108 loan. The City disbursed the loan proceeds for economic development and housing rehabilitation projects throughout the City. These projects have not been capitalized and reported in the City's capital assets; therefore, the loan is not included as a component of net assets invested in capital assets, net of related debt. Interest payments (at approximately 5.28 percent) on the loan began in 2007 and principal payments began August 1, 2008. Principal and interest payments are made out of the guaranteed loan nonmajor governmental 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, 2011

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	Loan Payable		
	Principal	Interest	Total
2012	\$ 85,000	\$ 74,975	\$ 159,975
2013	95,000	70,699	165,699
2014	100,000	65,902	165,902
2015	110,000	60,832	170,832
2016	115,000	55,234	170,234
2017 - 2021	725,000	174,146	899,146
2022	<u>175,000</u>	<u>9,836</u>	<u>184,836</u>
Total	<u>\$ 1,405,000</u>	<u>\$ 511,624</u>	<u>\$ 1,916,624</u>

Ohio Department of Development Mortgage Note - In November 1999, the City received a \$202,000 note from the Ohio Department of Development. This note was to fund the Mahoningside Redevelopment Project. This project has not been capitalized and reported in the City's capital assets; therefore, the loan is not included as a component of net assets invested in capital assets, net of related debt. Principal and interest payments are made out of the CDBG nonmajor special revenue fund.

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

Year Ended	Note Payable		
	Principal	Interest	Total
2012	\$ -	\$ -	\$ -
2013	9,389	9,017	18,406
2014	23,182	1,360	24,542
2015	<u>21,357</u>	<u>771</u>	<u>22,128</u>
Total	<u>\$ 53,928</u>	<u>\$ 11,148</u>	<u>\$ 65,076</u>

Pollution Remediation Obligation - In 2000, the City discovered considerable pollution at the site of the former Mahoningside Power Plant and subsequently commenced cleanup. The estimated cost to complete the remaining remediation work as of December 31, 2011 is \$713,804, which is derived from contracts that assume no unexpected change orders. This amount is an estimate that is subject to revision because of price increases or decreases, changes in technology or changes in laws or regulations. The City was approved for a \$1,358,607 grant from the Ohio Department of Development which will be used to help cover the costs of the cleanup.

OPWC Loan - During 2008, the City entered into an agreement with Trumbull County to pay a portion of the County's loan from the Ohio Public Works Commission (OPWC). The City's share of the interest-free loan is \$256,564 and is payable over 20 years. The proceeds were used to fund the North Road Reconstruction Project. The principal and interest payments are made out of the debt service fund.

CITY OF WARREN, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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 OPWC loan payable:

Year Ended	OPWC Loan Payable		
	Principal	Interest	Total
2012	\$ 12,828	\$ -	\$ 12,828
2013	12,828	-	12,828
2014	12,828	-	12,828
2015	12,829	-	12,829
2016	12,828	-	12,828
2017 - 2021	64,141	-	64,141
2022 - 2026	64,141	-	64,141
2027	<u>12,828</u>	<u>-</u>	<u>12,828</u>
Total	<u>\$ 205,251</u>	<u>\$ -</u>	<u>\$ 205,251</u>

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CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

B. Business-Type Activities

During 2011, the following changes occurred in the business-type activities long-term obligations:

	Interest Rate	Maturity Date	Balance 12/31/10	Additions	Reductions	Balance 12/31/11	Amounts Due in One Year
<u>General obligation bonds</u>							
Refunding sewer improvements	2.00-4.00%	12/01/2013	\$ 1,662,500	\$ -	\$ (537,000)	\$ 1,125,500	\$ 552,500
Total general obligations bonds			<u>1,662,500</u>	<u>-</u>	<u>(537,000)</u>	<u>1,125,500</u>	<u>552,500</u>
<u>Revenue bonds</u>							
Water system	3.80-5.00%	11/01/2022	7,810,000	-	(480,000)	7,330,000	510,000
Total revenue bonds			<u>7,810,000</u>	<u>-</u>	<u>(480,000)</u>	<u>7,330,000</u>	<u>510,000</u>
Total enterprise bonds			<u>9,472,500</u>	<u>-</u>	<u>(1,017,000)</u>	<u>8,455,500</u>	<u>1,062,500</u>
<u>OWDA Loans</u>							
Sewer system	10.16%	1/01/2012	1,086,593	-	(712,862)	373,731	373,731
Buckeye	3.54%	7/01/2014	370,496	-	(87,807)	282,689	90,943
Warren commerce park - phase I	4.80%	1/01/2017	46,380	-	(14,732)	31,648	15,449
Wastewater treatment plant and pump station improvements	3.04%	1/01/2017	411,756	-	(58,212)	353,544	59,995
Biosolids facility	3.04%	7/01/2017	3,009,113	-	(391,959)	2,617,154	403,965
Griswold street sanitary sewer	4.12%	7/01/2018	697,975	-	(75,312)	622,663	78,447
Warren commerce park - phase II	3.98%	1/01/2019	318,007	-	(32,126)	285,881	33,417
Warren commerce park - phase II	3.79%	1/01/2019	97,015	-	(9,873)	87,142	10,251
Downtown combined sewer	3.25%	1/01/2027	3,888,287	-	(181,416)	3,706,871	185,850
Sewer inceptor rehabilitation	3.25%	7/01/2030	-	573,812	(25,127)	548,685	25,742
Water system improvements	3.95%	7/01/2023	7,836,102	-	(482,403)	7,353,699	496,740
Water meter replacements	3.34%	7/01/2028	4,732,381	-	(195,495)	4,536,886	202,079
Total OWDA loans			<u>22,494,105</u>	<u>573,812</u>	<u>(2,267,324)</u>	<u>20,800,593</u>	<u>1,976,609</u>
Total bonds and OWDA loans			<u>31,966,605</u>	<u>573,812</u>	<u>(3,284,324)</u>	<u>29,256,093</u>	<u>3,039,109</u>
<u>Other long-term obligations</u>							
OPWC loan		1/1/2041	-	53,921	(899)	53,022	1,797
Capital lease obligation	4.50-5.85%		61,980	-	(61,980)	-	-
Compensated absences			1,394,706	474,409	(436,990)	1,432,125	533,832
Total other long-term obligations			<u>1,456,686</u>	<u>528,330</u>	<u>(499,869)</u>	<u>1,485,147</u>	<u>535,629</u>
Total business-type activities			33,423,291	\$ 1,102,142	\$ (3,784,193)	30,741,240	\$ 3,574,738
Add: Unamortized premium on bond issue			9,490			6,189	
Less: Unamortized deferred charges on refundings			(134,440)			(78,267)	
Total reported on the statement of net assets			<u>\$ 33,298,341</u>			<u>\$ 30,669,162</u>	

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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

General Obligation Bonds:

On November 15, 1993, the City issued \$10,430,000 general obligation sewer system improvement bonds. The bonds bear interest at rates ranging from 2.90 percent to 5.20 percent per annum and mature at various installments through December 1, 2013. A portion of the proceeds of the bonds was used for the advance refunding of the 1990 sewer system improvement bonds. The proceeds were used to purchase SLGS that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds are not included in the City's outstanding debt since the City has satisfied its obligations through the advance refunding.

On November 13, 2003, the City issued \$5,043,000 in sewer system improvements refunding bonds to currently refund the callable portion of the 1993 sewer system improvement refunding bonds (principal \$5,215,000; interest rate 4.50%). The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets. The principal balance of the sewer system improvements refunded bonds at December 31, 2011 was \$1,170,000.

The 2003 sewer system improvements refunding issue is comprised of current interest bonds, par value \$5,043,000, with an annual interest rate ranging from 2.00% - 4.00%. The reacquisition price exceeded the net carrying amount of the old debt by \$252,468. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to interest expense through the year 2013 using the straight-line method.

Revenue Bonds:

On December 30, 1997, the City issued \$11,380,000 water system revenue bonds. The bonds bear interest at rates ranging from 3.80 percent to 5.00 percent per annum and mature at various installments through November 1, 2022. A portion of the proceeds of the bonds was used for the advance refunding of the 1992 water system improvement bonds. The proceeds were used to purchase SLGS that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The assets held in trust as a result of the advance refunding described above are not included in the accompanying BFS. 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, 2011 was \$7,330,000.

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 City has pledged future water customer revenues, net of specified operating expenses, to advance refund the 1992 water system improvement bonds. The water revenue bonds are payable solely from water customer net revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require less than 46.25 percent of net revenues. The total principal and interest remaining to be paid on the water revenue bonds is \$9,736,750. Principal and interest paid for the current year and total customer net revenues were \$884,000 and \$1,911,426, respectively.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

OPWC Loan:

The City received a loan from the OPWC to help fund capital improvements for the City's storm sewer infrastructure. The interest free loan is payable in semi-annual installments over a thirty year period. Payments on the loan are made from the stormwater utility nonmajor enterprise fund.

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, 2011, the City has outstanding borrowings of \$20,800,593. 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 City has pledged future water and sewer customer revenues to repay the loans. The loans are payable solely from water and sewer fund revenues and are payable through 2028. Annual principal and interest payments on the loans are expected to require all available net revenues for the water fund and 48.49% of available net revenues for the sewer fund. The total principal and interest remaining to be paid on the loans is \$13,482,410 for the water fund and \$9,499,332 for the sewer fund. Principal and interest paid for the current year totaled \$1,146,228 and \$1,971,673 in the water fund and sewer fund, respectively.

The downtown combined sewer, sewer inceptor rehabilitation and water system improvements projects financed through OWDA loans are not closed out as of December 31, 2011. Future annual debt service principal and interest requirements for these loans, which have balances at December 31, 2011 of \$3,706,871, \$548,685 and \$7,353,699, respectively, 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	Bonds Payable			OWDA Loans Payable		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 1,062,500	\$ 419,402	\$ 1,481,902	\$ 1,268,277	\$ 324,221	\$ 1,592,498
2013	1,113,000	371,324	1,484,324	924,561	256,307	1,180,868
2014	570,000	319,850	889,850	938,615	225,469	1,164,084
2015	600,000	288,500	888,500	868,847	195,085	1,063,932
2016	630,000	255,500	885,500	897,562	166,370	1,063,932
2017 - 2021	3,640,000	773,750	4,413,750	2,112,832	513,890	2,626,722
2022 - 2026	840,000	42,000	882,000	1,505,202	251,485	1,756,687
2027 - 2028	-	-	-	675,442	28,433	703,875
Total	<u>\$ 8,455,500</u>	<u>\$ 2,470,326</u>	<u>\$ 10,925,826</u>	<u>\$ 9,191,338</u>	<u>\$ 1,961,260</u>	<u>\$ 11,152,598</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Year Ended	OPWC Loan Payable		
	Principal	Interest	Total
2012	\$ 1,797	\$ -	\$ 1,797
2013	1,797	-	1,797
2014	1,797	-	1,797
2015	1,798	-	1,798
2016	1,797	-	1,797
2017 - 2021	8,987	-	8,987
2022 - 2026	8,987	-	8,987
2027 - 2031	8,987	-	8,987
2032 - 2036	8,987	-	8,987
2037 - 2041	<u>8,088</u>	<u>-</u>	<u>8,088</u>
Total	<u>\$ 53,022</u>	<u>\$ -</u>	<u>\$ 53,022</u>

NOTE 14 - 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.

A. Hospitalization

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.

Settled claims have not exceeded the self-insurance amount in any of the past three years. The liability for unpaid claims of \$878,050 reported in the internal service fund at December 31, 2011, 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.

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

Fund	Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
Hospitalization self-insurance	2011	\$ 810,298	\$ 5,606,954	\$ (5,539,202)	\$ 878,050
	2010	936,911	5,032,830	(5,159,443)	810,298

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 14 - RISK MANAGEMENT - (Continued)

B. Risk Management

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

Changes in the fund's liability for the current and previous year 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>
Risk management	2011	\$ 5,283	\$ 144,694	\$ (138,082)	\$ 11,895
	2010	5,043	150,605	(150,365)	5,283

C. Workers' Compensation

The City has elected to take advantage of the workers' compensation plan being offered by the State of Ohio. This plan, called retrospective rating, allows the City to pay a fraction of the premium it would pay as an experience-rated risk.

In 2011, the City paid premiums to the State Fund for Workers' Compensation for calendar year 2011 in the amount of approximately \$285,995. The City reimbursed the Bureau of Workers Compensation for actual medical costs and compensation paid to injured workers in the amount of \$600,465 under the Retrospective Rating Plan.

Retrospective rating constitutes a step closer to self-insurance. In the retrospective rating plan, the City agrees to assume a portion of the risk in return for a possible reduction in premiums. The greater the percentage of the risk the City assumes, the greater the potential reduction in the premium. If the City's loss experience is better than predicted by the experience-rating system, its premium obligation will be less than what it would have paid under experience rating. If its experience is worse than predicted, its premium obligation will be more than it would have been assessed under experience rating, limited to a maximum premium. The City has assumed the risk for individual claims up to a maximum of \$300,000.

The City has agreed to pay all claims up to a maximum of 200% of what the City would have paid had the City remained an experience-rated risk. Claims exceeding these limits will be paid by the State. Each year, the City pays the State a "minimum premium" for retaining the risk of having to pay claims which exceeds the City's maximum claim limits. Ten years after each year the City elected the retrospective plan for workers' compensation, the City settles up for the reserve on any claims that are still open. The City has established a workers' compensation internal service fund to account for and finance its uninsured risks of loss in this program.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 14 - RISK MANAGEMENT - (Continued)

The claims liability of \$2,132,701 reported at December 31, 2011, as estimated by the third party administrator, is based on the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, as amended by GASB 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. Of the \$2,132,701 claims liability, \$600,465 of the liability is due within one year and is reported as a current liability on the statement of net assets for the proprietary funds. The remaining portion is a noncurrent liability of \$1,532,236. The estimate was not affected by non-incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund’s liability for the current and previous year 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>
Workers’ compensation	2011	\$1,529,560	\$ 915,405	\$ (312,264)	\$2,132,701
	2010	942,240	1,053,639	(466,319)	1,529,560

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. There were no significant reductions in insurance coverage from the prior year in any category of risk. Settled claims have not exceeded the City’s insurance coverage in any of the past three years.

NOTE 15 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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 Pension 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 Pension and the 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 which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

CITY OF WARREN, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 15 - PENSION PLANS – (Continued)

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and contribution rates were consistent across all three plans. The 2011 member contribution rates were 10.00% for members. The City's contribution rate for 2011 was 14.00% of covered payroll.

The City's contribution rate for pension benefits for members in the Traditional Plan for 2011 was 10.00%. The City's contribution rate for pension benefits for members in the Combined Plan for 2011 was 7.95%. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$1,319,938, \$1,195,775, and \$1,109,199, respectively; 90.14% has been contributed for 2011 and 100% has been contributed for 2010 and 2009. The unpaid contribution to fund pension obligations for 2011, in the amount of \$128,276, is reported as a liability on the financial statements. Contributions to the member-directed plan for 2011 were \$7,516 made by the City and \$5,369 made by the plan members.

B. Ohio Police and Fire Pension Fund

Plan Description - 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2011, the portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$539,681 and \$678,660 for the year ended December 31, 2011, \$489,866 and \$584,723 for the year ended December 31, 2010, and \$489,740, \$615,822, for the year ended December 31, 2009. The full amount has been contributed for 2010 and 2009. 92.49% has been contributed for police and 87.60% has been contributed for firefighters for 2011. The unpaid contribution to fund pension obligations for 2011, in the amount of \$40,520 for police officers and \$84,166 for firefighters, is reported as a liability on the financial statements.

NOTE 16 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2011 was 4.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2011 was 6.05%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$535,017, \$678,744, and \$818,740, respectively; 90.14% has been contributed for 2011 and 100% has been contributed for 2010 and 2009. The unpaid contribution to fund post-employment health care benefits for 2011, in the amount of \$51,310, is reported as a liability on the financial statements.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

CITY OF WARREN, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

OP&F provides access to post-employment 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.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$285,713 and \$265,563 for the year ended December 31, 2011, \$259,341 and \$228,805 for the year ended December 31, 2010, and \$259,274, \$240,974, for the year ended December 31, 2009. The full amount has been contributed for 2010 and 2009. 92.49% has been contributed for police and 87.60% has been contributed for firefighters for 2011. The unpaid contribution to fund post-employment healthcare benefits for 2011, in the amount of \$21,452 for police officers and \$32,934 for firefighters, is reported as a liability on the financial statements.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balances - budget and actual (non-GAAP budgetary basis) presented for the general fund and major special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP);
3. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP);
4. Investments are reported at fair value (GAAP) rather than cost (budget); and,
5. 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>	<u>Home Investment</u>
Budget basis	\$ 422,318	\$ (667,070)
Net adjustment for revenue accruals	575,273	(54,931)
Net adjustment for expenditure accruals	(127,604)	52,755
Adjustment for encumbrances	<u>140,284</u>	<u>585,734</u>
GAAP basis	<u>\$ 1,010,271</u>	<u>\$ (83,512)</u>

NOTE 18 - 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 are 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, 2011.

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 18 – CONTINGENCIES – (Continued)

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 for Contingencies," a liability has not been reported in the financial statements.

NOTE 19 - OTHER COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 74,882
Home investment	566,732
Other governmental	<u>1,531,757</u>
Total	<u>\$ 2,173,371</u>

CITY OF WARREN, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 20 - FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund balance	General	Home Investment	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Materials and supplies inventory	\$ 7,445	\$ -	\$ 10,596	\$ 18,041
Total nonspendable	<u>7,445</u>	<u>-</u>	<u>10,596</u>	<u>18,041</u>
Restricted:				
Debt service	-	-	874,361	874,361
Capital projects	-	-	21,924	21,924
Street maintenance	-	-	354,202	354,202
State highway	-	-	229,970	229,970
Law enforcement	-	-	413,142	413,142
Courts	-	-	1,122,989	1,122,989
Community developments and improvements	-	4,620,710	4,341,244	8,961,954
Police and fire pension	-	-	988,444	988,444
Public health	692,804	-	-	692,804
Total restricted	<u>692,804</u>	<u>4,620,710</u>	<u>8,346,276</u>	<u>13,659,790</u>
Assigned:				
General government	25,754	-	-	25,754
Security of persons and property	18,510	-	-	18,510
Public health and welfare	1,257	-	-	1,257
Community environment	3,564	-	-	3,564
Leisure time activity	25,797	-	-	25,797
Total assigned	<u>74,882</u>	<u>-</u>	<u>-</u>	<u>74,882</u>
Unassigned	<u>4,810,152</u>	<u>-</u>	<u>-</u>	<u>4,810,152</u>
Total fund balances	<u>\$ 5,585,283</u>	<u>\$ 4,620,710</u>	<u>\$ 8,356,872</u>	<u>\$ 18,562,865</u>

**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.

Major Special Revenue Fund

Home Investment

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

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.

Police Grants

To account for all grants specific to the Police Department.

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 State and federal monies received 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.

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 Projects

The General Capital Projects 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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Income taxes	\$ 15,772,945	\$ 16,409,959	\$ 16,901,863	\$ 491,904
Charges for services	2,054,525	2,137,500	2,132,389	(5,111)
Licenses and permits	2,029,246	2,111,200	2,020,551	(90,649)
Fines and forfeitures	1,050,091	1,092,500	1,278,054	185,554
Intergovernmental	4,356,738	4,532,691	4,468,619	(64,072)
Investment income	240,295	250,000	125,579	(124,421)
Rental income	33,641	35,000	32,328	(2,672)
Other	462,519	481,198	471,503	(9,695)
Total revenues	<u>26,000,000</u>	<u>27,050,048</u>	<u>27,430,886</u>	<u>380,838</u>
Expenditures:				
Current:				
General government				
City council				
Personal services	235,298	252,298	251,044	1,254
Contract services	27,234	27,234	24,627	2,607
Materials and supplies.	3,500	3,500	3,385	115
Total city council	<u>266,032</u>	<u>283,032</u>	<u>279,056</u>	<u>3,976</u>
Municipal court				
Personal services	1,634,193	1,685,557	1,617,023	68,534
Contract services	50,226	52,673	25,356	27,317
Total municipal court.	<u>1,684,419</u>	<u>1,738,230</u>	<u>1,642,379</u>	<u>95,851</u>
Victims of crimes				
Personal services	35,464	36,579	33,326	3,253
Contract services	1,897	2,000	1,513	487
Materials and supplies.	-	2,054	2,030	24
Capital outlay	1,150	1,150	1,142	8
Total victims of crimes	<u>38,511</u>	<u>41,783</u>	<u>38,011</u>	<u>3,772</u>
Operations - general				
Personal services	53,149	59,209	58,751	458
Contract services	18,029	21,610	20,515	1,095
Materials and supplies.	367	500	41	459
Total operations - general	<u>71,545</u>	<u>81,319</u>	<u>79,307</u>	<u>2,012</u>
Operations - maintenance				
Personal services	783,719	873,076	841,580	31,496
Contract services	212,044	232,319	207,510	24,809
Materials and supplies.	31,328	40,280	26,624	13,656
Capital outlay	-	6,000	5,495	505
Total operations - maintenance.	<u>1,027,091</u>	<u>1,151,675</u>	<u>1,081,209</u>	<u>70,466</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Mayor				
Personal services	\$ 336,571	\$ 341,621	\$ 334,833	\$ 6,788
Contract services	36,400	36,400	28,134	8,266
Materials and supplies.	8,658	8,658	4,826	3,832
Capital outlay	-	9,000	8,546	454
Total mayor.	<u>381,629</u>	<u>395,679</u>	<u>376,339</u>	<u>19,340</u>
Purchasing				
Personal services	108,003	109,603	109,435	168
Contract services	18,300	21,300	20,534	766
Materials and supplies.	3,069	3,069	2,293	776
Total purchasing	<u>129,372</u>	<u>133,972</u>	<u>132,262</u>	<u>1,710</u>
Finance				
Personal services	524,104	524,104	497,841	26,263
Contract services	51,150	51,150	48,531	2,619
Materials and supplies.	7,521	7,521	7,095	426
Total finance	<u>582,775</u>	<u>582,775</u>	<u>553,467</u>	<u>29,308</u>
Human resources				
Personal services	312,953	315,953	311,340	4,613
Contract services	45,300	45,300	33,596	11,704
Materials and supplies.	1,764	1,764	1,543	221
Capital outlay	1,983	3,734	3,708	26
Total human resources	<u>362,000</u>	<u>366,751</u>	<u>350,187</u>	<u>16,564</u>
Law department				
Personal services	802,747	823,747	797,371	26,376
Contract services	40,123	40,123	27,161	12,962
Materials and supplies.	6,335	6,335	3,858	2,477
Capital outlay	-	5,000	4,838	162
Total law department.	<u>849,205</u>	<u>875,205</u>	<u>833,228</u>	<u>41,977</u>
Civil service				
Personal services	11,767	11,767	10,275	1,492
Contract services	24,909	24,909	7,260	17,649
Materials and supplies.	1,000	1,000	752	248
Total civil service.	<u>37,676</u>	<u>37,676</u>	<u>18,287</u>	<u>19,389</u>
Administrative support				
Contract services	1,439,535	1,439,535	1,211,534	228,001
Materials and supplies.	11,500	11,500	6,935	4,565
Capital outlay	-	5,600	5,577	23
Other	44,964	44,964	36,075	8,889
Total administrative support	<u>1,495,999</u>	<u>1,501,599</u>	<u>1,260,121</u>	<u>241,478</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Income tax				
Personal services	\$ 393,191	\$ 459,841	\$ 458,772	\$ 1,069
Contract services	86,420	111,420	97,589	13,831
Materials and supplies.	29,444	29,444	28,442	1,002
Capital outlay	-	33,000	18,655	14,345
Total income tax	<u>509,055</u>	<u>633,705</u>	<u>603,458</u>	<u>30,247</u>
Total general government	<u>7,435,309</u>	<u>7,823,401</u>	<u>7,247,311</u>	<u>576,090</u>
Security of persons and property				
Police				
Personal services	7,699,667	8,111,367	8,052,701	58,666
Contract services	947,106	1,009,106	899,812	109,294
Materials and supplies.	223,529	305,529	263,514	42,015
Capital outlay	-	4,500	4,490	10
Total police.	<u>8,870,302</u>	<u>9,430,502</u>	<u>9,220,517</u>	<u>209,985</u>
Fire				
Personal services	6,301,251	6,614,451	6,575,522	38,929
Contract services	250,951	296,651	255,149	41,502
Materials and supplies.	102,036	117,037	105,588	11,449
Capital outlay	230,244	230,244	230,210	34
Total fire	<u>6,884,482</u>	<u>7,258,383</u>	<u>7,166,469</u>	<u>91,914</u>
Bio-Terrorism				
Contract services	842	1,313	1,276	37
Materials and supplies.	401	450	422	28
Total bio-terrorism	<u>1,243</u>	<u>1,763</u>	<u>1,698</u>	<u>65</u>
Total security of persons and property .	<u>15,756,027</u>	<u>16,690,648</u>	<u>16,388,684</u>	<u>301,964</u>
Public health and welfare				
Health				
Personal services	332,837	344,308	334,140	10,168
Contract services	39,248	60,091	56,373	3,718
Materials and supplies.	18,034	18,192	12,829	5,363
Other.	210,244	209,162	202,979	6,183
Capital outlay	5,279	6,379	5,279	1,100
Total health	<u>605,642</u>	<u>638,132</u>	<u>611,600</u>	<u>26,532</u>
Dental				
Contract services	20,806	32,439	30,162	2,277
Materials and supplies.	5,936	5,942	5,842	100
Capital outlay	-	8,900	7,800	1,100
Total dental.	<u>26,742</u>	<u>47,281</u>	<u>43,804</u>	<u>3,477</u>
Total public health and welfare	<u>632,384</u>	<u>685,413</u>	<u>655,404</u>	<u>30,009</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, 2011**

	<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	\$ 573,868	\$ 593,645	\$ 591,183	\$ 2,462
Contract services	24,660	38,475	17,010	21,465
Materials and supplies.	14,376	15,517	12,928	2,589
Capital outlay	7,603	7,603	7,603	-
Other.	7,974	9,056	7,946	1,110
Total environmental health	<u>628,481</u>	<u>664,296</u>	<u>636,670</u>	<u>27,626</u>
Weed control				
Contract services	12,349	19,268	6,909	12,359
Materials and supplies.	686	770	72	698
Total weed control	<u>13,035</u>	<u>20,038</u>	<u>6,981</u>	<u>13,057</u>
Mosquito control				
Contract services	32	50	-	50
Materials and supplies.	598	660	10	650
Total mosquito control	<u>630</u>	<u>710</u>	<u>10</u>	<u>700</u>
Engineering building and plant department				
Personal services	820,420	867,120	842,714	24,406
Contract services	259,228	259,228	258,067	1,161
Materials and supplies.	20,128	26,128	22,333	3,795
Other	12,000	12,000	4,374	7,626
Total engineering building and plant department.	<u>1,111,776</u>	<u>1,164,476</u>	<u>1,127,488</u>	<u>36,988</u>
Total community environment.	<u>1,753,922</u>	<u>1,849,520</u>	<u>1,771,149</u>	<u>78,371</u>
Leisure time activity				
Operations - Packard Park				
Personal services	72,179	80,408	77,136	3,272
Contract services	82,168	98,488	91,342	7,146
Materials and supplies.	13,190	15,367	10,206	5,161
Other.	4,150	4,150	3,425	725
Total operations - packard park.	<u>171,687</u>	<u>198,413</u>	<u>182,109</u>	<u>16,304</u>
Operations - parks				
Personal services	160,719	179,043	178,083	960
Contract services	114,154	133,976	88,589	45,387
Materials and supplies.	34,306	44,045	33,989	10,056
Other.	650	650	250	400
Total operations - parks.	<u>309,829</u>	<u>357,714</u>	<u>300,911</u>	<u>56,803</u>
Total leisure time activity	<u>481,516</u>	<u>556,127</u>	<u>483,020</u>	<u>73,107</u>
Total expenditures.	<u>26,059,158</u>	<u>27,605,109</u>	<u>26,545,568</u>	<u>1,059,541</u>

Continued

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<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.	\$ (59,158)	\$ (555,061)	\$ 885,318	\$ 1,440,379
Other financing uses:				
Transfers out	(417,676)	(617,676)	(463,000)	154,676
Total other financing uses	<u>(417,676)</u>	<u>(617,676)</u>	<u>(463,000)</u>	<u>154,676</u>
Net change in fund balance	(476,834)	(1,172,737)	422,318	1,595,055
Fund balance at beginning of year	1,412,879	1,412,879	1,412,879	-
Prior year encumbrances appropriated .	<u>476,804</u>	<u>476,804</u>	<u>476,804</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,412,849</u>	<u>\$ 716,946</u>	<u>\$ 2,312,001</u>	<u>\$ 1,595,055</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 2,050,982	\$ 2,063,600	\$ 426,596	\$ (1,637,004)
Investment income	7,454	7,500	6,144	(1,356)
Other	54,664	55,000	59,222	4,222
Total revenues	<u>2,113,100</u>	<u>2,126,100</u>	<u>491,962</u>	<u>(1,634,138)</u>
Expenditures:				
Current:				
Economic development and assistance				
Personal services	52,100	65,100	63,818	1,282
Contract services	1,000	1,000	-	1,000
Other	2,670,364	2,670,364	1,095,214	1,575,150
Total economic development and assistance.	<u>2,723,464</u>	<u>2,736,464</u>	<u>1,159,032</u>	<u>1,577,432</u>
Total expenditures	<u>2,723,464</u>	<u>2,736,464</u>	<u>1,159,032</u>	<u>1,577,432</u>
Net change in fund balance	(610,364)	(610,364)	(667,070)	(56,706)
Fund balance at beginning of year	65,445	65,445	65,445	-
Prior year encumbrances appropriated .	<u>610,364</u>	<u>610,364</u>	<u>610,364</u>	<u>-</u>
Fund balance at end of year	<u>\$ 65,445</u>	<u>\$ 65,445</u>	<u>\$ 8,739</u>	<u>\$ (56,706)</u>

CITY OF WARREN, OHIO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents.	\$ 3,734,571	\$ 874,361	\$ 9,345	\$ 4,618,277
Receivables (net of allowances of uncollectibles):				
Real and other taxes	356,086	1,719,441	-	2,075,527
Accounts.	40,509	-	-	40,509
Loans.	3,405,237	-	-	3,405,237
Special assessments	1,382,314	88,036	-	1,470,350
Accrued interest	333	-	-	333
Due from other governments	1,178,425	91,795	78,260	1,348,480
Materials and supplies inventory	10,596	-	-	10,596
Total assets.	<u>\$ 10,108,071</u>	<u>\$ 2,773,633</u>	<u>\$ 87,605</u>	<u>\$ 12,969,309</u>
Liabilities:				
Accounts payable	\$ 97,821	\$ -	\$ -	\$ 97,821
Contracts payable	158,293	-	37,375	195,668
Compensated absences payable	11,039	-	-	11,039
Accrued wages and benefits.	19,540	-	-	19,540
Due to other governments	9,807	-	28,306	38,113
Deferred revenue.	2,112,154	746,025	-	2,858,179
Unearned revenue	238,830	1,153,247	-	1,392,077
Total liabilities	<u>2,647,484</u>	<u>1,899,272</u>	<u>65,681</u>	<u>4,612,437</u>
Fund balances:				
Nonspendable	10,596	-	-	10,596
Restricted.	7,449,991	874,361	21,924	8,346,276
Total fund balances	<u>7,460,587</u>	<u>874,361</u>	<u>21,924</u>	<u>8,356,872</u>
Total liabilities and fund equity.	<u>\$ 10,108,071</u>	<u>\$ 2,773,633</u>	<u>\$ 87,605</u>	<u>\$ 12,969,309</u>

CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Property and other taxes	\$ 235,610	\$ 1,169,352	\$ -	\$ 1,404,962
Charges for services	1,640	-	-	1,640
Licenses and permits.	152,905	-	-	152,905
Fines and forfeitures.	543,804	-	-	543,804
Intergovernmental	5,447,055	183,590	2,795,588	8,426,233
Special assessments	55,149	10,575	-	65,724
Investment income.	108,319	-	-	108,319
Other.	163,621	-	35,000	198,621
Total revenues.	<u>6,708,103</u>	<u>1,363,517</u>	<u>2,830,588</u>	<u>10,902,208</u>
Expenditures:				
Current:				
General government	80,444	27,910	-	108,354
Security of persons and property	444,800	-	-	444,800
Transportation	1,584,939	-	-	1,584,939
Economic development.	2,979,740	-	-	2,979,740
Capital outlay	440,401	-	1,938,646	2,379,047
Debt service:				
Principal retirement	237,526	1,046,800	-	1,284,326
Interest and fiscal charges.	170,083	99,806	-	269,889
Total expenditures.	<u>5,937,933</u>	<u>1,174,516</u>	<u>1,938,646</u>	<u>9,051,095</u>
Excess (deficiency) of revenues over (under) expenditures	<u>770,170</u>	<u>189,001</u>	<u>891,942</u>	<u>1,851,113</u>
Other financing sources (uses):				
Transfers in	152,376	180,209	219,518	552,103
Transfers out	(221,894)	-	-	(221,894)
Total other financing sources (uses)	<u>(69,518)</u>	<u>180,209</u>	<u>219,518</u>	<u>330,209</u>
Net change in fund balance	700,652	369,210	1,111,460	2,181,322
Fund balances (deficit) at beginning of year.	<u>6,759,935</u>	<u>505,151</u>	<u>(1,089,536)</u>	<u>6,175,550</u>
Fund balances at end of year	<u>\$ 7,460,587</u>	<u>\$ 874,361</u>	<u>\$ 21,924</u>	<u>\$ 8,356,872</u>

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CITY OF WARREN, OHIO

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2011**

	<u>Court Computerization</u>	<u>Street Maintenance</u>	<u>Police Grants</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 71,540	\$ 94,179	\$ 52,282
Receivables (net of allowances for uncollectibles):			
Real and other taxes.	-	-	-
Accounts	8,376	-	-
Loans	-	-	-
Accrued interest.	-	-	-
Special assessments.	-	-	-
Due from other governments	-	803,772	13,857
Materials and supplies inventory	-	5,196	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 79,916</u>	<u>\$ 903,147</u>	<u>\$ 66,139</u>
 Liabilities:			
Accounts payable	\$ -	\$ 13,555	\$ -
Contracts payable	-	-	-
Accrued wages and benefits	-	14,342	-
Compensated absences payable	-	11,039	-
Due to other governments	-	2,144	3,273
Deferred revenue.	-	547,686	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>588,766</u>	<u>3,273</u>
 Fund Balances:			
Nonspendable	-	5,196	-
Restricted.	79,916	309,185	62,866
	<hr/>	<hr/>	<hr/>
Total fund equity	<u>79,916</u>	<u>314,381</u>	<u>62,866</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$ 79,916</u>	<u>\$ 903,147</u>	<u>\$ 66,139</u>

<u>Drivers Alcohol Treatment</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>
\$ 13,960	\$ 52,722	\$ 155,414	\$ 23,690	\$ 106,240	\$ 225,338
-	-	-	-	-	-
1,013	-	-	109	-	6,127
-	-	-	-	-	-
-	-	-	-	42	-
-	-	-	-	-	-
673	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 15,646</u>	<u>\$ 52,722</u>	<u>\$ 155,414</u>	<u>\$ 23,799</u>	<u>\$ 106,282</u>	<u>\$ 231,465</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,016
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,847	-	-	-	740	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>740</u>	<u>2,016</u>
-	-	-	-	-	-
<u>12,799</u>	<u>52,722</u>	<u>155,414</u>	<u>23,799</u>	<u>105,542</u>	<u>229,449</u>
<u>12,799</u>	<u>52,722</u>	<u>155,414</u>	<u>23,799</u>	<u>105,542</u>	<u>229,449</u>
<u>\$ 15,646</u>	<u>\$ 52,722</u>	<u>\$ 155,414</u>	<u>\$ 23,799</u>	<u>\$ 106,282</u>	<u>\$ 231,465</u>

- Continued

CITY OF WARREN, OHIO

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
 DECEMBER 31, 2011

	<u>Special Projects - Courts</u>	<u>Legal Research - Courts</u>	<u>Police Pension</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 627,452	\$ 162,643	\$ 555,775
Receivables (net of allowances for uncollectibles):			
Real and other taxes	-	-	178,043
Accounts	22,362	2,522	-
Loans	-	-	-
Accrued interest	-	-	-
Special assessments	-	-	-
Due from other governments	-	-	10,246
Materials and supplies inventory	-	-	-
Total assets	<u>\$ 649,814</u>	<u>\$ 165,165</u>	<u>\$ 744,064</u>
Liabilities:			
Accounts payable	\$ 1,355	\$ -	\$ -
Contracts payable	-	-	-
Accrued wages and benefits	-	-	-
Compensated absences payable	-	-	-
Due to other governments	-	-	-
Deferred revenue	-	-	68,874
Unearned revenue	-	-	119,415
Total liabilities	<u>1,355</u>	<u>-</u>	<u>188,289</u>
Fund Balances:			
Nonspendable	-	-	-
Restricted	<u>648,459</u>	<u>165,165</u>	<u>555,775</u>
Total fund equity	<u>648,459</u>	<u>165,165</u>	<u>555,775</u>
Total liabilities and fund equity	<u>\$ 649,814</u>	<u>\$ 165,165</u>	<u>\$ 744,064</u>

Fire Pension	CDBG	Guarantee Loan	Highway Construction	Motor Vehicle Levy	Total
\$ 432,669	\$ 796,567	\$ 96,699	\$ 219,937	\$ 47,464	\$ 3,734,571
178,043	-	-	-	-	356,086
-	-	-	-	-	40,509
-	1,758,635	1,646,602	-	-	3,405,237
-	207	-	75	9	333
-	1,382,314	-	-	-	1,382,314
10,245	274,461	-	65,171	-	1,178,425
-	-	-	-	5,400	10,596
<u>\$ 620,957</u>	<u>\$ 4,212,184</u>	<u>\$ 1,743,301</u>	<u>\$ 285,183</u>	<u>\$ 52,873</u>	<u>\$ 10,108,071</u>
\$ -	\$ 67,633	\$ -	\$ 10,806	\$ 2,456	\$ 97,821
-	158,293	-	-	-	158,293
-	5,198	-	-	-	19,540
-	-	-	-	-	11,039
-	803	-	-	-	9,807
68,873	1,382,314	-	44,407	-	2,112,154
119,415	-	-	-	-	238,830
<u>188,288</u>	<u>1,614,241</u>	<u>-</u>	<u>55,213</u>	<u>2,456</u>	<u>2,647,484</u>
-	-	-	-	5,400	10,596
<u>432,669</u>	<u>2,597,943</u>	<u>1,743,301</u>	<u>229,970</u>	<u>45,017</u>	<u>7,449,991</u>
<u>432,669</u>	<u>2,597,943</u>	<u>1,743,301</u>	<u>229,970</u>	<u>50,417</u>	<u>7,460,587</u>
<u>\$ 620,957</u>	<u>\$ 4,212,184</u>	<u>\$ 1,743,301</u>	<u>\$ 285,183</u>	<u>\$ 52,873</u>	<u>\$ 10,108,071</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, 2011

	<u>Court Computerization</u>	<u>Street Maintenance</u>	<u>Police Grants</u>
Revenues:			
Property and other taxes	\$ -	\$ -	\$ -
Charges for services.	-	-	-
Licenses and permits	-	35,950	-
Fines and forfeitures.	112,804	-	-
Intergovernmental.	-	1,518,103	88,259
Special assessment	-	-	-
Investment income	-	-	-
Other	-	8,250	-
	<hr/>	<hr/>	<hr/>
Total revenues.	112,804	1,562,303	88,259
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current operations:			
General government	80,444	-	-
Security of persons and property	-	-	68,104
Transportation.	-	1,584,939	-
Economic development	-	-	-
Capital outlay.	-	-	-
Debt service:			
Principal retirement	-	1,892	-
Interest and fiscal charges	-	77	-
	<hr/>	<hr/>	<hr/>
Total expenditures	80,444	1,586,908	68,104
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	32,360	(24,605)	20,155
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in.	-	100,000	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	100,000	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance.	32,360	75,395	20,155
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year	47,556	238,986	42,711
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	\$ 79,916	\$ 314,381	\$ 62,866
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Drivers Alcohol Treatment	Drug Law Enforcement	Law Enforcement Trust	Enforcement and Education	Federal Forfeitures	Probation - Municipal Court
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	116,955
34,010	7,632	32,873	1,199	-	-
-	-	32,942	-	5,171	-
-	-	-	-	-	-
-	-	-	-	1,405	-
-	-	1,492	-	-	-
<u>34,010</u>	<u>7,632</u>	<u>67,307</u>	<u>1,199</u>	<u>6,576</u>	<u>116,955</u>
-	-	-	-	-	-
40,063	5,770	62,707	114	38,709	123,297
-	-	-	-	-	-
-	-	-	-	-	-
-	24,028	-	-	-	-
-	3,058	-	-	-	-
<u>40,063</u>	<u>32,856</u>	<u>62,707</u>	<u>114</u>	<u>38,709</u>	<u>123,297</u>
<u>(6,053)</u>	<u>(25,224)</u>	<u>4,600</u>	<u>1,085</u>	<u>(32,133)</u>	<u>(6,342)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(6,053)</u>	<u>(25,224)</u>	<u>4,600</u>	<u>1,085</u>	<u>(32,133)</u>	<u>(6,342)</u>
<u>18,852</u>	<u>77,946</u>	<u>150,814</u>	<u>22,714</u>	<u>137,675</u>	<u>235,791</u>
<u>\$ 12,799</u>	<u>\$ 52,722</u>	<u>\$ 155,414</u>	<u>\$ 23,799</u>	<u>\$ 105,542</u>	<u>\$ 229,449</u>

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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, 2011

	<u>Special Projects - Courts</u>	<u>Legal Research - Courts</u>	<u>Police Pension</u>
Revenues:			
Property and other taxes	\$ -	\$ -	\$ 112,344
Charges for services.	-	-	-
Licenses and permits	-	-	-
Fines and forfeitures.	320,321	34,965	-
Intergovernmental.	-	-	31,413
Special assessment	-	-	-
Investment income	-	-	-
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues.	320,321	34,965	143,757
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current operations:			
General government	-	-	-
Security of persons and property	81,549	19,621	2,433
Transportation.	-	-	-
Economic development	-	-	-
Capital outlay.	-	-	-
Debt service:			
Principal retirement	-	-	28,013
Interest and fiscal charges	-	-	49,506
	<hr/>	<hr/>	<hr/>
Total expenditures	81,549	19,621	79,952
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	238,772	15,344	63,805
	<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.	238,772	15,344	63,805
	<hr/>	<hr/>	<hr/>
Fund balances at beginning of year	409,687	149,821	491,970
	<hr/>	<hr/>	<hr/>
Fund balances at end of year	\$ 648,459	\$ 165,165	\$ 555,775
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Fire Pension	CDBG	Guarantee Loan	Highway Construction	Motor Vehicle Levy	Total
\$ 123,266	\$ -	\$ -	\$ -	\$ -	\$ 235,610
-	1,640	-	-	-	1,640
-	-	-	-	-	152,905
-	-	-	-	-	543,804
20,491	3,189,064	-	123,090	438,522	5,447,055
-	55,149	-	-	-	55,149
-	103,374	133	1,863	1,544	108,319
-	71,879	82,000	-	-	163,621
<u>143,757</u>	<u>3,421,106</u>	<u>82,133</u>	<u>124,953</u>	<u>440,066</u>	<u>6,708,103</u>
-	-	-	-	-	80,444
2,433	-	-	-	-	444,800
-	-	-	-	-	1,584,939
-	2,979,740	-	-	-	2,979,740
-	-	-	72,850	367,551	440,401
33,593	-	150,000	-	-	237,526
59,368	-	58,074	-	-	170,083
<u>95,394</u>	<u>2,979,740</u>	<u>208,074</u>	<u>72,850</u>	<u>367,551</u>	<u>5,937,933</u>
<u>48,363</u>	<u>441,366</u>	<u>(125,941)</u>	<u>52,103</u>	<u>72,515</u>	<u>770,170</u>
-	-	52,376	-	-	152,376
-	(94,040)	-	-	(127,854)	(221,894)
-	(94,040)	52,376	-	(127,854)	(69,518)
48,363	347,326	(73,565)	52,103	(55,339)	700,652
<u>384,306</u>	<u>2,250,617</u>	<u>1,816,866</u>	<u>177,867</u>	<u>105,756</u>	<u>6,759,935</u>
<u>\$ 432,669</u>	<u>\$ 2,597,943</u>	<u>\$ 1,743,301</u>	<u>\$ 229,970</u>	<u>\$ 50,417</u>	<u>\$ 7,460,587</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 110,000	\$ 110,000	\$ 111,675	\$ 1,675
Total revenues	<u>110,000</u>	<u>110,000</u>	<u>111,675</u>	<u>1,675</u>
Expenditures:				
Current:				
General government				
Personal services	31,400	31,950	31,950	-
Contract services	58,978	58,978	35,633	23,345
Materials and supplies.	24,859	34,859	20,493	14,366
Capital outlay	1,400	1,400	1,388	12
Total general government	<u>116,637</u>	<u>127,187</u>	<u>89,464</u>	<u>37,723</u>
Total expenditures	<u>116,637</u>	<u>127,187</u>	<u>89,464</u>	<u>37,723</u>
Net change in fund balance.	(6,637)	(17,187)	22,211	39,398
Fund balance at beginning of year	39,513	39,513	39,513	-
Prior year encumbrances appropriated .	<u>6,637</u>	<u>6,637</u>	<u>6,637</u>	<u>-</u>
Fund balance at end of year	<u>\$ 39,513</u>	<u>\$ 28,963</u>	<u>\$ 68,361</u>	<u>\$ 39,398</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ 57,668	\$ 65,000	\$ 35,950	\$ (29,050)
Intergovernmental	1,392,896	1,570,000	1,498,463	(71,537)
Other	4,436	5,000	8,250	3,250
Total revenues	<u>1,455,000</u>	<u>1,640,000</u>	<u>1,542,663</u>	<u>(97,337)</u>
Expenditures:				
Current:				
Transportation				
Personal services	951,432	986,432	945,539	40,893
Contract services	442,155	592,155	481,434	110,721
Materials and supplies	172,991	172,991	154,324	18,667
Total transportation	<u>1,566,578</u>	<u>1,751,578</u>	<u>1,581,297</u>	<u>170,281</u>
Total expenditures	<u>1,566,578</u>	<u>1,751,578</u>	<u>1,581,297</u>	<u>170,281</u>
Excess of expenditures over revenues	<u>(111,578)</u>	<u>(111,578)</u>	<u>(38,634)</u>	<u>72,944</u>
Other financing sources:				
Transfers in	105,482	105,482	100,000	(5,482)
Total other financing sources	<u>105,482</u>	<u>105,482</u>	<u>100,000</u>	<u>(5,482)</u>
Net change in fund balance	(6,096)	(6,096)	61,366	67,462
Fund balance at beginning of year	4,196	4,196	4,196	-
Prior year encumbrances appropriated	<u>6,096</u>	<u>6,096</u>	<u>6,096</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,196</u>	<u>\$ 4,196</u>	<u>\$ 71,658</u>	<u>\$ 67,462</u>

CITY OF WARREN, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE GRANTS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 69,000	\$ 89,955	\$ 128,882	\$ 38,927
Total revenues	<u>69,000</u>	<u>89,955</u>	<u>128,882</u>	<u>38,927</u>
Expenditures:				
Current:				
Security of persons and property				
Materials and supplies	-	6,165	5,714	451
Capital outlay	-	14,790	14,780	10
Other	69,000	69,000	53,901	15,099
Total security of persons and property. . .	<u>69,000</u>	<u>89,955</u>	<u>74,395</u>	<u>15,560</u>
Total expenditures.	<u>69,000</u>	<u>89,955</u>	<u>74,395</u>	<u>15,560</u>
Net change in fund balance	-	-	54,487	54,487
Fund balance (deficit) at beginning of year.	<u>(6,754)</u>	<u>(6,754)</u>	<u>(6,754)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (6,754)</u>	<u>\$ (6,754)</u>	<u>\$ 47,733</u>	<u>\$ 54,487</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 20,000	\$ 35,000	\$ 35,242	\$ 242
Total revenues	<u>20,000</u>	<u>35,000</u>	<u>35,242</u>	<u>242</u>
Expenditures:				
Current:				
Security of persons and property				
Contract services.	28,132	43,132	43,132	-
Total security of persons and property .	<u>28,132</u>	<u>43,132</u>	<u>43,132</u>	<u>-</u>
Total expenditures	<u>28,132</u>	<u>43,132</u>	<u>43,132</u>	<u>-</u>
Net change in fund balance	(8,132)	(8,132)	(7,890)	242
Fund balance at beginning of year	8,406	8,406	8,406	-
Prior year encumbrances appropriated .	<u>8,132</u>	<u>8,132</u>	<u>8,132</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 8,406</u>	<u>\$ 8,406</u>	<u>\$ 8,648</u>	<u>\$ 242</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, 2011

	<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	\$ 10,000	\$ 10,000	\$ 7,632	\$ (2,368)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>7,632</u>	<u>(2,368)</u>
Expenditures:				
Current:				
Security of persons and property				
Contractual services	11,371	11,371	6,979	4,392
Total security of persons and property.	<u>11,371</u>	<u>11,371</u>	<u>6,979</u>	<u>4,392</u>
Debt service:				
Principal retirement	-	24,029	24,028	1
Interest and fiscal charges	-	3,058	3,058	-
Total debt service	<u>-</u>	<u>27,087</u>	<u>27,086</u>	<u>1</u>
Total expenditures	<u>11,371</u>	<u>38,458</u>	<u>34,065</u>	<u>4,393</u>
Net change in fund balance	(1,371)	(28,458)	(26,433)	2,025
Fund balance at beginning of year	77,784	77,784	77,784	-
Prior year encumbrances appropriated .	<u>1,371</u>	<u>1,371</u>	<u>1,371</u>	<u>-</u>
Fund balance at end of year	<u>\$ 77,784</u>	<u>\$ 50,697</u>	<u>\$ 52,722</u>	<u>\$ 2,025</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, 2011

	<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	\$ 15,000	\$ 15,000	\$ 32,873	\$ 17,873
Intergovernmental	21,000	21,000	32,942	11,942
Other	-	-	1,492	1,492
Total revenues	<u>36,000</u>	<u>36,000</u>	<u>67,307</u>	<u>31,307</u>
Expenditures:				
Current:				
Security of persons and property				
Contract services.	11,372	16,372	9,351	7,021
Materials and supplies.	-	10,000	-	10,000
Capital outlay	26,000	70,000	32,461	37,539
Other	-	27,838	25,982	1,856
Total security of persons and property.	<u>37,372</u>	<u>124,210</u>	<u>67,794</u>	<u>56,416</u>
Total expenditures	<u>37,372</u>	<u>124,210</u>	<u>67,794</u>	<u>56,416</u>
Net change in fund balance	(1,372)	(88,210)	(487)	87,723
Fund balance at beginning of year	150,094	150,094	150,094	-
Prior year encumbrances appropriated .	<u>1,372</u>	<u>1,372</u>	<u>1,372</u>	<u>-</u>
Fund balance at end of year	<u>\$ 150,094</u>	<u>\$ 63,256</u>	<u>\$ 150,979</u>	<u>\$ 87,723</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, 2011

	<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	\$ 1,000	\$ 1,000	\$ 1,190	\$ 190
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,190</u>	<u>190</u>
Expenditures:				
Current:				
Security of persons and property				
Materials and supplies.	1,000	23,614	114	23,500
Total security of persons and property.	<u>1,000</u>	<u>23,614</u>	<u>114</u>	<u>23,500</u>
Total expenditures	<u>1,000</u>	<u>23,614</u>	<u>114</u>	<u>23,500</u>
Net change in fund balance	-	(22,614)	1,076	23,690
Fund balance at beginning of year	<u>22,614</u>	<u>22,614</u>	<u>22,614</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 22,614</u>	<u>\$ -</u>	<u>\$ 23,690</u>	<u>\$ 23,690</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 25,000	\$ 25,000	\$ 5,171	\$ (19,829)
Investment income	-	-	1,325	1,325
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>6,496</u>	<u>(18,504)</u>
Expenditures:				
Current:				
Security of persons and property				
Contract services	13,632	28,632	28,319	313
Materials and supplies.	12,826	12,826	10,390	2,436
Total security of persons and property.	<u>26,458</u>	<u>41,458</u>	<u>38,709</u>	<u>2,749</u>
Total expenditures	<u>26,458</u>	<u>41,458</u>	<u>38,709</u>	<u>2,749</u>
Net change in fund balance.	(1,458)	(16,458)	(32,213)	(15,755)
Fund balance at beginning of year	136,217	136,217	136,217	-
Prior year encumbrances appropriated .	<u>1,458</u>	<u>1,458</u>	<u>1,458</u>	<u>-</u>
Fund balance at end of year	<u>\$ 136,217</u>	<u>\$ 121,217</u>	<u>\$ 105,462</u>	<u>\$ (15,755)</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ 110,000	\$ 110,000	\$ 117,511	\$ 7,511
Total revenues	<u>110,000</u>	<u>110,000</u>	<u>117,511</u>	<u>7,511</u>
Expenditures:				
Current:				
Security of persons and property				
Personal services	77,626	94,226	84,898	9,328
Contract services	4,036	5,336	3,936	1,400
Materials and supplies	7,510	7,510	5,758	1,752
Capital outlay	21,374	29,374	29,001	373
Total security of persons and property.	<u>110,546</u>	<u>136,446</u>	<u>123,593</u>	<u>12,853</u>
Total expenditures	<u>110,546</u>	<u>136,446</u>	<u>123,593</u>	<u>12,853</u>
Net change in fund balance.	(546)	(26,446)	(6,082)	20,364
Fund balance at beginning of year	229,393	229,393	229,393	-
Prior year encumbrances appropriated .	<u>546</u>	<u>546</u>	<u>546</u>	<u>-</u>
Fund balance at end of year	<u>\$ 229,393</u>	<u>\$ 203,493</u>	<u>\$ 223,857</u>	<u>\$ 20,364</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, 2011

	<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	\$ 250,000	\$ 250,000	\$ 318,094	\$ 68,094
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>318,094</u>	<u>68,094</u>
Expenditures:				
Current:				
Security of persons and property				
Contract services	100,243	120,243	73,370	46,873
Materials and supplies.	36,799	37,799	24,119	13,680
Capital outlay	21,800	37,800	7,903	29,897
Total security of persons and property.	<u>158,842</u>	<u>195,842</u>	<u>105,392</u>	<u>90,450</u>
Total expenditures	<u>158,842</u>	<u>195,842</u>	<u>105,392</u>	<u>90,450</u>
Excess of revenues over expenditures. . .	<u>91,158</u>	<u>54,158</u>	<u>212,702</u>	<u>158,544</u>
Other financing uses:				
Transfers out.	(100,000)	(100,000)	-	100,000
Total other financing uses	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Net change in fund balance	(8,842)	(45,842)	212,702	258,544
Fund balance at beginning of year	387,078	387,078	387,078	-
Prior year encumbrances appropriated .	8,842	8,842	8,842	-
Fund balance at end of year.	<u>\$ 387,078</u>	<u>\$ 350,078</u>	<u>\$ 608,622</u>	<u>\$ 258,544</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 YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 40,000	\$ 40,000	\$ 34,590	\$ (5,410)
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>34,590</u>	<u>(5,410)</u>
Expenditures:				
Current:				
Security of persons and property				
Contract services	40,041	40,041	19,768	20,273
Total security of persons and property.	<u>40,041</u>	<u>40,041</u>	<u>19,768</u>	<u>20,273</u>
Total expenditures	<u>40,041</u>	<u>40,041</u>	<u>19,768</u>	<u>20,273</u>
Net change in fund balance	(41)	(41)	14,822	14,863
Fund balance at beginning of year	147,633	147,633	147,633	-
Prior year encumbrances appropriated .	<u>41</u>	<u>41</u>	<u>41</u>	<u>-</u>
Fund balance at end of year	<u>\$ 147,633</u>	<u>\$ 147,633</u>	<u>\$ 162,496</u>	<u>\$ 14,863</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes	\$ 137,626	\$ 137,626	\$ 115,996	\$ (21,630)
Intergovernmental	11,899	11,899	31,413	19,514
Total revenues	<u>149,525</u>	<u>149,525</u>	<u>147,409</u>	<u>(2,116)</u>
Expenditures:				
Current:				
Security of persons and property				
Contract services	3,500	3,500	2,433	1,067
Total security of persons and property.	<u>3,500</u>	<u>3,500</u>	<u>2,433</u>	<u>1,067</u>
Debt service:				
Principal retirement	28,013	28,013	28,013	-
Interest and fiscal charges	49,506	49,506	49,506	-
Total debt service	<u>77,519</u>	<u>77,519</u>	<u>77,519</u>	<u>-</u>
Total expenditures	<u>81,019</u>	<u>81,019</u>	<u>79,952</u>	<u>1,067</u>
Net change in fund balance.	68,506	68,506	67,457	(1,049)
Fund balance at beginning of year	<u>488,318</u>	<u>488,318</u>	<u>488,318</u>	<u>-</u>
Fund balance at end of year	<u>\$ 556,824</u>	<u>\$ 556,824</u>	<u>\$ 555,775</u>	<u>\$ (1,049)</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes	\$ 137,626	\$ 137,626	\$ 126,918	\$ (10,708)
Intergovernmental	11,899	11,899	20,491	8,592
Total revenues	<u>149,525</u>	<u>149,525</u>	<u>147,409</u>	<u>(2,116)</u>
Expenditures:				
Current:				
Security of persons and property				
Contract services	4,500	4,500	2,433	2,067
Total security of persons and property.	<u>4,500</u>	<u>4,500</u>	<u>2,433</u>	<u>2,067</u>
Debt service:				
Principal retirement	33,594	33,594	33,593	1
Interest and fiscal charges	59,369	59,369	59,368	1
Total debt service	<u>92,963</u>	<u>92,963</u>	<u>92,961</u>	<u>2</u>
Total expenditures	<u>97,463</u>	<u>97,463</u>	<u>95,394</u>	<u>2,069</u>
Net change in fund balance	52,062	52,062	52,015	(47)
Fund balance at beginning of year	<u>380,654</u>	<u>380,654</u>	<u>380,654</u>	<u>-</u>
Fund balance at end of year	<u>\$ 432,716</u>	<u>\$ 432,716</u>	<u>\$ 432,669</u>	<u>\$ (47)</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, 2011

	<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	\$ 122,468	\$ 150,000	\$ 408,877	\$ 258,877
Intergovernmental	2,498,981	3,060,785	3,396,270	335,485
Special assessments	16,329	20,000	55,149	35,149
Investment income	40,823	50,000	103,012	53,012
Other	21,904	26,828	71,879	45,051
Total revenues	<u>2,700,505</u>	<u>3,307,613</u>	<u>4,035,187</u>	<u>727,574</u>
Expenditures:				
Current:				
Economic development and assistance				
Personal services	383,970	399,970	341,099	58,871
Contract services	2,119,755	2,506,072	2,438,399	67,673
Materials and supplies.	3,501	8,001	5,806	2,195
Capital outlay	859,276	1,009,276	346,958	662,318
Other	1,393,632	1,443,923	1,293,318	150,605
Total economic development and assistance.	<u>4,760,134</u>	<u>5,367,242</u>	<u>4,425,580</u>	<u>941,662</u>
Total expenditures	<u>4,760,134</u>	<u>5,367,242</u>	<u>4,425,580</u>	<u>941,662</u>
Excess of expenditures over revenues . .	<u>(2,059,629)</u>	<u>(2,059,629)</u>	<u>(390,393)</u>	<u>1,669,236</u>
Other financing uses:				
Transfers out	<u>(96,664)</u>	<u>(96,664)</u>	<u>(94,040)</u>	<u>2,624</u>
Total other financing sources uses. . . .	<u>(96,664)</u>	<u>(96,664)</u>	<u>(94,040)</u>	<u>2,624</u>
Net change in fund balance	(2,156,293)	(2,156,293)	(484,433)	1,671,860
Fund balance (deficit)				
at beginning of year	(1,717,912)	(1,717,912)	(1,717,912)	-
Prior year encumbrances appropriated .	2,156,293	2,156,293	2,156,293	-
Fund balance (deficit) at end of year. . .	<u>\$ (1,717,912)</u>	<u>\$ (1,717,912)</u>	<u>\$ (46,052)</u>	<u>\$ 1,671,860</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ -	\$ -	\$ 133	\$ 133
Other	281,000	281,000	191,250	(89,750)
Total revenues	<u>281,000</u>	<u>281,000</u>	<u>191,383</u>	<u>(89,617)</u>
Expenditures:				
Current:				
Economic development and assistance				
Contract services	1,000	1,000	-	1,000
Total economic development and assistance.	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Debt service:				
Principal retirement.	155,000	155,000	150,000	5,000
Interest and fiscal charges	125,000	125,000	87,867	37,133
Total debt service	<u>280,000</u>	<u>280,000</u>	<u>237,867</u>	<u>42,133</u>
Total expenditures	<u>281,000</u>	<u>281,000</u>	<u>237,867</u>	<u>43,133</u>
Excess of expenditures over revenues . .	<u>-</u>	<u>-</u>	<u>(46,484)</u>	<u>(46,484)</u>
Other financing sources:				
Transfers in	-	-	52,376	52,376
Total other financing sources	<u>-</u>	<u>-</u>	<u>52,376</u>	<u>52,376</u>
Net change in fund balance	-	-	5,892	5,892
Fund balance at beginning of year	<u>90,807</u>	<u>90,807</u>	<u>90,807</u>	<u>-</u>
Fund balance at end of year	<u>\$ 90,807</u>	<u>\$ 90,807</u>	<u>\$ 96,699</u>	<u>\$ 5,892</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 114,000	\$ 114,000	\$ 121,497	\$ 7,497
Investment income	1,000	1,000	1,734	734
Total revenues	<u>115,000</u>	<u>115,000</u>	<u>123,231</u>	<u>8,231</u>
Expenditures:				
Capital outlay				
Materials and supplies	124,117	269,117	80,889	188,228
Total capital outlay	<u>124,117</u>	<u>269,117</u>	<u>80,889</u>	<u>188,228</u>
Total expenditures	<u>124,117</u>	<u>269,117</u>	<u>80,889</u>	<u>188,228</u>
Net change in fund balance	(9,117)	(154,117)	42,342	196,459
Fund balance at beginning of year	151,579	151,579	151,579	-
Prior year encumbrances appropriated .	<u>9,117</u>	<u>9,117</u>	<u>9,117</u>	<u>-</u>
Fund balance at end of year	<u>\$ 151,579</u>	<u>\$ 6,579</u>	<u>\$ 203,038</u>	<u>\$ 196,459</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 466,500	\$ 466,500	\$ 479,478	12,978
Investment income	1,000	1,000	1,521	521
Total revenues	<u>467,500</u>	<u>467,500</u>	<u>480,999</u>	<u>13,499</u>
Expenditures:				
Capital outlay				
Contract services	86,045	86,045	82,651	3,394
Materials and supplies.	303,933	315,042	299,009	16,033
Total capital outlay	<u>389,978</u>	<u>401,087</u>	<u>381,660</u>	<u>19,427</u>
Total expenditures	<u>389,978</u>	<u>401,087</u>	<u>381,660</u>	<u>19,427</u>
Excess of revenues over expenditures . . .	<u>77,522</u>	<u>66,413</u>	<u>99,339</u>	<u>32,926</u>
Other financing uses:				
Transfers out	(140,000)	(140,000)	(127,854)	12,146
Total other financing uses.	<u>(140,000)</u>	<u>(140,000)</u>	<u>(127,854)</u>	<u>12,146</u>
Net change in fund balance	(62,478)	(73,587)	(28,515)	45,072
Fund balance at beginning of year	11,109	11,109	11,109	-
Prior year encumbrances appropriated .	62,478	62,478	62,478	-
Fund balance at end of year	<u>\$ 11,109</u>	<u>\$ -</u>	<u>\$ 45,072</u>	<u>\$ 45,072</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, 2011

	<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	\$ 1,259,438	\$ 1,259,438	\$ 1,204,626	\$ (54,812)
Intergovernmental	170,308	170,308	183,590	13,282
Special assessments	10,250	10,250	10,575	325
Total revenues	<u>1,439,996</u>	<u>1,439,996</u>	<u>1,398,791</u>	<u>(41,205)</u>
Expenditures:				
Current:				
General government				
Contract services	31,250	31,250	27,910	3,340
Total general government	<u>31,250</u>	<u>31,250</u>	<u>27,910</u>	<u>3,340</u>
Debt service:				
Principal retirement	1,058,000	1,058,000	894,427	163,573
Interest and fiscal charges	102,867	102,867	71,970	30,897
Total debt service	<u>1,160,867</u>	<u>1,160,867</u>	<u>966,397</u>	<u>194,470</u>
Total expenditures	<u>1,192,117</u>	<u>1,192,117</u>	<u>994,307</u>	<u>197,810</u>
Net change in fund balance	247,879	247,879	404,484	156,605
Fund balance at beginning of year	<u>469,877</u>	<u>469,877</u>	<u>469,877</u>	<u>-</u>
Fund balance at end of year	<u>\$ 717,756</u>	<u>\$ 717,756</u>	<u>\$ 874,361</u>	<u>\$ 156,605</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 2,000,000	\$ 2,075,000	\$ 3,191,310	\$ 1,116,310
Other	-	-	35,000	35,000
Total revenues	<u>2,000,000</u>	<u>2,075,000</u>	<u>3,226,310</u>	<u>1,151,310</u>
Expenditures:				
Capital outlay				
Contract services	135,784	360,784	327,923	32,861
Capital outlay	<u>4,120,321</u>	<u>4,120,321</u>	<u>3,713,391</u>	<u>406,930</u>
Total capital outlay	<u>4,256,105</u>	<u>4,481,105</u>	<u>4,041,314</u>	<u>439,791</u>
Total expenditures	<u>4,256,105</u>	<u>4,481,105</u>	<u>4,041,314</u>	<u>439,791</u>
Excess of expenditures over revenues . . .	<u>(2,256,105)</u>	<u>(2,406,105)</u>	<u>(815,004)</u>	<u>1,591,101</u>
Other financing sources:				
Transfers in	-	150,000	219,518	69,518
Total other financing sources	<u>-</u>	<u>150,000</u>	<u>219,518</u>	<u>69,518</u>
Net change in fund balance.	(2,256,105)	(2,256,105)	(595,486)	1,660,619
Fund balance (deficit) at				
beginning of year.	(2,546,590)	(2,546,590)	(2,546,590)	-
Prior year encumbrances appropriated .	<u>2,256,105</u>	<u>2,256,105</u>	<u>2,256,105</u>	<u>-</u>
Fund balance (deficit) at end of year . . .	<u>\$ (2,546,590)</u>	<u>\$ (2,546,590)</u>	<u>\$ (885,971)</u>	<u>\$ 1,660,619</u>

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

Enterprise Funds

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

Major Enterprise Funds

Sewer

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

Water

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

Sanitation

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

Nonmajor Enterprise Funds

Packard Music Hall

To account for the operations of the Packard Music Hall.

City Redevelopment

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

Downtown Parking

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

Stormwater Utility

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

CITY OF WARREN, OHIO

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2011**

	<u>Packard Music Hall</u>	<u>City Redevelopment</u>	<u>Downtown Parking</u>
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 183,267	\$ 155,062	\$ 9,707
Receivables (net of allowances for uncollectibles):			
Accounts	-	2,267	5,301
Special assessments	-	-	-
Total current assets	<u>183,267</u>	<u>157,329</u>	<u>15,008</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable capital assets	2,416,284	133,280	150,000
Depreciable capital assets, net	161,618	261,247	1,081,322
Total capital assets	<u>2,577,902</u>	<u>394,527</u>	<u>1,231,322</u>
Total noncurrent assets	<u>2,577,902</u>	<u>394,527</u>	<u>1,231,322</u>
Total assets	<u>\$ 2,761,169</u>	<u>\$ 551,856</u>	<u>\$ 1,246,330</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 8,880	\$ -	\$ 8,950
Contracts payable	-	-	-
Accrued wages and benefits	3,839	-	-
Due to other governments	593	-	-
Current portion of OPWC loans payable	-	-	-
Current portion of compensated absences payable	15,435	-	-
Total current liabilities	<u>28,747</u>	<u>-</u>	<u>8,950</u>
Long-term liabilities:			
OPWC loans payable	-	-	51,225
Compensated absences payable	10,758	-	-
Total long-term liabilities	<u>10,758</u>	<u>-</u>	<u>51,225</u>
Total liabilities	<u>39,505</u>	<u>-</u>	<u>60,175</u>
Net assets:			
Invested in capital assets, net of related debt	2,577,902	394,527	1,231,322
Unrestricted	143,762	157,329	6,058
Total net assets	<u>\$ 2,721,664</u>	<u>\$ 551,856</u>	<u>\$ 1,237,380</u>

<u>Stormwater Utility</u>	<u>Totals</u>
\$ 912,911	\$ 1,260,947
289,493	297,061
82	82
1,202,486	1,558,090
476,424	3,175,988
337,001	1,841,188
813,425	5,017,176
813,425	5,017,176
\$ 2,015,911	\$ 6,575,266
\$ -	\$ 17,830
41,178	41,178
4,481	8,320
2,282	2,875
1,797	1,797
12,039	27,474
61,777	99,474
-	51,225
53,533	64,291
53,533	115,516
115,310	214,990
760,403	4,964,154
1,088,973	1,396,122
\$ 1,849,376	\$ 6,360,276

CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

	<u>Packard Music Hall</u>	<u>City Redevelopment</u>	<u>Downtown Parking</u>
Operating revenues:			
Charges for services	\$ 213,131	\$ 51,778	\$ 29,566
Other	10,868	-	-
Total operating revenues	<u>223,999</u>	<u>51,778</u>	<u>29,566</u>
Operating expenses:			
Personal services	310,005	-	-
Contract services.	64,288	24,759	87,689
Materials and supplies.	35,872	1,620	276
Administrative costs.	46,837	-	-
Utilities	68,915	4,345	8,912
Other.	3,149	-	280
Depreciation.	<u>30,643</u>	<u>14,790</u>	<u>48,059</u>
Total operating expenses	<u>559,709</u>	<u>45,514</u>	<u>145,216</u>
Operating income (loss).	<u>(335,710)</u>	<u>6,264</u>	<u>(115,650)</u>
Nonoperating revenues (expenses):			
Special assessments	-	-	-
Interest and fiscal charges	-	-	-
Total nonoperating revenues (expenses).	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss) before transfers and capital contributions.	(335,710)	6,264	(115,650)
Capital contributions	232,913	-	-
Transfers in	<u>250,000</u>	<u>-</u>	<u>63,000</u>
Changes in net assets	147,203	6,264	(52,650)
Net assets at beginning of year	<u>2,574,461</u>	<u>545,592</u>	<u>1,290,030</u>
Net assets at end of year	<u>\$ 2,721,664</u>	<u>\$ 551,856</u>	<u>\$ 1,237,380</u>

Stormwater Utility	Totals
\$ 983,029	\$ 1,277,504
502	11,370
<u>983,531</u>	<u>1,288,874</u>
400,794	710,799
64,455	241,191
35,847	73,615
211,447	258,284
-	82,172
196	3,625
<u>42,384</u>	<u>135,876</u>
<u>755,123</u>	<u>1,505,562</u>
<u>228,408</u>	<u>(216,688)</u>
3	3
<u>(2,063)</u>	<u>(2,063)</u>
<u>(2,060)</u>	<u>(2,060)</u>
226,348	(218,748)
227,296	460,209
<u>-</u>	<u>313,000</u>
453,644	554,461
<u>1,395,732</u>	<u>5,805,815</u>
<u>\$ 1,849,376</u>	<u>\$ 6,360,276</u>

CITY OF WARREN, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

	<u>Packard Music Hall</u>	<u>City Redevelopment</u>	<u>Downtown Parking</u>
Cash flows from operating activities:			
Cash received from customers	\$ 222,432	\$ 49,511	\$ 28,302
Cash received from other operations	10,868	-	-
Cash payments for personal services	(322,018)	-	-
Cash payments for contract services	(58,170)	(24,759)	(78,739)
Cash payments for materials and supplies	(39,633)	(1,620)	(276)
Cash payments for utilities	(68,915)	(4,345)	(8,912)
Cash payments for administrative costs.	(46,837)	-	-
Cash payments for other expenses	(3,149)	-	(280)
Net cash provided by (used in) operating activities	<u>(305,422)</u>	<u>18,787</u>	<u>(59,905)</u>
Cash flows from noncapital financing activities:			
Transfers in from other funds	<u>250,000</u>	<u>-</u>	<u>63,000</u>
Net cash provided by noncapital financing activities	<u>250,000</u>	<u>-</u>	<u>63,000</u>
Cash flows from capital and related financing activities:			
Aquisition of capital assets	(300,093)	-	-
Capital contributions	263,033	-	-
Proceeds of loans	-	-	-
Principal retirement.	-	-	-
Interest and fiscal charges	-	-	-
Net cash used in capital and related financing activities	<u>(37,060)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents . . .	(92,482)	18,787	3,095
Cash and cash equivalents at beginning of year. . . .	<u>275,749</u>	<u>136,275</u>	<u>6,612</u>
Cash and cash equivalents at end of year	<u><u>\$ 183,267</u></u>	<u><u>\$ 155,062</u></u>	<u><u>\$ 9,707</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (335,710)	\$ 6,264	\$ (115,650)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	30,643	14,790	48,059
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	9,301	(2,267)	(1,264)
Increase in accounts payable	2,357	-	8,950
Increase (decrease) in accrued wages and benefits . . .	311	-	-
Increase in due to other governments.	48	-	-
Increase (decrease) in compensated absences payable .	(12,372)	-	-
Net cash provided by (used in) operating activities.	<u><u>\$ (305,422)</u></u>	<u><u>\$ 18,787</u></u>	<u><u>\$ (59,905)</u></u>

<u>Stormwater Utility</u>	<u>Totals</u>
\$ 962,065	\$ 1,262,310
502	11,370
(392,348)	(714,366)
(62,865)	(224,533)
(35,847)	(77,376)
-	(82,172)
(211,447)	(258,284)
(196)	(3,625)
<u>259,864</u>	<u>(86,676)</u>
-	313,000
<u>-</u>	<u>313,000</u>
(435,246)	(735,339)
227,296	490,329
53,921	53,921
(42,359)	(42,359)
(2,063)	(2,063)
<u>(198,451)</u>	<u>(235,511)</u>
61,413	(9,187)
851,498	1,270,134
<u>\$ 912,911</u>	<u>\$ 1,260,947</u>
\$ 228,408	\$ (216,688)
42,384	135,876
(20,964)	(15,194)
-	11,307
(226)	85
1,555	1,603
8,707	(3,665)
<u>\$ 259,864</u>	<u>\$ (86,676)</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, 2011

	<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	\$ 8,881,150	\$ 8,881,150	\$ 9,824,670	\$ 943,520
Other	10,300	10,300	58,275	47,975
Total operating revenues	<u>8,891,450</u>	<u>8,891,450</u>	<u>9,882,945</u>	<u>991,495</u>
Operating expenses:				
Personal services	3,506,790	3,205,935	2,994,585	211,350
Contract services	1,265,193	1,360,425	1,277,246	83,179
Materials and supplies	468,669	500,177	455,889	44,288
Capital outlay	848,873	848,873	848,872	1
Administrative costs	715,901	790,762	694,582	96,180
Utilities	563,429	620,336	577,118	43,218
Other	7,400	17,400	12,786	4,614
Total operating expenses	<u>7,376,255</u>	<u>7,343,908</u>	<u>6,861,078</u>	<u>482,830</u>
Operating income	<u>1,515,195</u>	<u>1,547,542</u>	<u>3,021,867</u>	<u>1,474,325</u>
Nonoperating revenues (expenses):				
Special assessments	4,000	4,000	300	(3,700)
Loan issuance	-	-	573,812	573,812
Debt service:				
Principal retirement	(2,117,345)	(2,152,423)	(2,151,522)	901
Interest and fiscal charges	(438,769)	(446,038)	(446,038)	-
Total nonoperating revenues (expenses) . .	<u>(2,552,114)</u>	<u>(2,594,461)</u>	<u>(2,023,448)</u>	<u>571,013</u>
Net gain (loss) before capital contributions and transfers	(1,036,919)	(1,046,919)	998,419	2,045,338
Capital contributions	-	-	246,037	246,037
Transfers in	<u>135,000</u>	<u>135,000</u>	<u>-</u>	<u>(135,000)</u>
Net change in fund balance	(901,919)	(911,919)	1,244,456	2,156,375
Fund balance (deficit) at beginning of year	(606,750)	(606,750)	(606,750)	-
Prior year encumbrances appropriated . .	<u>901,919</u>	<u>901,919</u>	<u>901,919</u>	<u>-</u>
Fund balance (deficit) at end of year . . .	<u>\$ (606,750)</u>	<u>\$ (616,750)</u>	<u>\$ 1,539,625</u>	<u>\$ 2,156,375</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 10,452,000	\$ 10,452,000	\$ 10,520,600	\$ 68,600
Other.	223,000	225,000	292,404	67,404
Total operating revenues	10,675,000	10,677,000	10,813,004	136,004
Operating expenses:				
Personal services.	5,941,034	5,951,034	5,916,569	34,465
Contract services	652,041	797,502	679,103	118,399
Materials and supplies.	921,750	1,167,749	1,094,841	72,908
Capital outlay	86,940	364,721	344,868	19,853
Administrative costs.	593,929	764,475	721,907	42,568
Utilities	460,193	592,187	570,776	21,411
Other.	190,200	191,229	174,806	16,423
Total operating expenses	8,846,087	9,828,897	9,502,870	326,027
Operating income.	1,828,913	848,103	1,310,134	462,031
Nonoperating revenues (expenses):				
Debt service:				
Principal retirement.	(1,184,178)	(1,205,815)	(1,205,814)	1
Interest and fiscal charges	(864,194)	(878,429)	(878,429)	-
Total nonoperating revenues (expenses)	(2,048,372)	(2,084,244)	(2,084,243)	1
Net change in fund balance.	(219,459)	(1,236,141)	(774,109)	462,032
Fund balance at beginning of year	3,643,346	3,643,346	3,643,346	-
Prior year encumbrances appropriated	219,459	219,459	219,459	-
Fund balance at end of year	\$ 3,643,346	\$ 2,626,664	\$ 3,088,696	\$ 462,032

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, 2011

	<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	\$ 3,217,750	\$ 3,218,975	\$ 3,131,381	\$ (87,594)
Other	2,500	7,500	16,152	8,652
Total operating revenues	<u>3,220,250</u>	<u>3,226,475</u>	<u>3,147,533</u>	<u>(78,942)</u>
Operating expenses:				
Personal services	1,122,253	1,139,253	1,131,093	8,160
Contract services	1,585,116	1,550,509	1,549,395	1,114
Materials and supplies	262,815	285,815	252,310	33,505
Capital outlay	30,000	28,000	27,974	26
Administrative costs	227,815	226,972	210,850	16,122
Utilities	13,418	13,368	13,366	2
Other	7,500	5,000	2,375	2,625
Total operating expenses	<u>3,248,917</u>	<u>3,248,917</u>	<u>3,187,363</u>	<u>61,554</u>
Operating loss	<u>(28,667)</u>	<u>(22,442)</u>	<u>(39,830)</u>	<u>(17,388)</u>
Nonoperating revenues (expenses):				
Debt service:				
Principal retirement	(3,104)	(8,625)	(8,623)	2
Interest and fiscal charges	<u>(396)</u>	<u>(1,100)</u>	<u>(1,097)</u>	<u>3</u>
Total nonoperating revenues (expenses)	<u>(3,500)</u>	<u>(9,725)</u>	<u>(9,720)</u>	<u>5</u>
Net change in fund balance	(32,167)	(32,167)	(49,550)	(17,383)
Fund balance at beginning of year	22,335	22,335	22,335	-
Prior year encumbrances appropriated	<u>32,167</u>	<u>32,167</u>	<u>32,167</u>	<u>-</u>
Fund balance at end of year	<u>\$ 22,335</u>	<u>\$ 22,335</u>	<u>\$ 4,952</u>	<u>\$ (17,383)</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 273,633	\$ 284,114	\$ 222,432	\$ (61,682)
Other.	11,870	12,325	10,868	(1,457)
Total operating revenues	<u>285,503</u>	<u>296,439</u>	<u>233,300</u>	<u>(63,139)</u>
Operating expenses:				
Personal services.	323,856	323,856	322,018	1,838
Contract services	60,410	69,288	59,608	9,680
Materials and supplies.	39,913	46,913	39,982	6,931
Capital outlay	551,647	551,647	351,557	200,090
Administrative costs.	52,239	62,077	46,837	15,240
Utilities	59,917	71,201	68,915	2,286
Other.	3,400	3,400	3,149	251
Total operating expenses	<u>1,091,382</u>	<u>1,128,382</u>	<u>892,066</u>	<u>236,316</u>
Net loss before capital contributions and transfers	(805,879)	(831,943)	(658,766)	173,177
Capital contributions	286,622	297,600	263,033	(34,567)
Transfers in	<u>258,594</u>	<u>258,594</u>	<u>250,000</u>	<u>(8,594)</u>
Net change in fund balance.	(260,663)	(275,749)	(145,733)	130,016
Fund balance at beginning of year	15,086	15,086	15,086	-
Prior year encumbrances appropriated	<u>260,663</u>	<u>260,663</u>	<u>260,663</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 15,086</u>	<u>\$ -</u>	<u>\$ 130,016</u>	<u>\$ 130,016</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, 2011

	<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	\$ 42,711	\$ 42,711	\$ 49,511	\$ 6,800
Total operating revenues	<u>42,711</u>	<u>42,711</u>	<u>49,511</u>	<u>6,800</u>
Operating expenses:				
Contract services	29,445	52,011	28,964	23,047
Materials and supplies	10,000	10,000	1,620	8,380
Utilities	3,335	5,769	4,345	1,424
Other	-	23,000	-	23,000
Total operating expenses	<u>42,780</u>	<u>90,780</u>	<u>34,929</u>	<u>55,851</u>
Net change in fund balance	(69)	(48,069)	14,582	62,651
Fund balance at beginning of year	136,206	136,206	136,206	-
Prior year encumbrances appropriated	69	69	69	-
Fund balance at end of year	<u>\$ 136,206</u>	<u>\$ 88,206</u>	<u>\$ 150,857</u>	<u>\$ 62,651</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, 2011

	<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	\$ 30,000	\$ 30,500	\$ 28,302	\$ (2,198)
Total operating revenues	<u>30,000</u>	<u>30,500</u>	<u>28,302</u>	<u>(2,198)</u>
Operating expenses:				
Contract services	88,418	87,937	87,826	111
Materials and supplies	4,016	4,016	276	3,740
Utilities	8,441	8,922	8,912	10
Other	-	500	280	220
Total operating expenses	<u>100,875</u>	<u>101,375</u>	<u>97,294</u>	<u>4,081</u>
Net loss before transfers	(70,875)	(70,875)	(68,992)	1,883
Transfers in	<u>65,000</u>	<u>65,000</u>	<u>63,000</u>	<u>(2,000)</u>
Net change in fund balance	(5,875)	(5,875)	(5,992)	(117)
Fund balance at beginning of year	737	737	737	-
Prior year encumbrances appropriated	<u>5,875</u>	<u>5,875</u>	<u>5,875</u>	<u>-</u>
Fund balance at end of year	<u>\$ 737</u>	<u>\$ 737</u>	<u>\$ 620</u>	<u>\$ (117)</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, 2011

	<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	\$ 915,000	\$ 1,055,000	\$ 962,065	\$ (92,935)
Other.	-	-	502	502
Total operating revenues	<u>915,000</u>	<u>1,055,000</u>	<u>962,567</u>	<u>(92,433)</u>
Operating expenses:				
Personal services.	378,792	393,792	392,348	1,444
Contract services	134,181	134,181	106,388	27,793
Materials and supplies.	51,983	51,983	36,768	15,215
Capital outlay	130,713	582,713	541,491	41,222
Administrative costs.	211,450	211,450	211,447	3
Other.	600	600	196	404
Total operating expenses	<u>907,719</u>	<u>1,374,719</u>	<u>1,288,638</u>	<u>86,081</u>
Net income (loss)	7,281	(319,719)	(326,071)	(6,352)
Nonoperating expenses:				
Debt service:				
Principal retirement	-	-	(899)	(899)
Total nonoperating expenses	<u>-</u>	<u>-</u>	<u>(899)</u>	<u>(899)</u>
Net income (loss) before capital contributions	7,281	(319,719)	(326,970)	(7,251)
Capital contributions	-	260,000	281,217	21,217
Net change in fund balance	7,281	(59,719)	(45,753)	13,966
Fund balance at beginning of year	718,779	718,779	718,779	-
Prior year encumbrances appropriated	<u>132,719</u>	<u>132,719</u>	<u>132,719</u>	<u>-</u>
Fund balance at end of year	<u>\$ 858,779</u>	<u>\$ 791,779</u>	<u>\$ 805,745</u>	<u>\$ 13,966</u>

CITY OF WARREN, OHIO

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

Internal Service Funds

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

Life Insurance and Hospitalization

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

Workers Compensation

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

Data Processing

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

Risk Management

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

CITY OF WARREN, OHIO

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2011**

	Life Insurance and Hospitalization	Workers Compensation	Data Processing	Risk Management	Totals
Assets:					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 1,416,095	\$ 1,458,416	\$ 261,329	\$ 777,873	\$ 3,913,713
Receivables (net of allowances for uncollectibles):					
Accounts	-	-	-	5,035	5,035
Total current assets	<u>1,416,095</u>	<u>1,458,416</u>	<u>261,329</u>	<u>782,908</u>	<u>3,918,748</u>
Noncurrent assets:					
Capital assets:					
Depreciable capital assets, net	-	-	53,252	-	53,252
Total capital assets	-	-	53,252	-	53,252
Total noncurrent assets	-	-	53,252	-	53,252
Total assets	<u>\$ 1,416,095</u>	<u>\$ 1,458,416</u>	<u>\$ 314,581</u>	<u>\$ 782,908</u>	<u>\$ 3,972,000</u>
Liabilities:					
Current liabilities:					
Accounts payable.	\$ -	\$ -	\$ 1,726	\$ -	\$ 1,726
Accrued wages and benefits	-	-	2,576	-	2,576
Due to other governments	-	285,995	398	-	286,393
Claims payable	878,050	600,465	-	11,895	1,490,410
Current portion of compensated absences	-	-	18,967	-	18,967
Total current liabilities.	<u>878,050</u>	<u>886,460</u>	<u>23,667</u>	<u>11,895</u>	<u>1,800,072</u>
Long-term liabilities:					
Claims payable.	-	1,532,236	-	-	1,532,236
Compensated absences payable.	-	-	52,990	-	52,990
Total long-term liabilities	-	<u>1,532,236</u>	<u>52,990</u>	-	<u>1,585,226</u>
Total liabilities	<u>878,050</u>	<u>2,418,696</u>	<u>76,657</u>	<u>11,895</u>	<u>3,385,298</u>
Net assets:					
Investment in capital assets, net of related debt.	-	-	53,252	-	53,252
Unrestricted (deficit)	538,045	(960,280)	184,672	771,013	533,450
Total net assets (deficit)	<u>\$ 538,045</u>	<u>\$ (960,280)</u>	<u>\$ 237,924</u>	<u>\$ 771,013</u>	<u>\$ 586,702</u>

CITY OF WARREN, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Life Insurance and Hospitalization	Workers Compensation	Data Processing	Risk Management	Totals
Operating revenues:					
Charges for services	\$ 5,885,430	\$ 878,553	\$ 550,500	\$ 135,268	\$ 7,449,751
Other	-	-	2,392	5,035	7,427
Total operating revenues.	<u>5,885,430</u>	<u>878,553</u>	<u>552,892</u>	<u>140,303</u>	<u>7,457,178</u>
Operating expenses:					
Personal services	-	-	244,179	-	244,179
Contract services	-	-	134,947	-	134,947
Materials and supplies	-	-	27,601	-	27,601
Administrative costs	-	285,995	30,220	-	316,215
Utilities	-	-	31,594	-	31,594
Claims.	5,606,954	915,405	-	144,694	6,667,053
Depreciation	-	-	68,515	-	68,515
Total operating expenses.	<u>5,606,954</u>	<u>1,201,400</u>	<u>537,056</u>	<u>144,694</u>	<u>7,490,104</u>
Net income (loss) before transfers	278,476	(322,847)	15,836	(4,391)	(32,926)
Transfers out.	-	-	(88,184)	-	(88,184)
Changes in net assets	278,476	(322,847)	(72,348)	(4,391)	(121,110)
Net assets (deficit) at beginning of year.	<u>259,569</u>	<u>(637,433)</u>	<u>310,272</u>	<u>775,404</u>	<u>707,812</u>
Net assets (deficit) at end of year	<u>\$ 538,045</u>	<u>\$ (960,280)</u>	<u>\$ 237,924</u>	<u>\$ 771,013</u>	<u>\$ 586,702</u>

CITY OF WARREN, OHIO

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

	Life Insurance and Hospitalization	Workers Compensation	Data Processing	Risk Management	Totals
Cash flows from operating activities:					
Cash received from customers	\$ 5,885,430	\$ 878,553	\$ 550,500	\$ 135,268	\$ 7,449,751
Cash received from other operations	-	-	2,392	-	2,392
Cash payments for personal services	-	-	(205,274)	-	(205,274)
Cash payments for contract services	-	-	(134,175)	-	(134,175)
Cash payments for materials and supplies	-	-	(27,601)	-	(27,601)
Cash payments for utilities	-	-	(31,594)	-	(31,594)
Cash payments for claims	(5,539,202)	(312,264)	-	(138,082)	(5,989,548)
Cash payments for administrative costs.	-	(225,205)	(30,220)	-	(255,425)
Net cash provided by (used in) operating activities	<u>346,228</u>	<u>341,084</u>	<u>124,028</u>	<u>(2,814)</u>	<u>808,526</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>
Net increase (decrease) in cash and cash equivalents	346,228	341,084	35,844	(2,814)	720,342
Cash and cash equivalents at beginning of year	<u>1,069,867</u>	<u>1,117,332</u>	<u>225,485</u>	<u>780,687</u>	<u>3,193,371</u>
Cash and cash equivalents at end of year.	<u>\$ 1,416,095</u>	<u>\$ 1,458,416</u>	<u>\$ 261,329</u>	<u>\$ 777,873</u>	<u>\$ 3,913,713</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 278,476	\$ (322,847)	\$ 15,836	\$ (4,391)	\$ (32,926)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	68,515	-	68,515
Changes in assets and liabilities:					
(Increase) in accounts receivable	-	-	-	(5,035)	(5,035)
Increase (decrease) in accounts payable.	-	-	772	(5,283)	(4,511)
Increase in accrued wages and benefits	-	-	930	-	930
Increase in due to other governments	-	60,790	152	-	60,942
Increase in compensated absences payable	-	-	37,823	-	37,823
Increase in claims payable	67,752	603,141	-	11,895	682,788
Net cash provided by (used in) operating activities	<u>\$ 346,228</u>	<u>\$ 341,084</u>	<u>\$ 124,028</u>	<u>\$ (2,814)</u>	<u>\$ 808,526</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 5,500,000	\$ 5,650,000	\$ 5,885,430	\$ 235,430
Total operating revenues	<u>5,500,000</u>	<u>5,650,000</u>	<u>5,885,430</u>	<u>235,430</u>
Operating expenses:				
Claims expense	5,500,058	5,650,058	5,539,282	110,776
Total operating expenses	<u>5,500,058</u>	<u>5,650,058</u>	<u>5,539,282</u>	<u>110,776</u>
Net change in fund balance.	(58)	(58)	346,148	346,206
Fund balance at beginning of year	1,069,809	1,069,809	1,069,809	-
Prior year encumbrances appropriated	<u>58</u>	<u>58</u>	<u>58</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,069,809</u>	<u>\$ 1,069,809</u>	<u>\$ 1,416,015</u>	<u>\$ 346,206</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, 2011

	<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	\$ 800,000	\$ 800,000	\$ 878,553	\$ 78,553
Total operating revenues	<u>800,000</u>	<u>800,000</u>	<u>878,553</u>	<u>78,553</u>
Operating expenses:				
Contract services	3,500	3,500	-	3,500
Claims expense	495,500	495,500	314,433	181,067
Administrative costs	300,000	300,000	225,205	74,795
Other operating expenses	1,000	1,000	-	1,000
Total operating expenses	<u>800,000</u>	<u>800,000</u>	<u>539,638</u>	<u>260,362</u>
Net change in fund balance.	-	-	338,915	338,915
Fund balance at beginning of year	<u>1,117,332</u>	<u>1,117,332</u>	<u>1,117,332</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,117,332</u>	<u>\$ 1,117,332</u>	<u>\$ 1,456,247</u>	<u>\$ 338,915</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Charges for services	\$ 549,000	\$ 549,000	\$ 550,500	\$ 1,500
Other	6,000	6,000	2,392	(3,608)
Total operating revenues	555,000	555,000	552,892	(2,108)
Operating expenses:				
Personal services	192,058	211,158	205,274	5,884
Contract services	197,671	197,644	136,731	60,913
Materials and supplies	9,535	9,535	7,904	1,631
Capital outlay	-	25,000	19,782	5,218
Administrative costs	34,458	34,466	30,220	4,246
Utilities	34,812	34,820	32,317	2,503
Total operating expenses	468,534	512,623	432,228	80,395
Operating income	86,466	42,377	120,664	78,287
Nonoperating revenues (expenses):				
Debt service:				
Principal retirement	(70,738)	(70,738)	(70,738)	-
Interest and fiscal charges	(17,435)	(17,446)	(17,446)	-
Total nonoperating revenues (expenses) . .	(88,173)	(88,184)	(88,184)	-
Net change in fund balance	(1,707)	(45,807)	32,480	78,287
Fund balance at beginning of year	223,778	223,778	223,778	-
Prior year encumbrances appropriated . .	1,707	1,707	1,707	-
Fund balance at end of year	\$ 223,778	\$ 179,678	\$ 257,965	\$ 78,287

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, 2011

	<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	\$ 125,000	\$ 125,000	\$ 135,268	\$ 10,268
Total operating revenues	<u>125,000</u>	<u>125,000</u>	<u>135,268</u>	<u>10,268</u>
Operating expenses:				
Claims expense	125,000	175,000	138,082	36,918
Total operating expenses	<u>125,000</u>	<u>175,000</u>	<u>138,082</u>	<u>36,918</u>
Net change in fund balance.	-	(50,000)	(2,814)	47,186
Fund balance at beginning of year	<u>780,687</u>	<u>780,687</u>	<u>780,687</u>	<u>-</u>
Fund balance at end of year	<u>\$ 780,687</u>	<u>\$ 730,687</u>	<u>\$ 777,873</u>	<u>\$ 47,186</u>

CITY OF WARREN, OHIO

**INDIVIDUAL FUND SCHEDULES
FUND DESCRIPTIONS - AGENCY FUNDS**

Agency Funds

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

Highway Patrol Fines

To account for Highway Patrol fines due to other entities.

Auditors Escrow

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

Payroll

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

Municipal Court

To account for the activities within the Municipal Court.

CITY OF WARREN, OHIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Balance 1/1/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2011</u>
Highway Patrol Fines				
Assets:				
Equity in pooled cash and cash equivalents	\$ -	\$ 39,452	\$ 39,452	\$ -
Accounts receivable	2,287	2,701	2,287	2,701
Total assets.	<u>\$ 2,287</u>	<u>\$ 42,153</u>	<u>\$ 41,739</u>	<u>\$ 2,701</u>
Liabilities:				
Deposits held and due to others	\$ 2,287	\$ 42,153	\$ 41,739	\$ 2,701
Total liabilities	<u>\$ 2,287</u>	<u>\$ 42,153</u>	<u>\$ 41,739</u>	<u>\$ 2,701</u>
Auditors Escrow				
Assets:				
Equity in pooled cash and cash equivalents	\$ 271,191	\$ 207,382	\$ 151,235	\$ 327,338
Accounts receivable	-	16,636	-	16,636
Total assets.	<u>\$ 271,191</u>	<u>\$ 224,018</u>	<u>\$ 151,235</u>	<u>\$ 343,974</u>
Liabilities:				
Deposits held and due to others	\$ 271,191	\$ 224,018	\$ 151,235	\$ 343,974
Total liabilities	<u>\$ 271,191</u>	<u>\$ 224,018</u>	<u>\$ 151,235</u>	<u>\$ 343,974</u>
Payroll				
Assets:				
Equity in pooled cash and cash equivalents	\$ 602,258	\$ 14,009	\$ 6,982	\$ 609,285
Total assets.	<u>\$ 602,258</u>	<u>\$ 14,009</u>	<u>\$ 6,982</u>	<u>\$ 609,285</u>
Liabilities:				
Due to other governments	\$ 602,258	\$ 14,009	\$ 6,982	\$ 609,285
Total liabilities	<u>\$ 602,258</u>	<u>\$ 14,009</u>	<u>\$ 6,982</u>	<u>\$ 609,285</u>
Municipal Court				
Assets:				
Cash with fiscal and escrow agents.	\$ 366,092	\$ 4,621,214	\$ 4,544,018	\$ 443,288
Total assets.	<u>\$ 366,092</u>	<u>\$ 4,621,214</u>	<u>\$ 4,544,018</u>	<u>\$ 443,288</u>
Liabilities:				
Due to other governments	\$ 366,092	\$ 4,621,214	\$ 4,544,018	\$ 443,288
Total liabilities	<u>\$ 366,092</u>	<u>\$ 4,621,214</u>	<u>\$ 4,544,018</u>	<u>\$ 443,288</u>

- Continued

CITY OF WARREN, OHIO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Balance 1/1/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2011</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents	\$ 873,449	\$ 260,843	\$ 197,669	\$ 936,623
Cash with fiscal and escrow agents.	366,092	4,621,214	4,544,018	443,288
Accounts receivable	2,287	19,337	2,287	19,337
Total assets.	<u>\$ 1,241,828</u>	<u>\$ 4,901,394</u>	<u>\$ 4,743,974</u>	<u>\$ 1,399,248</u>
Liabilities:				
Due to other governments	\$ 968,350	\$ 4,635,223	\$ 4,551,000	\$ 1,052,573
Deposits held and due to others	273,478	266,171	192,974	346,675
Total liabilities	<u>\$ 1,241,828</u>	<u>\$ 4,901,394</u>	<u>\$ 4,743,974</u>	<u>\$ 1,399,248</u>

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STATISTICAL SECTION

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CITY OF WARREN, OHIO
STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	140-149
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the income tax and the real and personal property tax.	150-159
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	160-167
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	168-169
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	170-173

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

CITY OF WARREN, OHIO

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 41,716,498	\$ 41,287,935	\$ 37,644,539	\$ 34,666,493
Restricted for:				
Capital projects	21,924	-	49,172	75,800
Debt service	1,615,731	1,123,312	1,013,994	761,906
Street maintenance	771,607	725,984	712,053	563,941
State highway	274,377	223,765	159,839	94,202
Law enforcement	413,142	461,705	501,540	196,316
Courts	1,122,989	842,855	947,689	1,271,125
Community development and improvements	10,218,860	9,560,569	8,319,608	7,661,196
Police and fire pension	1,108,729	1,002,814	901,168	768,867
Public health	692,804	702,538	696,863	695,177
Other purposes	-	-	-	-
Unrestricted (deficit)	<u>(1,555,360)</u>	<u>(4,588,636)</u>	<u>(4,856,639)</u>	<u>(4,210,956)</u>
Total governmental activities net assets	<u>\$ 56,401,301</u>	<u>\$ 51,342,841</u>	<u>\$ 46,089,826</u>	<u>\$ 42,544,067</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 24,689,924	\$ 23,458,196	\$ 21,755,533	\$ 19,391,428
Restricted for:				
Debt service	963,817	962,846	967,855	979,719
Unrestricted	<u>6,435,075</u>	<u>5,387,270</u>	<u>6,493,160</u>	<u>9,021,287</u>
Total business-type activities net assets	<u>\$ 32,088,816</u>	<u>\$ 29,808,312</u>	<u>\$ 29,216,548</u>	<u>\$ 29,392,434</u>
Total primary government				
Invested in capital assets, net of related debt	\$ 66,406,422	\$ 64,746,131	\$ 59,400,072	\$ 54,057,921
Restricted for:				
Capital projects	21,924	-	49,172	75,800
Debt service	2,579,548	2,086,158	1,981,849	1,741,625
Street maintenance	771,607	725,984	712,053	563,941
State highway	274,377	223,765	159,839	94,202
Law enforcement	413,142	461,705	501,540	196,316
Courts	1,122,989	842,855	947,689	1,271,125
Community development and improvements	10,218,860	9,560,569	8,319,608	7,661,196
Police and fire pension	1,108,729	1,002,814	901,168	768,867
Public health	692,804	702,538	696,863	695,177
Other purposes	-	-	-	-
Unrestricted	<u>4,879,715</u>	<u>798,634</u>	<u>1,636,521</u>	<u>4,810,331</u>
Total primary government net assets	<u>\$ 88,490,117</u>	<u>\$ 81,151,153</u>	<u>\$ 75,306,374</u>	<u>\$ 71,936,501</u>

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

2007	2006	2005	2004	2003
\$ 33,024,924	\$ 30,967,884	\$ 29,524,698	\$ 26,382,293	\$ 19,496,371
9,405	570,073	768,172	541,032	357,350
483,719	374,727	372,932	338,675	326,037
627,749	982,767	611,593	463,622	-
143,919	177,075	148,916	100,897	-
450,480	405,984	819,715	643,336	-
1,355,089	1,189,849	977,107	782,106	-
7,687,341	7,866,327	6,426,196	6,447,060	-
596,345	292,210	310,630	191,177	-
670,709	679,561	-	-	-
-	-	-	-	9,477,900
756,595	5,137,720	5,273,540	5,697,185	6,481,599
<u>\$ 45,806,275</u>	<u>\$ 48,644,177</u>	<u>\$ 45,233,499</u>	<u>\$ 41,587,383</u>	<u>\$ 36,139,257</u>
\$ 19,416,251	\$ 18,390,112	\$ 18,245,015	\$ 17,311,185	\$ 19,168,104
1,000,383	993,441	982,128	972,204	965,236
10,350,057	8,840,165	8,187,418	7,514,213	5,132,178
<u>\$ 30,766,691</u>	<u>\$ 28,223,718</u>	<u>\$ 27,414,561</u>	<u>\$ 25,797,602</u>	<u>\$ 25,265,518</u>
\$ 52,441,175	\$ 49,357,996	\$ 47,769,713	\$ 43,693,478	\$ 38,664,475
9,405	570,073	768,172	541,032	357,350
1,484,102	1,368,168	1,355,060	1,310,879	1,291,273
627,749	982,767	611,593	463,622	-
143,919	177,075	148,916	100,897	-
450,480	405,984	819,715	643,336	-
1,355,089	1,189,849	977,107	782,106	-
7,687,341	7,866,327	6,426,196	6,447,060	-
596,345	292,210	310,630	191,177	-
670,709	679,561	-	-	-
-	-	-	-	9,477,900
11,106,652	13,977,885	13,460,958	13,211,398	11,613,777
<u>\$ 76,572,966</u>	<u>\$ 76,867,895</u>	<u>\$ 72,648,060</u>	<u>\$ 67,384,985</u>	<u>\$ 61,404,775</u>

CITY OF WARREN, OHIO

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 1,331,458	\$ 1,355,736	\$ 1,380,902	\$ 1,423,496
Security of persons and property	1,827,410	1,898,051	1,695,936	1,449,173
Public health and welfare	193,402	206,308	220,439	203,913
Transportation	35,950	22,700	4,400	33,155
Community environment	698,223	845,630	747,261	708,209
Leisure time activities	17,643	28,350	21,494	32,702
Economic development	587,408	30,482	181,329	240,918
Operating grants and contributions:				
General government	-	-	-	-
Security of persons and property	116,784	132,324	548,325	75,907
Public health and welfare	-	-	-	-
Transportation	2,063,252	2,127,786	1,881,928	2,117,983
Economic development	3,794,352	5,212,448	3,059,516	3,092,290
Capital grants and contributions:				
General government	-	-	-	-
Transportation	2,646,972	2,647,295	3,501,520	1,899,760
Total governmental activities program revenues	<u>13,312,854</u>	<u>14,507,110</u>	<u>13,243,050</u>	<u>11,277,506</u>
Business-type activities:				
Charges for services:				
Sewer	9,862,861	7,364,686	7,437,372	8,067,438
Water	10,746,044	9,762,568	9,631,170	10,804,962
Sanitation	3,146,892	3,182,299	3,157,449	3,050,445
Other business-type activities:				
Packard Music Hall	213,131	197,508	216,722	204,224
City Redevelopment	51,778	31,378	42,711	42,711
Downtown parking	29,566	30,940	29,448	27,503
Stormwater Utility	983,029	921,907	888,267	843,531
Capital grants and contributions				
Sewer	246,037	1,072,931	-	-
Other business-type activities:				
Packard Music Hall	232,913	675,680	1,236,504	33,056
Stormwater Utility	227,296	23,697	30,225	-
Total business-type activities program revenues	<u>25,739,547</u>	<u>23,263,594</u>	<u>22,669,868</u>	<u>23,073,870</u>
Total primary government	<u>\$ 39,052,401</u>	<u>\$ 37,770,704</u>	<u>\$ 35,912,918</u>	<u>\$ 34,351,376</u>
Expenses:				
Governmental activities:				
General government	\$ 5,614,737	\$ 5,400,182	\$ 6,087,221	\$ 6,732,524
Security of persons and property	16,860,682	15,449,385	15,993,727	18,620,804
Public health and welfare	615,238	633,699	545,444	1,289,289
Transportation	4,034,308	3,548,603	3,662,641	4,644,555
Community environment	1,797,152	1,817,279	2,020,146	2,082,342
Leisure time activities	453,413	520,453	484,294	699,582
Economic development	2,821,164	2,936,898	1,620,800	2,981,877
Interest and fiscal charges	312,812	503,530	566,227	631,425
Total governmental activities expenses	<u>32,509,506</u>	<u>30,810,029</u>	<u>30,980,500</u>	<u>37,682,398</u>

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 1,350,401	\$ 1,459,245	\$ 1,210,264	\$ 1,225,507	\$ 1,279,189
1,447,343	1,506,767	1,368,960	1,412,462	1,567,813
153,510	150,522	157,623	130,904	120,659
40,450	45,255	48,066	33,050	44,058
535,152	1,135,168	526,502	663,501	617,335
23,902	16,087	13,646	17,259	27,456
218,337	73,629	179,296	38,522	142,863
6,226	-	40,248	-	191,227
155,237	87,594	257,611	236,524	243,964
-	715,000	-	-	-
2,115,189	2,159,287	2,178,812	1,872,926	1,684,860
2,199,113	2,077,372	2,673,342	2,054,645	3,021,318
-	-	-	1,164,720	1,147,279
780,998	670,191	2,017,348	2,766,371	-
<u>9,025,858</u>	<u>10,096,117</u>	<u>10,671,718</u>	<u>11,616,391</u>	<u>10,088,021</u>
8,976,173	8,265,798	8,743,627	7,653,073	6,800,830
11,130,274	10,976,356	11,720,251	10,249,483	10,287,987
3,129,173	3,100,329	3,145,870	3,160,832	3,018,624
237,197	218,979	260,551	201,112	198,349
42,711	42,711	40,445	42,711	44,978
37,959	29,192	4,805	36,022	86,804
804,595	832,444	808,058	806,491	732,880
-	-	-	-	-
-	100,000	-	-	-
-	-	-	-	-
<u>24,358,082</u>	<u>23,565,809</u>	<u>24,723,607</u>	<u>22,149,724</u>	<u>21,170,452</u>
<u>\$ 33,383,940</u>	<u>\$ 33,661,926</u>	<u>\$ 35,395,325</u>	<u>\$ 33,766,115</u>	<u>\$ 31,258,473</u>
\$ 6,108,728	\$ 6,119,385	\$ 5,856,271	\$ 5,364,746	\$ 5,503,496
17,180,410	17,031,559	16,406,869	16,118,228	15,483,951
512,057	517,820	592,167	509,570	443,174
3,948,040	3,834,782	3,272,353	3,447,063	3,581,813
2,310,948	1,884,819	1,730,863	1,849,861	2,017,399
860,839	665,407	905,187	585,728	680,886
2,066,544	2,595,480	2,831,518	2,071,529	2,189,572
609,323	682,090	668,091	730,212	630,684
<u>33,596,889</u>	<u>33,331,342</u>	<u>32,263,319</u>	<u>30,676,937</u>	<u>30,530,975</u>

-- Continued

CITY OF WARREN, OHIO

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Business-type activities:				
Sewer	\$ 7,130,457	\$ 7,211,259	\$ 7,291,440	\$ 7,686,872
Water	12,240,091	11,925,632	11,875,667	12,233,642
Sanitation	3,212,094	3,129,254	3,118,475	3,360,964
Other business-type activities:				
Packard Music Hall	563,301	387,126	440,581	684,553
City Redevelopment	45,514	58,066	20,650	50,605
Downtown parking	145,216	128,252	136,918	150,089
Stormwater Utility	760,294	557,878	769,785	1,291,516
Total business-type activities expenses	<u>24,096,967</u>	<u>23,397,467</u>	<u>23,653,516</u>	<u>25,458,241</u>
Total primary government	<u>\$ 56,606,473</u>	<u>\$ 54,207,496</u>	<u>\$ 54,634,016</u>	<u>\$ 63,140,639</u>
Net (expense) revenue:				
Governmental activities	\$ (19,196,652)	\$ (16,302,919)	\$ (17,737,450)	\$ (26,404,892)
Business-type activities	1,642,580	(133,873)	(983,648)	(2,384,371)
Total primary government net expense	<u>\$ (17,554,072)</u>	<u>\$ (16,436,792)</u>	<u>\$ (18,721,098)</u>	<u>\$ (28,789,263)</u>
General revenues and other changes in net assets:				
Governmental activities				
Taxes:				
Property taxes levied for:				
Debt service	\$ 1,223,713	\$ 1,129,724	\$ 1,298,598	\$ 1,448,672
Fire pension	128,896	118,708	133,797	151,750
Police pension	117,974	116,983	133,797	151,750
Income taxes levied for:				
General Purposes	17,292,458	16,247,214	16,411,492	17,636,767
Grants and entitlements				
not restricted to specific programs	4,750,099	3,375,874	2,908,110	2,999,526
Investment earnings	128,848	111,444	302,100	838,469
Miscellaneous	834,099	716,079	605,315	518,324
Transfers	(220,975)	(260,092)	(510,000)	(602,574)
Total governmental activities	<u>24,255,112</u>	<u>21,555,934</u>	<u>21,283,209</u>	<u>23,142,684</u>
Business-type activities				
Investment earnings	-	-	1,772	27,045
Miscellaneous	416,949	465,545	295,990	380,495
Transfers	220,975	260,092	510,000	602,574
Total business-type activities	<u>637,924</u>	<u>725,637</u>	<u>807,762</u>	<u>1,010,114</u>
Total primary government	<u>\$ 24,893,036</u>	<u>\$ 22,281,571</u>	<u>\$ 22,090,971</u>	<u>\$ 24,152,798</u>
Change in net assets:				
Governmental activities	\$ 5,058,460	\$ 5,253,015	\$ 3,545,759	\$ (3,262,208)
Business-type activities	2,280,504	591,764	(175,886)	(1,374,257)
Total primary government	<u>\$ 7,338,964</u>	<u>\$ 5,844,779</u>	<u>\$ 3,369,873</u>	<u>\$ (4,636,465)</u>

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

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 8,008,014	\$ 8,191,531	\$ 8,714,806	\$ 8,129,365	\$ 8,536,652
10,845,009	10,769,899	10,654,024	10,240,694	10,385,641
3,146,764	3,004,744	3,042,898	2,890,149	2,822,181
685,045	539,752	711,637	643,869	528,652
49,618	52,594	75,597	20,399	21,589
154,011	74,573	142,539	154,335	159,800
646,497	580,352	818,288	583,188	657,073
<u>23,534,958</u>	<u>23,213,445</u>	<u>24,159,789</u>	<u>22,661,999</u>	<u>23,111,588</u>
<u>\$ 57,131,847</u>	<u>\$ 56,544,787</u>	<u>\$ 56,423,108</u>	<u>\$ 53,338,936</u>	<u>\$ 53,642,563</u>
\$ (24,571,031)	\$ (23,235,225)	\$ (21,591,601)	\$ (19,060,546)	\$ (20,442,954)
823,124	352,364	563,818	(512,275)	(1,941,136)
<u>\$ (23,747,907)</u>	<u>\$ (22,882,861)</u>	<u>\$ (21,027,783)</u>	<u>\$ (19,572,821)</u>	<u>\$ (22,384,090)</u>
\$ 1,389,308	\$ 1,405,834	\$ 1,261,822	\$ 1,218,505	\$ 1,256,977
144,268	147,074	129,146	126,166	130,145
144,268	147,074	129,146	126,166	130,145
18,221,022	20,214,764	19,432,428	18,830,130	18,788,667
2,995,358	2,894,066	3,312,509	3,080,849	2,896,927
1,239,089	1,229,795	1,111,515	465,707	615,974
548,405	776,416	563,907	1,153,304	1,796,888
(327,477)	(169,120)	(702,756)	(492,155)	(645,036)
<u>24,354,241</u>	<u>26,645,903</u>	<u>25,237,717</u>	<u>24,508,672</u>	<u>24,970,687</u>
57,086	53,205	30,745	9,940	201,577
282,751	234,468	319,640	542,264	767,730
327,477	169,120	702,756	492,155	645,036
<u>667,314</u>	<u>456,793</u>	<u>1,053,141</u>	<u>1,044,359</u>	<u>1,614,343</u>
<u>\$ 25,021,555</u>	<u>\$ 27,102,696</u>	<u>\$ 26,290,858</u>	<u>\$ 25,553,031</u>	<u>\$ 26,585,030</u>
\$ (216,790)	\$ 3,410,678	\$ 3,646,116	\$ 5,448,126	\$ 4,527,733
1,490,438	809,157	1,616,959	532,084	(326,793)
<u>\$ 1,273,648</u>	<u>\$ 4,219,835</u>	<u>\$ 5,263,075</u>	<u>\$ 5,980,210</u>	<u>\$ 4,200,940</u>

CITY OF WARREN, OHIO

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General fund:						
Nonspendable	\$ 7,445	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	692,804	-	-	-	-	-
Assigned	74,882	-	-	-	-	-
Unassigned	4,810,152	-	-	-	-	-
Reserved	-	324,890	88,913	82,867	505,629	267,692
Unreserved	-	4,250,122	4,027,419	4,119,358	5,943,890	6,283,706
Total general fund	<u>\$ 5,585,283</u>	<u>\$ 4,575,012</u>	<u>\$ 4,116,332</u>	<u>\$ 4,202,225</u>	<u>\$ 6,449,519</u>	<u>\$ 6,551,398</u>
All other governmental funds:						
Nonspendable	\$ 10,596	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	12,966,986	-	-	-	-	-
Reserved	-	10,966,339	9,384,585	10,217,681	8,234,636	8,466,851
Unreserved (deficit), reported in:						
Special revenue funds	-	1,481,434	2,183,565	2,191,594	2,360,982	2,256,060
Debt service fund	-	505,151	300,006	111,599	3,924	1,441
Capital projects fund	-	(2,073,152)	(1,341,226)	(3,004,369)	(222,311)	62,827
Total all other governmental funds	<u>\$ 12,977,582</u>	<u>\$ 10,879,772</u>	<u>\$ 10,526,930</u>	<u>\$ 9,516,505</u>	<u>\$ 10,377,231</u>	<u>\$ 10,787,179</u>

Note: The City implemented GASB Statement No. 54 in 2011 which changed the fund balance classifications for governmental funds.

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
131,711	598,009	602,878	55,505
<u>4,828,462</u>	<u>4,647,091</u>	<u>5,526,525</u>	<u>3,804,593</u>
<u>\$ 4,960,173</u>	<u>\$ 5,245,100</u>	<u>\$ 6,129,403</u>	<u>\$ 3,860,098</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
6,076,124	5,602,035	6,443,384	6,562,027
3,331,847	3,141,354	4,289,027	3,450,874
8,466	577	4,803	4,642
<u>51,707</u>	<u>(48,071)</u>	<u>(1,362,610)</u>	<u>(2,031,708)</u>
<u>\$ 9,468,144</u>	<u>\$ 8,695,895</u>	<u>\$ 9,374,604</u>	<u>\$ 7,985,835</u>

CITY OF WARREN, OHIO

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues					
Income taxes	\$ 16,996,981	\$ 15,872,631	\$ 15,624,357	\$ 18,013,849	\$ 18,070,111
Property and other taxes	1,404,962	1,475,498	1,511,528	1,484,062	1,667,959
Charges for services	2,085,260	2,084,254	2,139,791	2,236,100	2,067,415
Licenses and permits	2,193,463	2,303,729	2,070,754	2,493,223	1,886,000
Fines and forfeitures	1,827,530	1,918,363	1,747,233	1,523,506	1,531,452
Intergovernmental	13,551,987	13,198,824	12,037,848	9,540,800	7,787,994
Special assessments	65,724	50,813	27,680	22,036	30,688
Investment income	271,739	216,055	393,622	1,187,787	1,404,779
Rental income	31,653	36,552	94,831	60,013	113,186
Other	916,099	803,079	697,315	721,207	626,061
Total revenues	<u>39,345,398</u>	<u>37,959,798</u>	<u>36,344,959</u>	<u>37,282,583</u>	<u>35,185,645</u>
Expenditures					
Current:					
General government	7,387,486	7,565,426	7,313,305	7,939,782	7,991,047
Security of persons and property	16,783,776	15,299,674	15,187,309	17,976,545	17,671,898
Public health and welfare	621,583	627,133	585,216	1,242,486	492,168
Transportation	1,584,939	1,568,297	1,640,909	2,534,139	2,328,166
Community environment	1,770,245	1,707,275	1,761,935	1,909,315	2,145,697
Leisure time activity	456,404	440,263	491,804	656,999	876,264
Economic development	3,500,283	3,631,183	2,032,605	2,966,215	2,083,320
Capital outlay	2,379,047	4,238,297	3,920,919	2,782,967	1,833,099
Intergovernmental					
Debt service:					
Principal retirement	1,342,926	1,937,447	1,530,310	1,538,405	2,025,221
Interest and fiscal charges	277,837	481,373	534,299	585,924	580,065
Bond issuance cost	-	-	-	-	-
Total expenditures	<u>36,104,526</u>	<u>37,496,368</u>	<u>34,998,611</u>	<u>40,132,777</u>	<u>38,026,945</u>
Excess of revenues over (under) expenditures	<u>3,240,872</u>	<u>463,430</u>	<u>1,346,348</u>	<u>(2,850,194)</u>	<u>(2,841,300)</u>
Other financing sources (uses)					
Sale of refunding bonds	-	-	-	-	-
Sale of bonds	-	-	-	-	-
Sale of notes	-	-	-	-	-
Loan proceeds	-	520,000	-	256,564	-
Premium on bonds	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-
Capital lease transaction	-	-	-	-	-
Transfers in	552,103	384,562	1,104,143	1,140,453	1,046,488
Transfers (out)	(684,894)	(556,470)	(1,525,959)	(1,654,843)	(1,302,304)
Total other financing sources (uses)	<u>(132,791)</u>	<u>348,092</u>	<u>(421,816)</u>	<u>(257,826)</u>	<u>(255,816)</u>
Net change in fund balances	<u>\$ 3,108,081</u>	<u>\$ 811,522</u>	<u>\$ 924,532</u>	<u>\$ (3,108,020)</u>	<u>\$ (3,097,116)</u>
Capital expenditures	2,066,359	5,200,379	4,465,719	2,824,370	2,372,745
Debt service as a percentage of noncapital expenditures	4.76%	7.49%	6.76%	5.69%	7.31%

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 20,138,026	\$ 19,610,734	\$ 18,567,076	\$ 18,825,568	\$ 18,423,033
1,657,168	1,485,169	1,456,326	1,493,148	1,493,335
1,693,234	2,187,422	2,055,303	2,120,940	2,158,369
2,466,676	1,852,130	1,839,742	1,726,971	1,678,306
1,594,451	1,441,968	1,422,329	1,733,026	1,511,535
7,831,448	10,574,125	11,200,065	9,223,005	10,797,033
44,629	42,597	19,828	100,189	9,777
1,164,258	962,886	357,172	428,636	472,571
168,256	36,830	34,314	53,048	47,115
1,491,416	563,907	1,232,073	1,796,889	2,919,419
<u>38,249,562</u>	<u>38,757,768</u>	<u>38,184,228</u>	<u>37,501,420</u>	<u>39,510,493</u>
7,533,078	7,824,849	7,610,099	7,300,180	7,067,691
17,233,644	16,259,126	15,940,459	15,028,195	14,768,585
493,377	588,693	585,532	417,382	432,401
2,062,179	2,278,123	2,745,117	2,365,061	2,638,201
1,886,410	1,783,381	1,806,298	1,611,897	1,776,919
675,183	762,761	885,871	626,762	563,994
2,508,773	2,764,286	1,984,304	2,198,894	1,604,649
1,927,685	3,017,762	6,029,700	3,411,525	6,887,754
2,045,411	2,007,728	1,615,655	969,409	1,336,361
606,431	640,178	700,193	653,635	986,695
-	-	-	146,364	-
<u>36,972,171</u>	<u>37,926,887</u>	<u>39,903,228</u>	<u>34,729,304</u>	<u>38,063,250</u>
<u>1,277,391</u>	<u>830,881</u>	<u>(1,719,000)</u>	<u>2,772,116</u>	<u>1,447,243</u>
-	-	-	6,045,000	-
-	-	-	1,231,000	-
1,700,000	-	-	-	-
-	-	-	-	-
-	-	-	45,818	-
-	-	-	(6,548,575)	-
29,847	-	557,708	7,902	9,688
1,941,380	2,228,086	3,027,653	3,642,789	2,959,352
(2,038,358)	(2,571,645)	(3,429,373)	(3,974,247)	(3,296,767)
<u>1,632,869</u>	<u>(343,559)</u>	<u>155,988</u>	<u>449,687</u>	<u>(327,727)</u>
<u>\$ 2,910,260</u>	<u>\$ 487,322</u>	<u>\$ (1,563,012)</u>	<u>\$ 3,221,803</u>	<u>\$ 1,119,516</u>
2,192,532	3,502,785	8,024,415	3,241,838	6,887,754
7.62%	7.69%	7.26%	5.62%	7.45%

CITY OF WARREN, OHIO

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

Year	Real Property		Public Utility Property		Tangible Personal Property	
	Assessed Value	Estimated Actual Value (a)	Assessed Value	Estimated Actual Value (b)	Assessed Value	Estimated Actual Value (c)
2011	\$ 425,214,910	\$ 1,214,899,743	\$ 15,465,320	\$ 17,574,227	\$ -	\$ -
2010	427,449,060	1,221,283,029	14,918,570	16,952,920	727,665	7,276,650
2009	428,297,150	1,223,706,143	14,247,870	16,190,761	1,455,330	14,553,300
2008	431,072,850	1,231,636,714	13,860,410	15,750,466	15,381,832	246,109,312
2007	429,330,830	1,226,659,514	18,680,580	21,227,932	33,258,581	266,068,648
2006	431,539,380	1,232,969,657	19,583,030	22,253,443	48,898,902	260,794,144
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

Source: Trumbull County Auditor's Office

(a) Real property is assessed at 35% of actual value.

(b) Public utility is assessed at 88% percent of actual value.

(c) For 2005 and prior, tangible personal is assessed at 25% of true value for capital assets and 23% of true value for inventory included in tangible personal property.

For 2006, tangible personal is assessed at 18.75% of property value, including inventory.

For 2007, tangible personal is assessed at 12.50% of property value, including inventory.

For 2008, tangible personal is assessed at 6.25% of property value, including inventory.

For 2009 and subsequent years, tangible personal is assessed at 0.00% of property value, including inventory, except for telephone tangible personal property which is assessed at 10% of property value, including inventory. In 2009 and 2010, telephone tangible personal property is the only taxable tangible personal property.

Total

<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Total Direct Tax Rate</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 440,680,230	\$ 1,232,473,970	3.50	35.76%
443,095,295	1,245,512,599	3.50	35.58%
444,000,350	1,254,450,204	3.50	35.39%
460,315,092	1,493,496,492	3.50	30.82%
481,269,991	1,513,956,094	3.50	31.79%
500,021,312	1,516,017,244	3.50	32.98%
477,844,561	1,400,182,569	3.50	34.13%
475,346,480	1,399,448,798	3.50	33.97%
474,296,248	1,394,671,472	3.50	34.01%
467,902,378	1,389,530,901	3.50	33.67%

CITY OF WARREN, OHIO

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

Collection Year	City Direct Rates				Overlapping Rates			
	General Obligation Debt	Police Pension	Fire Pension	Total Rate	Trumbull County	School District	Vocational School	Warren Township
2011	2.90	0.30	0.30	3.50	12.30	59.50	2.40	-
2010	2.90	0.30	0.30	3.50	12.30	59.25	2.40	13.00
2009	2.90	0.30	0.30	3.50	12.30	58.95	2.40	13.00
2008	2.90	0.30	0.30	3.50	11.10	57.75	2.40	13.00
2007	2.90	0.30	0.30	3.50	11.10	58.50	2.40	13.00
2006	2.90	0.30	0.30	3.50	11.10	58.45	2.40	13.00
2005	2.90	0.30	0.30	3.50	10.35	59.65	2.40	13.00
2004	2.90	0.30	0.30	3.50	10.35	59.65	2.40	11.50
2003	2.90	0.30	0.30	3.50	10.35	52.55	2.40	11.50
2002	2.90	0.30	0.30	3.50	10.35	52.55	2.40	11.50

Source: Trumbull County Auditor's Office

Overlapping Rates - Continued

<u>Library</u>	<u>Total Tax Rates</u>	<u>Total Direct and Overlapping Rates</u>
1.00	75.20	78.70
1.00	87.95	91.45
1.00	87.65	91.15
1.00	85.25	88.75
1.00	86.00	89.50
0.40	85.35	88.85
0.40	85.80	89.30
0.40	84.30	87.80
0.40	77.20	80.70
0.40	77.20	80.70

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CITY OF WARREN, OHIO

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

December 31, 2011			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Assessed Value
Sam's Real Estate Business Trust	\$ 2,637,010	1	0.60%
Rydyl I LLC	2,483,150	2	0.56%
Simon-Northbury Colony Ltd	2,015,760	3	0.46%
NRR Commerce Ltd	1,990,350	4	0.45%
Lowes Home Center Inc	1,771,070	5	0.40%
North Mar Center	1,461,430	6	0.33%
Warren Plaza Co	1,452,680	7	0.33%
Covelli Real Estate Holdings LLC	1,430,920	8	0.32%
Nationwide Health Properties Inc	1,358,390	9	0.31%
WCI Steel Holdings	1,340,830	10	0.30%
Total, Top Ten Property Taxpayers	<u>\$ 17,941,590</u>		<u>4.06%</u>
Total City Property Tax Assessed Valuation	<u>\$ 440,680,230</u>		

December 31, 2002			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Assessed Value
Ohio Edison Co	\$ 10,094,660	1	2.16%
Delphi Automotive Systems LLC	8,478,460	2	1.81%
Alcan Aluminum Corp	7,024,010	3	1.50%
WCI Steel Inc.	4,856,390	4	1.04%
United Telephone	4,784,270	5	1.02%
P&S Equities	2,698,930	6	0.58%
Time Warner	1,915,610	7	0.41%
AVI Food Systems	1,824,600	8	0.39%
American Transmission	1,820,380	9	0.39%
East Ohio Gas Co	1,783,170	10	0.38%
Total, Top Ten Property Taxpayers	<u>\$ 45,280,480</u>		<u>9.68%</u>
Total City Property Tax Assessed Valuation	<u>\$ 467,902,378</u>		

Source: Trumbull County Auditor's Office

CITY OF WARREN, OHIO

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

<u>Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Collections to Tax Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Tax Levy</u>
2011	\$ 1,541,261	\$ 1,393,754	90.43%	\$ 81,909	\$ 1,475,663	95.74%	\$ 512,553	33.26%
2010	1,549,720	1,399,043	90.28%	83,431	1,482,474	95.66%	464,966	30.00%
2009	1,552,894	1,403,341	90.37%	85,752	1,489,093	95.89%	384,990	24.79%
2008	1,609,996	1,469,634	91.28%	90,379	1,560,013	96.90%	361,062	22.43%
2007	1,679,728	1,576,133	93.83%	131,290	1,707,423	101.65%	306,607	18.25%
2006	1,748,914	1,630,526	93.23%	97,829	1,728,355	98.82%	305,521	17.47%
2005	1,671,397	1,587,492	94.98%	71,179	1,658,671	99.24%	274,532	16.43%
2004	1,662,630	1,576,719	94.83%	74,128	1,650,847	99.29%	241,588	14.53%
2003	1,658,914	1,578,307	95.14%	76,821	1,655,128	99.77%	207,387	12.50%
2002	1,636,337	1,553,640	94.95%	98,922	1,652,562	100.99%	202,412	12.37%

Source: Trumbull County Auditor's Office

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 Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections to Tax Levy	Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Tax Levy
2011	\$ 699,565	\$ 141,254	20.19%	\$ 14,730	\$ 155,984	22.30%	\$ 1,623,738	232.11%
2010	47,441	20,998	44.26%	48,334	69,332	146.14%	1,046,333	2205.55%
2009	190,805	58,847	30.84%	22,731	81,578	42.75%	1,022,078	535.67%
2008	161,644	31,566	19.53%	8,987	40,553	25.09%	822,209	508.65%
2007	130,800	19,742	15.09%	15,346	35,088	26.83%	574,339	439.10%
2006	62,835	14,713	23.42%	4,968	19,681	31.32%	401,745	639.37%
2005	90,383	22,103	24.45%	9,239	31,342	34.68%	358,665	396.83%
2004	36,256	17,179	47.38%	9,300	26,479	73.03%	273,406	754.10%
2003	35,309	9,507	26.93%	17,597	27,104	76.76%	314,870	891.76%
2002	76,589	14,790	19.31%	40,275	55,065	71.90%	286,141	373.61%

Source: Trumbull County Auditor's Office

CITY OF WARREN, OHIO

**INCOME TAX REVENUE BASE AND COLLECTIONS
LAST TEN YEARS**

Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits
2011	2.00%	\$ 16,819,929	\$ 13,421,787	79.80%	\$ 1,414,441	8.41%
2010	2.00%	15,758,181	12,547,026	79.62%	1,322,365	8.39%
2009	2.00%	16,240,720	13,050,010	80.35%	1,196,579	7.37%
2008	2.00%	18,726,513	14,710,035	78.55%	1,907,035	10.18%
2007	2.00%	18,732,996	14,771,563	78.85%	1,683,763	8.99%
2006	2.00%	20,768,808	16,148,224	77.75%	2,332,716	11.23%
2005	2.00%	19,846,297	15,106,710	76.12%	2,392,468	12.05%
2004	2.00%	18,824,408	15,336,812	81.47%	1,437,867	7.64%
2003	2.00%	19,304,428	15,698,928	81.32%	1,533,275	7.94%
2002	2.00%	18,717,334	15,837,958	84.62%	1,071,978	5.73%

Source: The City of Warren Income Tax Department

	Taxes from Individuals	Percentage of Taxes from Individuals
\$	1,983,701	11.79%
	1,888,790	11.99%
	1,994,131	12.28%
	2,109,444	11.26%
	2,277,669	12.16%
	2,287,868	11.02%
	2,347,119	11.83%
	2,049,729	10.89%
	2,072,225	10.73%
	1,807,398	9.66%

CITY OF WARREN, OHIO

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS**

Governmental Activities							
Year	General Obligation Bonds	Reinvestment Partnership Corporation Loan	OWDA Loan	HUD 108 Loan	Ohio Department of Development Note	OPWC Loan	Capital Lease Obligation
2011	\$ 1,524,500	\$ 450,000	\$ -	\$ 1,405,000	\$ 53,928	\$ 205,251	\$ 119,660
2010	2,582,500	520,000	-	1,485,000	53,928	218,079	180,152
2009	3,647,104	585,000	80,728	1,560,000	53,928	230,908	240,369
2008	4,668,596	645,000	237,753	1,630,000	148,075	243,736	298,551
2007	5,785,670	700,000	389,051	1,700,000	166,297	-	358,231
2006	7,480,560	755,000	534,831	1,700,000	183,805	-	418,207
2005	9,205,995	810,000	675,294	-	202,000	-	444,755
2004	10,928,630	860,000	810,635	-	-	-	496,639
2003	12,251,810	905,000	941,040	-	-	-	10,105
2002	11,965,320	945,000	1,066,689	-	-	-	7,447

Sources:

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

Business-Type Activities

General Obligation Bonds	Revenue Bonds	OWDA Loans	OPWC Loan	Capital Leases	(a) Total Primary Government	(b) Total Personal Income	Percentage of Personal Income	(b) Population	Per Capita
\$ 1,125,500	\$ 7,330,000	\$ 20,800,593	\$ 53,022	\$ -	\$ 33,067,454	\$ 688,641,047	4.80%	41,557	\$ 796
1,662,500	7,810,000	22,494,105	-	61,980	37,068,244	1,248,588,736	2.97%	43,402	854
2,181,000	8,265,000	24,606,332	-	127,262	41,577,631	1,259,721,952	3.30%	43,789	949
2,681,500	8,700,000	26,390,107	-	189,078	45,832,396	1,303,190,400	3.52%	45,300	1,012
3,180,500	9,115,000	27,463,326	-	247,622	49,105,697	1,317,459,328	3.73%	45,796	1,072
3,671,500	9,515,000	24,032,121	-	304,233	48,595,257	1,250,413,984	3.89%	45,796	1,061
4,155,000	9,895,000	21,771,589	-	4,809	47,164,442	1,241,208,988	3.80%	45,796	1,030
4,630,000	10,260,000	22,988,827	-	8,179	50,982,910	1,208,870,119	4.22%	46,223	1,103
5,424,000	10,610,000	20,878,602	-	11,290	51,031,847	1,201,227,984	4.25%	46,608	1,095
5,880,000	10,945,000	15,668,286	-	14,163	46,491,905	1,150,195,000	4.04%	46,100	1,009

CITY OF WARREN, OHIO

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

Year	Population (a)	Estimated Actual Value of Taxable Property (b)	General Obligation Bonds (c)	Less Amounts Restricted for Repayment	Net General Obligation Bonds	Ratio of Net Bonded Debt to Estimated Actual Value of Property	Net Bonded Debt Per Capita
2011	41,557	\$ 1,232,473,970	\$ 2,650,000	\$ 1,615,731	\$ 1,034,269	0.08%	\$ 25
2010	43,402	1,245,512,599	4,245,000	1,123,312	3,121,688	0.25%	72
2009	43,789	1,254,450,204	5,828,104	1,013,994	4,814,110	0.38%	110
2008	45,300	1,493,496,492	7,350,096	761,906	6,588,190	0.44%	145
2007	45,796	1,513,956,094	8,966,170	483,719	8,482,451	0.56%	185
2006	45,796	1,516,017,244	11,152,060	374,737	10,777,323	0.71%	235
2005	45,796	1,400,182,569	13,360,995	372,932	12,988,063	0.93%	284
2004	46,223	1,399,448,798	15,558,630	338,675	15,219,955	1.09%	329
2003	46,608	1,394,671,472	17,675,810	326,037	17,349,773	1.24%	372
2002	46,100	1,389,530,901	17,845,320	38,596	17,806,724	1.28%	386

Sources:

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

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

CITY OF WARREN, OHIO

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Direct and Overlapping Debt</u>
Direct:			
City of Warren	\$ 3,758,339	100.00%	\$ 3,758,339
Total direct debt			<u>3,758,339</u>
Overlapping debt:			
Trumbull County	11,117,071	12.23%	1,359,618
Warren City School District	32,970,000	95.28%	31,413,816
LaBrae Local School District	5,648,989	9.31%	525,921
Lakeview Local School District	2,148,758	0.02%	430
Geauga-Trumbull Jt. Solid Waste Management	550,000	6.38%	35,090
Total overlapping debt			<u>33,334,875</u>
Total direct and overlapping debt			<u>\$ 37,093,214</u>

(a) The estimated percentage applicable to the City is calculated using the assessed valuation of the City's area within the noted governmental unit divided by the total assessed valuation of the governmental unit.

Source: Ohio Municipal Advisory Council

CITY OF WARREN, OHIO

**COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN YEARS**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Assessed value**	\$ 440,168,950	\$ 442,367,630	\$ 443,215,720	\$ 445,218,130
Legal debt margin:				
Debt limitation - 10.5% of assessed value	46,217,740	46,448,601	46,537,651	46,747,904
Debt applicable to limitation:				
Total bonded debt	9,980,000	12,055,000	14,093,104	16,050,096
Exemptions:				
Debt service fund balance	(874,361)	(505,151)	(336,286)	(133,279)
Debt supported by enterprise fund operations	<u>(8,455,500)</u>	<u>(9,472,500)</u>	<u>(10,446,000)</u>	<u>(11,381,500)</u>
Total exemptions	<u>(9,329,861)</u>	<u>(9,977,651)</u>	<u>(10,782,286)</u>	<u>(11,514,779)</u>
Total debt applicable to limitation	<u>650,139</u>	<u>2,077,349</u>	<u>3,310,818</u>	<u>4,535,317</u>
Total legal debt margin within 10.5% limitation	<u>\$ 45,567,601</u>	<u>\$ 44,371,252</u>	<u>\$ 43,226,833</u>	<u>\$ 42,212,587</u>
Unvoted debt limitation - 5.5% of assessed valuation	\$ 24,209,292	\$ 24,330,220	\$ 24,376,865	\$ 24,486,997
Debt applicable to limitation:				
Total bonded debt	9,980,000	12,055,000	14,093,104	16,050,096
Exemptions:				
Debt supported by enterprise fund operations	<u>(8,455,500)</u>	<u>(9,472,500)</u>	<u>(10,446,000)</u>	<u>(11,381,500)</u>
Total debt within 5.5% limitations	<u>1,524,500</u>	<u>2,582,500</u>	<u>3,647,104</u>	<u>4,668,596</u>
Unvoted debt margin within 5.5% limitation	<u>\$ 22,684,792</u>	<u>\$ 21,747,720</u>	<u>\$ 20,729,761</u>	<u>\$ 19,818,401</u>

Source: City of Warren financial records

** Beginning in 2007, the debt limit excludes the assessed valuation of tangible personal property tax, as well as railroad and telephone public utility personal property in accordance with Ohio House Bill 530.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 443,015,560	\$ 500,021,312	\$ 477,844,561	\$ 475,346,480	\$ 484,904,328	\$ 467,902,378
46,516,634	52,502,238	50,173,679	49,911,380	50,914,954	49,129,750
18,081,170	20,667,060	23,255,995	25,818,630	28,620,810	28,790,320
(34,943)	(36,117)	(33,214)	(24,975)	(47,438)	(38,596)
<u>(12,295,500)</u>	<u>(13,186,500)</u>	<u>(14,050,000)</u>	<u>(14,890,000)</u>	<u>(16,034,000)</u>	<u>(16,825,000)</u>
<u>(12,330,443)</u>	<u>(13,222,617)</u>	<u>(14,083,214)</u>	<u>(14,914,975)</u>	<u>(16,081,438)</u>	<u>(16,863,596)</u>
5,750,727	7,444,443	9,172,781	10,903,655	12,539,372	11,926,724
<u>\$ 40,765,907</u>	<u>\$ 45,057,795</u>	<u>\$ 41,000,898</u>	<u>\$ 39,007,725</u>	<u>\$ 38,375,582</u>	<u>\$ 37,203,026</u>
\$ 24,365,856	\$ 27,501,172	\$ 26,281,451	\$ 26,144,056	\$ 26,669,738	\$ 25,734,631
18,081,170	20,667,060	23,255,995	25,818,630	28,620,810	28,790,320
<u>(12,295,500)</u>	<u>(13,186,500)</u>	<u>(14,050,000)</u>	<u>(14,890,000)</u>	<u>(16,034,000)</u>	<u>(16,825,000)</u>
<u>5,785,670</u>	<u>7,480,560</u>	<u>9,205,995</u>	<u>10,928,630</u>	<u>12,586,810</u>	<u>11,965,320</u>
<u>\$ 18,580,186</u>	<u>\$ 20,020,612</u>	<u>\$ 17,075,456</u>	<u>\$ 15,215,426</u>	<u>\$ 14,082,928</u>	<u>\$ 13,769,311</u>

CITY OF WARREN, OHIO

PLEGDED REVENUE COVERAGE - WATER FUND
LAST TEN YEARS

REVENUE BONDS:

Year	Operating Revenues	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2011	\$ 11,038,048	\$ 9,126,622	\$ 1,911,426	\$ 480,000	\$ 404,000	\$ 884,000	2.16
2010	10,185,894	9,044,975	1,140,919	455,000	425,840	880,840	1.30
2009	9,902,093	8,740,883	1,161,210	435,000	446,285	881,285	1.32
2008	11,016,367	8,849,788	2,166,579	415,000	465,582	880,582	2.46
2007	11,258,258	8,646,571	2,611,687	400,000	483,985	883,985	2.95
2006	11,088,516	8,864,527	2,223,989	380,000	501,272	881,272	2.52
2005	11,825,204	8,730,522	3,094,682	365,000	517,697	882,697	3.51
2004	10,560,858	8,581,674	1,979,184	350,000	533,097	883,097	2.24
2003	10,665,756	8,631,104	2,034,652	335,000	547,670	882,670	2.31
2002	9,438,057	7,798,305	1,639,752	20,000	548,520	568,520	2.88

OWDA LOANS:

Year	Net Revenue Available for Debt Service	Debt Service Required for Revenue Bonds	Net Revenue Available for OWDA Loans	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2011	\$ 1,911,426	\$ 884,000	\$ 1,027,426	\$ 677,898	\$ 468,330	\$ 1,146,228	0.90
2010	1,140,919	880,840	260,079	641,133	425,840	1,066,973	0.24
2009	1,161,210	881,285	279,925	640,956	528,141	1,169,097	0.24
2008	2,166,579	880,582	1,285,997	428,991	365,300	794,291	1.62
2007	2,611,687	883,985	1,727,702	412,535	381,753	794,288	2.18
2006	2,223,989	881,272	1,342,717	396,710	397,581	794,291	1.69
2005	3,094,682	882,697	2,211,985	381,492	412,799	794,291	2.78
2004 (2)	1,979,184	883,097	1,096,087	366,858	427,433	794,291	1.38

(1) Total operating expenses are exclusive of depreciation.

(2) 2004 was the first year debt service payments were made on the OWDA loans.

CITY OF WARREN, OHIO

PLEGGED REVENUE COVERAGE - SEWER FUND
LAST TEN YEARS

OWDA LOANS:

Year	Operating Revenues	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements (2)			Coverage
				Principal	Interest	Total	
2011	\$ 9,921,833	\$ 5,856,013	\$ 4,065,820	\$ 1,589,426	\$ 382,247	\$ 1,971,673	2.06
2010	7,377,857	6,142,767	1,235,090	1,471,094	432,635	1,903,729	0.65
2009	7,442,702	5,978,202	1,464,500	1,142,819	500,318	1,643,137	0.89
2008	8,113,001	6,050,486	2,062,515	1,321,372	568,946	1,890,318	1.09
2007	9,101,060	5,970,238	3,130,822	1,167,757	554,102	1,721,859	1.82
2006	8,318,236	5,440,833	2,877,403	1,023,278	531,534	1,554,812	1.85
2005	8,930,021	5,892,235	3,037,786	963,937	578,269	1,542,206	1.97
2004	7,789,927	5,295,578	2,494,349	908,939	621,825	1,530,764	1.63
2003	7,072,525	5,343,222	1,729,303	857,936	681,928	1,539,864	1.12
2002	6,691,440	5,642,802	1,048,638	810,096	863,672	1,673,768	0.63

(1) Total operating expenses are exclusive of depreciation.

(2) Includes principal and interest of the OWDA loans only.

CITY OF WARREN, OHIO

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Year	Population (1)	Personal Income (3)	Per Capita Personal Income (1)	Annual Average Unemployment Rates (2)			
				City of Warren	Trumbull County	Ohio	United States
2011	41,557	\$ 688,641,047	\$ 16,571	10.7%	9.6%	8.6%	8.9%
2010	43,402	1,248,588,736	28,768	12.2%	11.8%	10.1%	9.6%
2009	43,789	1,259,721,952	28,768	14.6%	13.8%	10.2%	9.3%
2008	45,300	1,303,190,400	28,768	8.5%	7.5%	6.5%	5.8%
2007	45,796	1,317,459,328	28,768	7.4%	6.3%	5.6%	4.6%
2006	45,796	1,250,413,984	27,304	6.9%	6.3%	5.5%	4.6%
2005	45,796	1,241,208,988	27,103	7.4%	6.7%	5.9%	5.1%
2004	46,223	1,208,870,119	26,153	8.3%	7.5%	6.2%	5.5%
2003	46,608	1,201,227,984	25,773	7.7%	7.3%	6.2%	6.0%
2002	46,100	1,150,195,000	24,950	6.8%	6.9%	5.7%	5.8%

Sources:

- (1) U.S. Census Bureau estimates (www.census.gov).
- (2) Ohio Labor Market Information (www.ohiolmi.com).
- (3) Population times per capita personal income.

CITY OF WARREN

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2011		
	Income Tax Withholding	Rank	Percentage of Total City Withholding
Warren Ohio Hospital Co.	\$ 1,062,897	1	8.11%
Trumbull County Auditor	966,804	2	7.37%
St. Elizabeth Medical Center	801,640	3	6.11%
Warren City Schools	763,836	4	5.82%
State of Ohio, Dep't of Adm. Services	457,490	5	3.49%
City of Warren	431,668	6	3.29%
GE Lighting	405,384	7	3.09%
RG Steel Warren	272,416	8	2.08%
AVI Food Systems	259,939	9	1.98%
General Motors	192,197	10	1.47%
Total	\$ 5,614,271		42.81%
Total 2011 City Income Tax Withholding	<u>\$ 13,113,803</u>		

Employer	2002		
	Income Tax Withholding	Rank	Percentage of Total City Withholding
Delphi Automotive Systems Service	\$ 1,599,832	1	10.16%
Trumbull Memorial Hospital	1,045,766	2	6.64%
Trumbull County Auditor	841,452	3	5.34%
Warren City Schools	754,597	4	4.79%
St. Elizabeth Medical Center	637,076	5	4.04%
GE Lighting	586,264	6	3.72%
Delphi Automotive Systems	541,772	7	3.44%
State of Ohio, Dep't of Adm. Services	476,175	8	3.02%
City of Warren	402,015	9	2.55%
General Motors Corp.	395,444	10	2.51%
Total	\$ 7,280,393		46.22%
Total 2002 City Income Tax Withholding	<u>\$ 15,751,901</u>		

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

CITY OF WARREN, OHIO

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

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004
General Government								
Council	12.00	12.00	12.00	13.00	13.00	13.00	13.00	13.00
Mayor	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00
Finance	6.00	6.00	5.00	5.00	6.00	6.00	6.00	6.00
Income Tax	7.00	6.00	5.00	6.00	8.00	8.00	7.00	9.00
Law	9.00	9.00	9.00	9.00	10.00	10.00	10.00	10.00
Civil Service	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Purchasing	1.00	1.00	1.00	3.00	2.00	2.00	2.00	2.00
Human Resources	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Municipal Court	30.00	33.00	34.00	34.00	34.00	33.00	32.00	34.00
Judges	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Operations	29.00	26.00	25.00	48.00	49.00	50.00	46.00	51.00
Engineering	11.00	10.00	11.00	11.00	13.00	14.00	13.00	13.00
Security of Persons and Property								
Police	84.00	81.00	77.00	81.00	101.00	102.00	95.00	95.00
Fire	73.00	63.00	57.00	64.00	78.00	78.00	77.00	78.00
Public Health and Welfare								
Health Services	12.00	12.00	10.00	11.00	14.00	13.00	14.00	14.00
Economic Development								
Community Development	5.00	5.00	6.00	5.00	5.00	6.00	6.00	6.00
Packard Music Hall	4.00	3.00	2.00	4.00	7.00	7.00	5.00	5.00
Data Processing	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Utility Services								
Water	79.00	82.00	85.00	84.00	85.00	83.00	82.00	80.00
Sewer/Stormwater	42.00	51.00	53.00	48.00	52.00	48.00	47.00	48.00
Sanitation	15.00	15.00	15.00	15.00	15.00	15.00	15.00	14.00
Total	433.00	429.00	421.00	456.00	508.00	504.00	486.00	494.00

Source: City of Warren records

<u>2003</u>	<u>2002</u>
13.00	13.00
5.00	5.00
6.00	6.00
9.00	10.00
10.00	10.00
4.00	4.00
2.00	2.00
3.00	3.00
34.00	30.00
2.00	2.00
50.00	49.00
13.00	13.00
95.00	95.00
79.00	78.00
13.00	13.00
6.00	7.00
5.00	5.00
3.00	3.00
80.00	81.00
46.00	46.00
15.00	16.00
<u>493.00</u>	<u>491.00</u>

CITY OF WARREN, OHIO

OPERATING INDICATORS BY FUNCTION
LAST SIX YEARS

Function	2011	2010	2009	2008	2007	2006
Security of Persons and Property						
Police:						
Physical Arrests	2,668	2,229	2,887	4,125	4,041	3,942
Parking Violations	545	273	453	510	536	797
Traffic Violations	4,238	3,803	3,036	5,336	5,377	5,949
Fire:						
Calls for Service	1,386	1,230	1,030	1,377	1,399	1,304
Fire Safety Inspections	1,152	1,125	1,135	1,052	1,024	1,076
Leisure Time Activities						
Enclosed Shelter Rentals	92	76	78	76	71	87
Log Cabin Rentals	18	5	10	8	7	20
Pavilion Rentals	205	200	177	170	200	257
Transportation						
Street Resurfacing (Miles)	6	8	16	2	12	10
Potholes Repaired	1,157	1,236	1,006	871	536	638
Water						
New Connections	13	11	16	21	25	39
Water Main Breaks	70	94	53	107	104	86
Average Daily Consumption (thousands of gallons)	12,504	11,625	11,285	12,846	12,963	13,092
Sewer						
Average Daily Consumption (thousands of gallons)	17,240	12,560	13,380	17,952	13,700	16,216
Sanitation						
Refuse Collected (tons daily)	90	90	88	82	91	92

Source: City of Warren Departments.

Note: Information prior to 2006 was not available.

CITY OF WARREN, OHIO

**CAPITAL ASSETS STATISTICS BY FUNCTION
LAST SIX YEARS**

Function	2011	2010	2009	2008	2007	2006
Security of Persons and Property						
Police:						
Stations	1	1	1	1	1	1
Patrol Units (Marked)	27	27	29	33	33	33
Fire:						
Stations	3	3	3	3	3	3
Fire Pumpers	2	2	2	3	3	3
Reserve Fire Pumpers	1	1	1	1	2	2
Ladder Trucks	2	2	2	2	2	2
Heavy Rescue Truck	1	1	1	1	1	1
Leisure Time Activities						
Park Acreage	262.92	256.78	256.78	256.78	251.11	251.11
Packard Park						
Hardball Fields	1	1	1	1	1	1
Softball Fields	3	3	3	3	3	3
Tennis Courts	6	6	6	6	6	6
Perkins Park						
Hardball Fields	6	6	6	6	6	6
Softball Fields	2	2	2	2	2	2
Burbank Park						
Little League Fields	4	4	4	4	2	2
Deemer Park						
Tennis Courts	4	4	4	4	4	4
Transportation						
Streets (Paved Miles)	184.423	184.309	184.309	184.309	184.309	184.309
Traffic Signals	63	63	61	61	59	59
Water						
Water Mains (miles)	300	300	300	299	291	307
Fire Hydrants	1,906	1,904	1,904	1,906	1,904	1,915
Maximum Daily Capacity (thousands of gallons)	22,700	22,700	22,700	22,700	22,700	22,700
Sewer						
Sanitary Sewers (miles)	199.200	199.200	196.943	199.200	199.200	196.943
Storm Sewers (miles)	125.500	125.500	123.390	125.500	125.500	123.230
Maximum Daily Capacity (thousands of gallons)	40,000	40,000	40,000	40,000	40,000	40,000
Sanitation						
Collection Trucks	9	9	8	8	8	9

Source: City of Warren Departments.

Note: Information prior to 2006 was not available.

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Dave Yost • Auditor of State

CITY OF WARREN

TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 6, 2012